



We Are Columbia

July 21, 2016

Mr. Bradley Evatt, Director
Community Planning and Development
U.S. Department of Housing & Urban Development
Strom Thurmond Building
1835-45 Assembly Street
Columbia, SC 29201

RE: U.S. Department of Housing and Urban Development (HUD) [Docket No. FR-5938-N-01]
Community Development Block Grant-Disaster Recovery (CDBG-DR) Funding

Dear Mr. Evatt:

Enclosed are an original and two (2) copies of the City of Columbia's CDBG-DR Risk Analysis and Implementation Plan as required by the U.S. Department of Housing and Urban Development (HUD) [Docket No. FR-5938-N-01]. Additionally, an electronic copy has been forward to you via email as requested.

All components listed below including required documents are included in this submission:

- Certification of Accuracy of Risk Analysis
- Risk Analysis
- Certification of Accuracy of Implementation Plan Checklist
- Implementation Plan

We look forward to feedback on our Risk Analysis and Pre-Implementation Plan as we continue to develop our CDBG-DR Action Plan. Should you need further information concerning this submission, please contact Gloria Saeed, Community Development Interim Director, at 803-545-3766.

Sincerely,

Teresa Wilson
City Manager

Enclosure

Cc:

Gloria Saeed, Community Development Interim Director

Teresa Wilson • City Manager
1737 Main Street • P.O. Box 147 • Columbia, South Carolina 29217
Office: 803.545.3026 • Fax: 803.545.3051 • Email: tbwilson@columbiasc.net



City of Columbia, South Carolina

Community Development Block Grant – Disaster Recovery

Risk Analysis and Implementation Plan

July 22, 2016

For CDBG-DR Funds
Disaster Relief Appropriations Act of 2016
(Public Law 114-113, June 17, 2016)

Risk Analysis Documentation Checklist CDBG-DR Public Law 114-113 Grants

PART A. SCOPE OF REVIEW	
Grantees must identify the type of recipient (referred to as "Grantees" in this Checklist) receiving Community Development Block Grant –Disaster Recovery (CDBG-DR) Funds:	
State Grantee	No
Unit of Local Government (UGLG) Grantee	Yes
PART B. FINANCIAL CONTROLS	
1. OMB Audit and Financial Statement	
a) Has the Grantee attached its most recent Single Audit produced in response to the Grantee's most recent audit conducted in accordance with 2 CFR part 200, subpart F, and its most recent financial statement prepared in accordance with 2 CFR 200.510, which include a schedule of expenditures and schedule of findings and questioned costs?	Yes
b) Has the Grantee attached its most recent annual financial statement?	Yes
c) Does either the Single Audit or financial statement indicate that the Grantee has material weaknesses, significant deficiencies, or questioned costs?	No**
d) If the answer to question 1.c above is yes, has the Grantee provided documentation showing how the issue(s) have been removed or are being addressed?	N/A
2. P.L. 114-113 Guide for Review of Financial Management	
a) Has the Grantee completed P.L. 114-113 Guide for Review of Financial Management and attached it to this Checklist?	Yes
b) Has the Grantee attached its financial standards?	Yes
<i>Note. The Guide and the attached documents must demonstrate that the financial standards are complete and conform to the requirements of the P.L. 114-113 Guide for Review of Financial Management. The Grantee must identify which sections of its financial standards address each of the questions in the P.L. 114-113 Guide for Review of Financial Management and which personnel or unit are responsible for each P.L. 114-113 Guide for Review of Financial Management item.</i>	
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	No
*1 (a) NOTE: The effective date of the Uniform Guidance (2 CFR 200) was 12/26/2014. However, the new requirements (2 CFR 200) only applied to new awards and new funding increments of existing awards. According to city records, no new awards or new funding increments of existing awards were received after 12/26/2014. Audit requirements (Subpart F) therefore would be effective for the City for fiscal years beginning after 12/26/2014, which would be July 1, 2015 (both of the most recent audits attached to this checklist are for the fiscal year ending June 30, 2015). At this time, the City is transitioning to 2 CFR 200 which will be reflected in the audit for the fiscal year ending June 30, 2016. ** 1 (c) NOTE: There were no internal controls that were considered to be material weaknesses and no audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133. However, it should be noted there were two findings listed in the most recent single audit which are unrelated to the management and administration of CDBG funding. These findings have been resolved.	
PART C. Procurement Processes	
<i>Note: State grantees may adopt EITHER procurement standards as identified in 2 CFR 200.318 through 200.326, OR equivalent standards. As such, state grantees can only affirmatively answer questions 1 or 2, below. Units of general local government grantees must complete question 1 below.</i>	
1. Has the Grantee adopted the specific procurement standards at 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable)? If yes:	Yes
a. Has the Grantee attached a copy of its procurement policies and procedures and indicated the sections of its procurement standards that incorporate 2 CFR 200.318 through 200.326?	Yes
b. Do the standards indicate which personnel or unit is responsible for each item?	Yes
2. For State grantees only: In the alternative, are the Grantee's procurement processes and standards equivalent to the effect of the procurement standards at 2 CFR 200.318 through 200.326, meaning that the process/standards operate in a manner providing fair and open competition? If yes:	N/A
a. Has the Grantee attached its procurement policies and procedures and indicated how the sections of its procurement policies and procedures that align the procurement provisions of 2 CFR 200.318 through 200.326?	N/A
b. Do the processes indicate which personnel or unit is responsible for each item?	N/A

Required Certifications

Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	Yes
PART D. Procedures for Prevention of Duplication of Benefits	
1. Has the Grantee provided uniform prevention of duplication of benefits procedures which identifies its processes for:	
a. Verifying all sources of disaster assistance received by the Grantee or Applicant?	Yes
b. Determining an applicant's unmet need(s) before awarding assistance?	Yes
c. Ensuring beneficiaries agree to repay the assistance if they later receive other disaster assistance for the same purpose?	Yes
d. Using the best available data from FEMA, SBA, insurers and other sources of assistance prior to award?	Yes
2. Do the procedures indicate which personnel or unit is responsible for each task?	Yes
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	Yes
PART E. Procedures to Determine Timely Expenditures	
1. Has the Grantee attached procedures to determine timely expenditures?	Yes
2. Do the procedures indicate how the Grantee will track expenditures each month?	Yes
3. Do the procedures indicate how the Grantee will monitor expenditures of its recipients?	Yes
4. Do the procedures indicate how the Grantee will reprogram funds in a timely manner for activities that are stalled?	Yes
5. Do the procedures indicate how the Grantee will project expenditures to meet the six year expenditure period?	Yes
6. Do the procedures indicate which personnel or unit are responsible for the task?	Yes
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	Yes
PART F. Procedures to Effectively Manage Funds	
1. Has the Grantee attached procedures that indicate how the grantee will verify the accuracy of information provided by applicants?	Yes
2. Do the procedures indicate that the Grantee has a policy for monitoring that contains:	
a. How monitoring was conducted?	Yes
b. Why monitoring is conducted?	Yes
c. Frequency of monitoring?	Yes
d. Which items are monitored?	Yes
3. Do the procedures include a signed statement from the Internal Auditor describing his/her role in detecting fraud, waste, and abuse?	No**
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	No**
**The City of Columbia will hire an Internal Auditor with CDBG-DR funding in order to conduct evaluation of internal controls, audit/monitoring, and the detection of Fraud, Waste, and Abuse in the city's Disaster Recovery Programs. A general description of the duties for this position are included as ATTACHMENT E1.	
PART G. Procedures to Maintain a Comprehensive Website	
1. Has the Grantee attached procedures to maintain a comprehensive website regarding all CDBG disaster recovery activities?	Yes
2. Do the procedures indicate that the Grantee will have a separate page dedicated to its CDBG-DR funds that will contain links to all:	
a. Action Plans, including DRGR Action Plan	Yes
b. Action Plan Amendments	Yes
c. Performance Reports (i.e., Quarterly Performance Reports (QPRs))	Yes
d. Citizen participation requirements	Yes
e. Activity/program information for activities described in the Action Plan?	Yes
3. Do the procedures indicate the frequency of website updates?	Yes
4. Do the procedures indicate which personnel or unit are responsible for the task?	Yes
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	Yes
PART H. Procedures to Ensure Timely Information on Application Status	
1. Has the Grantee attached procedures describing how it will inform applicants of their status in the recovery application process?	Yes

Required Certifications

2. Do the procedures indicate the Grantee has methods for communicating the status of applications via the following:	
a. Website?	Yes
b. Phone?	Yes
c. Case Manager?	Yes
d. Letter to the Applicant?	Yes
3. Does the Grantee have procedures to ensure the accessibility and privacy of individual applicant information?	Yes
4. Do the procedures indicate which personnel are responsible for the task?	Yes
Did the Grantee answer "yes" to all Requirements? If No, describe basis for conclusion:	Yes
Conclusion	
Demonstration that it has in place proficient controls, procedures, and management capacity. This includes financial controls, procurement processes and adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds.	Yes
Demonstration that it can effectively manage funds, ensure timely expenditure of funds, maintain a comprehensive website regarding all disaster recovery activities assted, and ensure timely communication of application status to applicants for disaster recovery assistance.	Yes
Demonstration of adequate capacity to manage the funds and address any capacity needs?	Yes
PART I. Grantee's Certification	
Does the Grantee certify to the accuracy and validity of the responses provided to HUD?	Yes
Signature of Official Responsible for CDBG-DR Recovery Implementation:	
	
Printed Name of Official Responsible for CDBG-DR Recovery Implementation:	
Teresa Wilson	



Risk Analysis-Part B1 (a) Financial Controls

CITY OF COLUMBIA SINGLE AUDIT JUNE 2015

| July 22, 2016

CITY OF COLUMBIA, SOUTH CAROLINA
Reports on Internal Control and Compliance
Year Ended June 30, 2015

CITY OF COLUMBIA, SOUTH CAROLINA
Columbia, South Carolina

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Independent Auditors' 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

Honorable Mayor and City Council
City of Columbia, South Carolina
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Columbia, South Carolina**, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Columbia, South Carolina's basic financial statements and have issued our report thereon dated December 29, 2015. Our report includes a reference to other auditors who audited the financial statements of the Midlands Authority for Conventions, Sports and Tourism, as described in our report on the City of Columbia, South Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. We consider the deficiency described in item 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Columbia, South Carolina'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2015-002. This instance of noncompliance is not deemed to be material to the financial statements but we believe it should be brought to the attention of those charged with governance.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Webster Rogues LLP". The signature is written in a cursive style.

Columbia, South Carolina
December 29, 2015

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by OMB Circular A-133**

Honorable Mayor and City Council
City of Columbia, South Carolina
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

We have audited the **City of Columbia, South Carolina's** (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Columbia, South Carolina's major federal programs for the year ended June 30, 2015. The City of Columbia, South Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Columbia, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. 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 of Columbia, South Carolina'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Columbia, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Columbia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control over Compliance

Management of the City of Columbia, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Columbia, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of Columbia, South Carolina'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbia, South Carolina as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Columbia, South Carolina's basic financial statements. We issued our report thereon dated December 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material aspects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Columbia, South Carolina
December 29, 2015

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor's/Agency's or Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce			
Direct			
Economic Adjustment Assistance	11.307		<u>\$ 1,529,740</u>
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grants/Entitlement Grants	14.218		929,192
HOME Investment Partnerships Program	14.239		1,745,377
Housing Opportunities for Persons with AIDS	14.241		<u>1,772,898</u>
Total U.S. Department of Housing and Urban Development			<u>4,447,467</u>
U.S. Department of Justice			
Direct			
Public Safety Partnership and Community Policing Grants	16.710		12,075
ARRA - Public Safety Partnership and Community Policing Grants	16.710		<u>2,977</u>
Subtotal CFDA # 16.710			15,052
Edward Byrne Memorial Justice Assistance Grant	16.738		<u>50,343</u>
Total U.S. Department of Justice			<u>65,395</u>
U.S. Department of Transportation			
Pass through programs from:			
South Carolina Department of Public Safety			
State and Community Highway Safety	20.600	PT2014HS1114	27,900
State and Community Highway Safety	20.600	PT20155HS0815	116,235
State and Community Highway Safety	20.600	2JC14005	16,753
State and Community Highway Safety	20.600	2JC15005	<u>12,095</u>
Total U.S. Department of Transportation			<u>172,983</u>
U.S. Environmental Protection Agency			
Direct			
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818		<u>167,085</u>
U.S. Department of Health and Human Services			
Pass through programs from:			
South Carolina Department of Health and Environmental Control			
Midland Public Health Region Cooperative Agreement	93.074	5U90TP000551-03	53,920
LRADAC			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>1,840</u>
Total U.S. Department of Health and Human Services			<u>55,760</u>

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor's/Agency's or Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
Direct			
Assistance to Firefighters Grant	97.044		<u>\$ 88,693</u>
Pass through programs from:			
South Carolina State Law Enforcement Division			
Homeland Security Grant Program	97.067	12SHSP11	119,894
Homeland Security Grant Program	97.067	13SHSP28	14,051
Homeland Security Grant Program	97.067	11SHSP18	8,918
Homeland Security Grant Program	97.067	11SHSP10	35,283
Homeland Security Grant Program	97.067	13SHSP23	18,007
Homeland Security Grant Program	97.067	14SHSP31	5,891
Homeland Security Grant Program	97.067	14SHSP36	<u>7,788</u>
Subtotal Pass through U.S. Department of Homeland Security			<u>209,832</u>
Total U.S. Department of Homeland Security			<u>298,525</u>
Total Expenditures of Federal Awards			<u>\$ 6,736,955</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information presented on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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. For purposes of the schedule, federal programs include all federal awards and procurement relationships entered into directly between the primary government, the City of Columbia, South Carolina, and the federal government and sub-grants from non-federal organizations made under federally sponsored agreements.

2. EDA Grants:

The City of Columbia maintains revolving loan funds pursuant to an Economic Development Administration Loan Grant of the U.S. Department of Commerce grant #04-39-03312 and CFDA #11.307. The accounts for these loan funds are reported in the basic financial statements under the Redevelopment Program Fund. Outstanding loan balances at June 30, 2015, equal \$1,648,085. The cash balance in the revolving loan fund is \$967,444 as of June 30, 2015. There were no principal balances of loans written off during the year ended June 30, 2015. Administrative expenses paid out of these funds for the year ended June 30, 2015, were \$5,685. The federal participation rate for the Economic Adjustment Assistance grant is 58.36%. The sum of the preceding four items multiplied by the federal participation rate percentage equals \$1,529,740, which is reported as the amount of expenditures of the Economic Adjustment Assistance program on the Schedule of Expenditure of Federal Awards.

3. Subrecipient:

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Federal Granting Agency</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Department of Housing and Urban Development	14.218	\$ 93,151
Department of Housing and Urban Development	14.241	<u>1,746,816</u>
Total Department of Housing and Urban Development		<u>\$ 1,839,967</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

I - Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Columbia, South Carolina.
2. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditors' 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Columbia, South Carolina, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the City of Columbia, South Carolina expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program included:
 - HOME Investment Partnerships Program – CFDA Number 14.239
8. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
9. The City of Columbia, South Carolina qualified as a low risk auditee.

II – Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding 2015-001

Criteria: Section 6-1-730 of the South Carolina Code of Laws states revenues generated from the collection of hospitality taxes must be used solely for the following purposes:

1. Tourism-related buildings;
2. Tourism-related cultural, recreational, and historic facilities;
3. Beach access and re-nourishment;
4. Highways, roads, streets, and bridges providing access to tourist destinations;
5. Advertising and promotions related to the development of tourism;
6. Water and sewer infrastructure to serve tourism related demand.

The City's application for hospitality tax funding further restricts what hospitality tax revenue can be used for. The application and the City's website specifically identify expenditures for food and beverages as ineligible expenditures. Expenditures for salaries of any kind are to be determined on an individual basis.

Condition: During our testing of compliance with Section 6-1-730 of the South Carolina Code of Laws and the City's published guidelines on eligible expenditures of hospitality tax revenues we noted instances of food and beverage expenditures as well as salaries being reimbursed.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Context: During our testing of compliance with Section 6-1-730 of the South Carolina Code of Laws we judgmentally selected five organizations that received hospitality tax revenue funds. Of these five organizations selected for testing, one was reimbursed for expenditures for food and beverages as well as salaries and salary related expenditures.

Effect: Ineligible expenditures may have been reimbursed.

Cause: Administrative oversight and insufficient internal controls.

Recommendation: We recommend the City enhance its internal controls to ensure that the City complies with Section 6-1-730 of the South Carolina Code of Laws and its own published policies and procedures relating to the use of hospitality tax revenues.

Views of responsible officials and planned corrective actions: The City will require that receipts be included in the paperwork submitted to accounting so that the expenses to be reimbursed can be reviewed prior to being reimbursed.

Finding 2015-002

Criteria: The City's procurement policy requires the completion of a properly approved purchase order prior to any procurement action. The City's policy further requires any expected expenditure in excess of \$50,000 be approved by City Council prior to any procurement action.

Condition: Through our audit procedures over the City's 2015 financial statements, we noted a procurement transaction that was not properly approved and lacked the required documentation.

Context: During our testing of the water and sewer construction projects, we noted an invoice that had been approved for payment during July 2015 where the service had been performed during the year ended June 30, 2015. The invoice lacked a properly completed and approved purchase order. Since the amount of the invoice exceeded \$50,000, it would have required approval by City Council.

Effect: As the invoice or an approved purchase order was not entered into the financial accounting system, it was not taken into account during the year end closing process. Once the unrecorded invoice was discovered, adjustments were required to be made to the accounting records. This caused a delay in the preparation of various supporting documentation needed for the 2015 audit of the City as well as delaying the preparation of the 2015 financial statements.

Cause: Administrative oversight and insufficient internal controls.

Recommendation: We recommend the City enhance its internal controls to ensure that the City departments comply with the procurement policy. We recommend all procurement transactions be reviewed by the procurement department.

Views of responsible officials and planned corrective actions: The Chief Financial Officer and the Finance Director intend to meet with City departments and explain the importance of timely processing.

III – Findings and Questioned Costs Relating to Federal Awards

None

**CITY OF COLUMBIA, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

There were no prior year audit findings.



Risk Analysis-Part B1 (b) Financial Controls

**CITY OF COLUMBIA COMPREHENSIVE ANNUAL
FINANCIAL REPORT (CAFR) JUNE 2015**

| July 22, 2016

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

CITY OF COLUMBIA, SOUTH CAROLINA

FISCAL YEAR ENDED JUNE 30, 2015

**City Manager
Teresa B. Wilson**

**Chief Financial Officer
Jeffery M. Palen**

**Finance Director
Jan Alonso CGFO**

**Prepared by the
Finance Department**

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**CITY OF COLUMBIA, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION



We Are Columbia

December 30, 2015

The Honorable Stephen K. Benjamin, Mayor
The Honorable Members of the Columbia City Council
The Citizens of the City of Columbia

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report ("CAFR") of the City of Columbia, South Carolina (the "City") for the fiscal year ended June 30, 2015. South Carolina law requires that all local governments publish a complete set of audited financial statements, presented in conformity with generally accepted accounting principles in the United States of America ("GAAP"). The law further requires that these financial statements be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR has been prepared by the City in accordance with these principles and standards. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion & Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe that the data, as presented, is accurate in all material respects, presents fairly the City's financial position and results of operations, as measured by the financial activity of its various funds. To provide a reasonable basis for making these representations, the City has designed an internal control framework that is designed both to protect the City's assets from theft, loss, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements that are in conformance with GAAP. The City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, that the CAFR is complete and reliable in all material respects.

The City's financial statements have been audited by WebsterRogers LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2015, are free of material misstatement. The independent audit involves 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 auditors rendered an unmodified opinion that the City's financial statements for the year ended June 30, 2015, are presented fairly and in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal grantor agencies. The Single Audit was performed in compliance with the Single Audit Act of the U.S. Office of Management and Budget Circular A-133. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of financial statements, but also on the audited entity's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available on the City's website.



We Are Columbia

This report, other historical audited financial statements, other historical unaudited financial information, and operating budgets may also be accessed via the internet at www.columbiasc.net.

City of Columbia Overview

The City, incorporated in 1786, is located 13 miles northwest of South Carolina's geographic center. The City currently occupies a land area of 134.94 square miles with a population estimated at 133,358 in the City and 767,958 within the metropolitan statistical area according to the 2014 United States Census estimates. Columbia is also combined with the Newberry and Orangeburg micropolitan area to form the Columbia-Orangeburg-Newberry Combined Statistical area which has approximately 928,368 people according to the 2013 Census estimates and is the second-largest combined statistical area in South Carolina. Columbia is considered the primary city of the Midlands region of South Carolina. The vision of the City is to build a world-class city. The mission of the City is to provide bold leadership and exemplary services to advance the quality of life for everyone.

The City has a council-manager form of government. The mayor and city council are elected every four years with no term limits. Elections are held in November of odd numbered years. City council consists of six members. Four members are elected from council districts, and two members are elected at-large. City council is responsible for making policies and enacting laws, rules, and regulations in order to provide for future community and economic growth in addition to providing the necessary support for the orderly and efficient operations of city services. The Council and Mayor are elected on a non-partisan basis. City Council oversees the city manager who is the chief executive officer of the City and oversees the day-to-day operations of the City. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations of the City through Manager-appointed department directors.

Primary City Functions

The City provides a full range of municipal services including police and fire protection, the maintenance of streets and other infrastructure, recreational activities and cultural events, land use and building regulations, water and wastewater treatment, storm-water operations, parking operations, and economic development. The City accounts for water and wastewater operations, parking operations and storm-water operations separately within the reporting entity, and attempts to recover the costs of these functions through user charges. The City is self-insured for workers' compensation, parts of the medical and dental plan, and general claims liabilities. The City pays for such claims as they become due. The City engages an external party to provide an estimate of its liabilities related to these self-insured expenses.

Budget Process

South Carolina law requires that the City adopt, by ordinance, a balanced budget. The preparation of the budget is the responsibility of the City Manager who has a duty to present a budget that reflects the priorities set by City Council. The City's budget process begins in November for the forthcoming year which runs from July 1st to June 30th. In November, the departments begin to prepare operational plans. In December, budget preparation materials are distributed to the departments. In February, budgets are submitted and reviewed by City staff. The budget review continues through March. In April, budgets are presented to council. In May, public hearings on the budget are held. In June, first and second reading of the budget is held. Appropriations for capital projects are adopted by the City Council primarily on an individual basis when the project is initially approved. Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented as required supplementary information.



We Are Columbia

Economic Development

Columbia is one of the fastest growing metro areas in the Southeast. The City is home to state government, six major universities including the University of South Carolina (with over 30,000 students in its city center campus), and the nation's largest Army training facility.

The City's economy, once dependent primarily on textile manufacturing, is now home to advanced manufacturing, healthcare, technology, shared services, logistics, and energy companies. Apartment and student housing are the main forces behind the resurgence of the Main Street area.

Business in Motion is the City's business retention and expansion program. This program is conducted in conjunction with the Greater Columbia Chamber of Commerce. The goal of the program is to conduct proactive outreach visits to local businesses to ensure they have the services and resources they need to continue to grow.

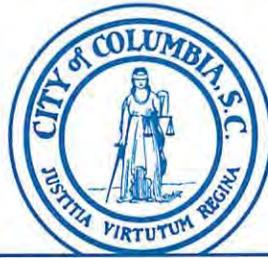
Human capital and an educated workforce are readily available in the Midlands, with nearly forty percent of the population twenty-five years of age or older having a bachelor's degree or higher. The City ranks 23rd in the nation for doctoral degrees and 32nd for college degrees.

The City is home to business support services that new or growing businesses find attractive. Some of these support services include:

- USC/Columbia Technology Incubator - helps to recruit, develop and launch local technology driven companies.
- Innovista - is a USC lead economic development effort that connects university-spawned innovations with entrepreneurs, businesses and stakeholders.
- Center for Entrepreneurial and Technological Innovation - is a partnership between the USC/Columbia Technology Incubator and Innovista to support entrepreneurial business development.
- SCLaunch - facilitates applied research, product development and commercialization programs.
- IT-oLogy - a non-profit collaboration between businesses, academic institutions and organizations to grow the IT talent pipeline and advance the IT profession.
- USC Darla Moore School of Business - is ranked number two in the nation for both its international MBA program and undergraduate studies.
- USC Honors College - was ranked number one in the nation in 2012 in a review of public honors colleges.

Columbia is nationally ranked among the top five cities for highway connectivity and is the only Southeastern city that has direct access by three interstates and indirect access by two additional interstates within one hundred miles. The City's highway network includes I-20, I-26, and I-77.

To promote economic development in underdeveloped areas and to aid its lower income citizens in obtaining safe and affordable housing, the City uses its Redevelopment Program fund and Economic Development fund. These funds provide financing for various home rehabilitations and mortgage lending programs from various sources. These programs play a vital role in ensuring continued building and investing in the City. Public transportation initiatives will also play a vital role in ensuring continued building and investing in the City.



We Are Columbia

Local Economy

The Columbia economy is the 69th largest metropolitan economy in the United States. Substantial concentrations of employers in government, manufacturing, education, finance, and health care provide high paying jobs and a relatively reliable tax revenue base. The vitality of these industries, combined with the increased interest in living in urban centers, will continue to support the City's revenue base.

The City is home to two airports. Columbia Metropolitan Airport enplaned approximately 455,800 passengers during fiscal year 2015. This was an increase of approximately 26,000 passengers from fiscal year 2014. Columbia Owens Downtown Airport primarily serves private, business, and military flights.

The City, through a joint collaboration with TN Development Corporation and Eau Claire Development Corporation, administers a job training program called Work It Up. The purpose of this program is to assist citizens in the City of Columbia who are unemployed or underemployed gain the experience needed to obtain jobs earning a livable wage and benefits, thereby improving the quality of life for families while strengthening communities. Each qualified applicant can receive up to \$4,000 in grant funds to cover the cost of tuition, books, some child care, and transportation. To date, eighty-six individuals have been accepted into the program, and twenty-seven have successfully completed the program.

The City created the Main Street Capital Program to encourage a diverse mix of retail businesses between the 1200 and 1700 blocks of Main Street. Applicants are eligible for loans up to \$50,000 and are to be paid off over a ten year period. If all of the requirements of the program have been met after five years, the balance of the loan outstanding will be forgiven. The Main Street Capital Program in fiscal year 2015 leveraged over \$214,000 in private investment or \$2.50 in private investment for every \$1.00 of public funds invested.

The City's Contractor and Supplier Diversity Program is designed to increase the capacity of businesses to compete for City and other government contracts through several programs, including the City's Mentor Protégé and Subcontractor Outreach programs. During the 2015 fiscal year, the City increased its contracting dollars to the Disadvantaged Business Enterprises in the City's Mentor Protégé Program from eight percent to fifteen percent. For fiscal year 2016, the City Council has endorsed a ten percent spending goal for Minority/Women-Owned businesses.

Retail job growth in Columbia improved 4.3 percent during fiscal year 2015 and this growth is expected to increase into fiscal year 2016. Professional services jobs such as engineering, computer software design, and legal services saw significant growth for the first time since the recession.

Columbia is also home to the main campus of the University of South Carolina as well as other colleges and universities.

Quality of Life

Columbia is a premier location for entertainment, arts, culture and recreation. The City offers a broad variety of attractions, making it an ideal location for any lifestyle.

The City has access to three major rivers and two large lakes. Riverbanks Zoo is home to more than 2,000 fascinating and exotic animals, as well as seventy acres of scenic river views, valley overlooks, and spectacular landscapes.



We Are Columbia

The City's Parks and Recreation department maintains forty-nine outdoor parks within the city limits alone, including Riverfront Park, a popular destination for walkers, runners and cyclists. Sesquicentennial State Park and Congaree National Park are both reachable in under thirty minutes from downtown and offer hiking and canoeing activities.

Live music, entertainment, and the arts are also readily available with USC, the Koger Center for the Arts and the Township Auditorium providing public entertainment. The Nickelodeon Theater offers a wide variety of alternative films and sponsors media art events and educational programs to promote and enhance the appreciation of media arts. The Columbia Museum of Art is the largest art museum in South Carolina. It offers a world-class collection of American and European art that spans seven centuries and unique exhibits each year. The Columbia City Ballet is the second largest performing arts organization in South Carolina with twenty-six professional dancers.

Main Street is currently experiencing a growth in residential and business development. Events such as First Thursdays and the annual Urban Tour have helped to generate traffic on Main Street outside of regular business hours.

The City installed new playground equipment at Sim's Park. New tennis courts and parking lots were completed at Woodland Park. The City installed surveillance cameras at the Bellfield Center, Lorick Park, Pinehurst Park, St. Anna's Park, Melrose Park, Maxey Gregg Park, and Granby Park.

The City was again recognized in 2015 as a Playful City USA community. The City was one of 241 communities receiving the award for making their communities more playful. The City also received the award in 2014.

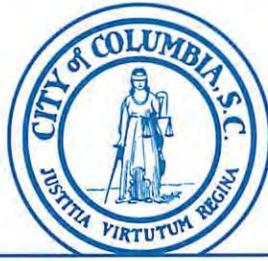
In April 2015 the City began construction on the new community pool at Greenview Park. This \$3.2 million dollar project will feature a six lane 25-yard pool, children's activity area and water slide.

Major Initiatives and Financial Planning

The 2015-2016 budget focuses on priorities expressed by City Council that includes public safety as a top priority, addresses water and sewer infrastructure needs and restores the competitiveness of the City's compensation plan. Steady growth is expected as new development projects come on line.

The City increased its franchise fee from three percent to five percent for fiscal year 2016. This fee is paid by various entities that use the City's right of way to provide other services (gas, electricity, cable, etc.) and is not limited to only taxable entities. Council has committed this additional revenue to be used to improve public safety.

The fiscal year 2016 budget includes a 9.5% increase in water and sewer rates. The City expects this rate increase to generate over eleven million dollars in new revenue. As a result of the consent decree with the Environmental Protection Agency and the City's Clean Water 2020 Initiative the City plans to spend approximately \$750 million on the wastewater system in both capital improvements and normal maintenance of the system. This additional revenue will be used to meet the fiscal year 2016 requirements of the consent decree. To further increase the amount of funds available to the water and sewer system City Council has directed that \$1.7 million dollars of costs historically charged to the Water and Sewer Facilities Fund be charged to other funds in fiscal year 2016. Council also directed the transfer from water and sewer to the general fund be reduced by \$1.3 million in 2016.



We Are Columbia

As a result of the recently conducted Compensation and Classification study, the 2016 budget includes \$1,750,000 in funds to begin a two year phased in program to attract and retain competent and capable employees.

The 2016 budget reflects a two mil reduction in property taxes.

General fund departments, other than the police and fire departments, will have little or no increase in their budget amounts.

Other City departments, other than water and sewer capital improvement expenditures, are expected to be comparable to fiscal year 2015 or slightly less.

Awards and Acknowledgements

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 Columbia, South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The preparation of this CAFR represents the culmination of numerous efforts by many City employees. We would like to express our sincere appreciation to the City's finance staff and the City's other operating and supporting departments for making this report possible.

This CAFR reflects our ongoing commitment to the citizens of Columbia, the Columbia City Council, and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully submitted,

Teresa B. Wilson
City Manager

Jeffery M. Palen
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Columbia
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**CITY OF COLUMBIA, SOUTH CAROLINA
CITY LEADERS**

As of June 30, 2015

Mayor

Stephen K. Benjamin

Council Members

District 1	Sam Davis
District 2	Brian DeQuincey Newman
District 3	Moe Baddourah
District 4	Leona Plough
At Large	Tameika Isaac-Devine
At Large	Cameron Runyan

City Manager

Teresa Wilson

Assistant City Managers

Senior Assistant City Manager for Public Safety	S. Allison Baker
Assistant City Manager for Operations	Melissa Gentry-Smith, P.E
Assistant City Manager Finance & Economic Svc/CFO	Jeff Palen

Department Directors

Budget and Program Management Office	Melissa Caughman
City Attorney	Teresa Knox
Community Development	Deborah Livingston
Court Administrator	Judge Dana Turner
Planning and Development Services	Krista Hampton
Economic Development	Ryan Coleman
Emergency Communications	Kimberly Gathers
Finance	Jan Alonso, CGFO
Fire	Aubrey Jenkins
General Services	David Knoche
Human Resources	Pamela Benjamin, CPM
Information Technology	Sylvia White (interim)
Office of Business Opportunities	Tina Herbert
Parks and Recreation	Jeff Caton
Parking	John David Spade
Police	William "Skip" Holbrook
Public Relations	Leshia Utsey
Public Works	Robert Anderson
Utilities & Engineering	Joseph Jaco, P.E.

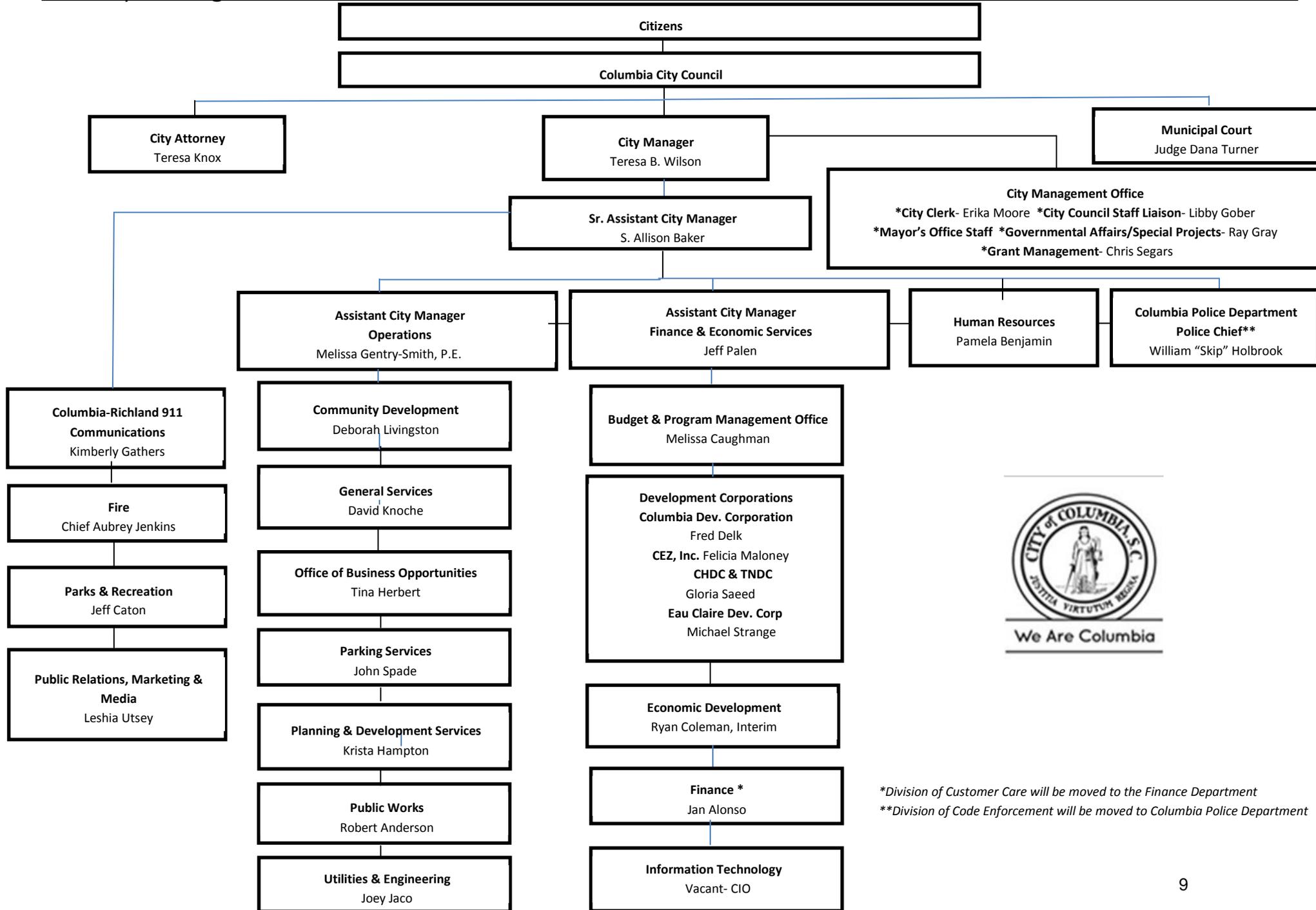
Development Corporation Directors

Columbia Development Corp.	Fred Delk
Columbia Housing/TN Development Corp.	Gloria Saeed
Eau Claire Development Corp.	Michael Strange

Other Directors

Columbia Empowerment Zone, Inc.	Felicia Maloney
Midlands Authority for Conventions, Sports, and Tourism	Bill Ellen

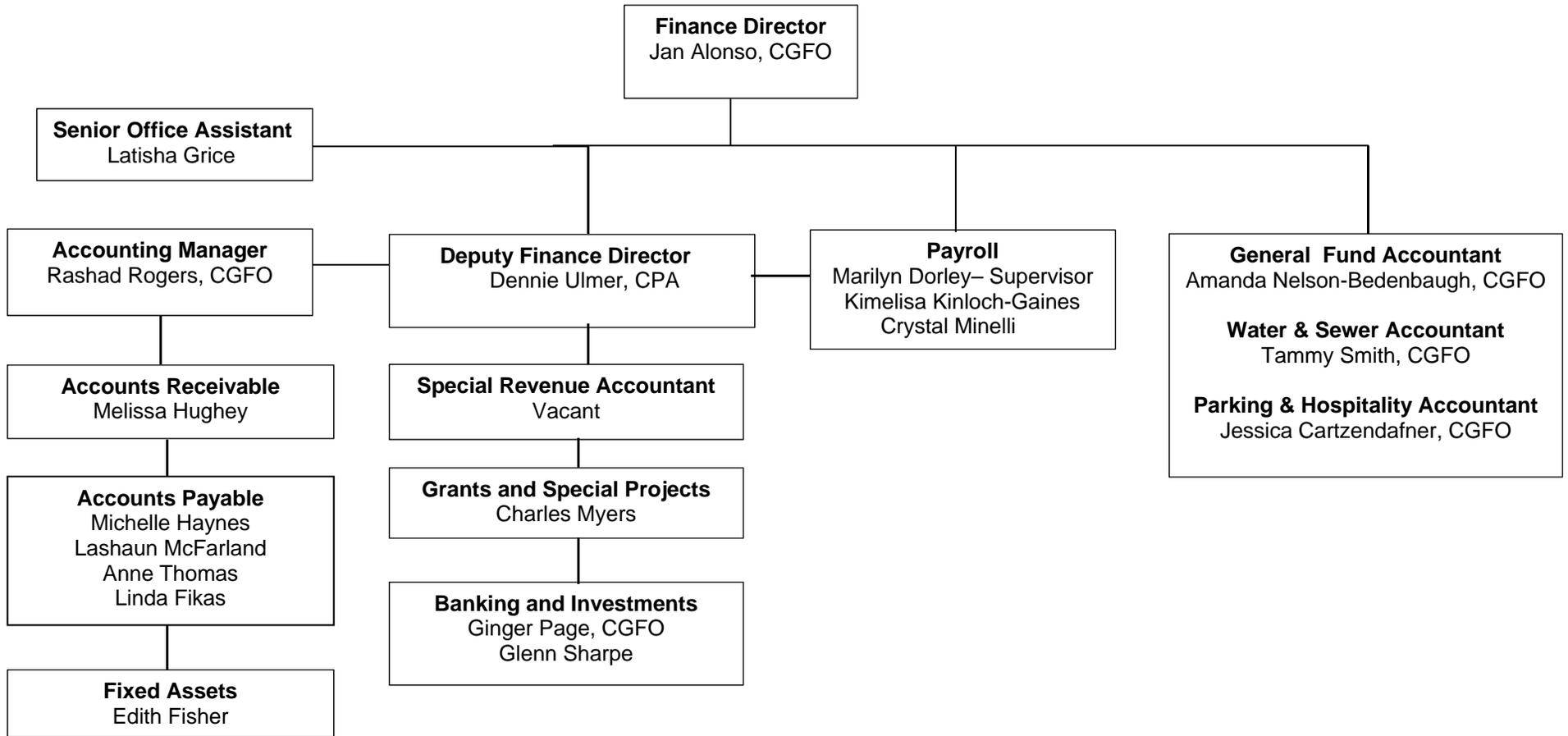
City of Columbia
FY 2014/2015 Organizational Chart



**Division of Customer Care will be moved to the Finance Department*
***Division of Code Enforcement will be moved to Columbia Police Department*

CITY OF COLUMBIA, SOUTH CAROLINA
Finance Department
Organizational Chart

As of June 30, 2015



FINANCIAL SECTION

Independent Auditors' Report

The Honorable Stephen K. Benjamin, Mayor
and Members of City Council
City of Columbia, South Carolina
Columbia, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the City of Columbia (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Midlands Authority for Conventions, Sports, and Tourism, a discretely presented component unit of the City of Columbia, which represent 45.48%, 54.25%, and 75.17%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Midlands Authority for Convention, Sports and Tourism is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall financial statement presentation.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Columbia as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note VII. C. to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective July 1, 2014. Our audit opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis; Budgetary Comparison Schedule – General Fund; Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits; Schedule of the City's Contributions; and Schedule of the City's Proportionate Share of the Net Pension Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, supplementary information to the financial statements, and the statistical section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Fines, Assessments and Surcharges listed in the Table of Contents under Supplementary Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the financial statements.

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

The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Columbia, South Carolina
December 29, 2015

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
June 30, 2015

As management of the City of Columbia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2015, as part of the overall Comprehensive Annual Financial Report (CAFR). This overview compares the year ended June 30, 2015, with the year ended June 30, 2014. The Management's Discussion and Analysis is intended to highlight significant transactions, events, and conditions, and readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, which can be found on the pages indicated in the table of contents of this report. This discussion and analysis is intended to provide a broad overview using a short-term and long-term analysis of the City's activities based on information presented in the financial report and fiscal policies that have been adopted by City Council (the "Council"). The intent of this discussion and analysis is to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, (d) identify significant deviations from the approved general fund budget, and (e) highlight significant issues in the individual funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which 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.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of 2015 by \$709,483,129. This amount represents the City's net position. Of this amount, \$115,632,534 in unrestricted net position may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$16,364,117 (\$10,980,199 from governmental activities and \$5,383,918 from business-type activities) as total revenues of \$309,850,157 exceeded total expenses of \$294,987,316. This increase in net position for the current year is approximately \$7,534,900 less than the prior year and is due primarily to the increased costs incurred by the Water and Sewer Facilities Fund related to compliance with the consent decree and additional depreciation expense on completed construction projects.
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$100,785,186. The unrestricted General Fund balance (i.e., committed, assigned, and unassigned) of \$30,816,689 is available for spending at the City's discretion and represents approximately 23.25% of the General Fund's actual expenditures and transfers out for the year ended June 30, 2015.
- The City's total capital assets were \$1,038,180,774 as of June 30, 2015, increasing \$46,503,555 (4.69%). This increase was the result of additions of \$22,672,088 in governmental activities and \$73,146,603 in business type activities offset by depreciation expense and net disposals of \$13,207,146 in governmental activities and \$36,107,990 in business-type activities.
- The City's long-term debt at June 30, 2015, totaled \$607,312,228, a net increase of \$15,902,500 or 2.69% from the balance at June 30, 2014, of \$591,409,728. This net increase was the result of \$31,141,791 in principal payments, \$2,088,548 in premium amortization, the issuance of a \$29,922,839 hospitality revenue bond (including premium) in the miscellaneous projects capital fund, the issuance of a \$7,000,000 capital lease obligation in the general fund, and the issuance of a \$12,210,000 revenue bond in the parking facilities fund.
- As of June 30, 2015, the City's General Obligation bonds were rated AA+ by Standard and Poor's and AA1 by Moody's. The City's Water and Sewer Facilities revenue bonds were rated AA by Standard and Poor's and AA1 by Moody's. The City's Parking Facilities revenue bonds were rated BBB+ by Standard and Poor's and A2 by Moody's.

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Using This Annual Report

This discussion and analysis is intended to serve as an introduction to the City of Columbia's financial statements. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on the pages identified in the table of contents) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 31. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City of Columbia.

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 government-wide financial statements provide both short-term and long-term information regarding the overall financial position of the City.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the related timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused annual leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, finance, community development and planning, public safety, parks and recreation, public services, general services, and community promotions. Governmental activities are financed primarily through property taxes, business licenses and permits, intergovernmental revenues, and federal and state grants.

The business-type activities of the City include Water and Sewer, Parking, Stormwater, Hydro-Electric, Redevelopment Programs, Parks and Recreation Camps, and Economic Development. These activities are financed in whole or in part primarily through fees charged to external parties for goods and services.

The government-wide statements include not only the City itself (known as the primary government), but also the legally separate Public Facilities Corporation; Columbia Parking Facilities Corporation; Columbia Development Corporation; Columbia Housing Development Corporation; Eau Claire Development Corporation; Midlands Authority for Conventions, Sports and Tourism; TN Development Corporation; and the Columbia Empowerment Zone, Inc., for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself, except for the Public Facilities Corporation and the Columbia Parking Facilities Corporation, whose statements are blended with the primary government.

The government-wide financial statements can be found following this section of the report.

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Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the City's major funds begins on page 24. The fund financial statements beginning on page 31 provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council established many other funds to help it control and manage for particular purposes or to show it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide 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 the City's near-term financing requirements. Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of these funds and the balances that are left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, and City Council. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental funds present a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. 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 the governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances.

The City utilizes five generic governmental fund types (see Section I Note B in the notes to the financial statements). The City maintains 17 individual governmental funds within these generic fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and county services fund which are considered to be major funds. Data from the 15 other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 15 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as Required Supplementary Information for the general fund to demonstrate compliance with this budget. The governmental funds financial statements immediately follow the government-wide financial statements.

The City has a formal fund balance policy applicable to governmental funds. The policy defines fund balance categories consistent with Governmental Accounting Standards Board Statement 54, sets spending priority within the categories, and established the authority to commit or assign balances. For a full discussion of the City's fund balance policy, please refer to the Notes to the Financial Statements, Section I. F. Fund Balances.

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the business-type activities of the Water and Sewer system, Parking system, Stormwater system, Hydro-electric plant, Redevelopment Programs, Parks and Recreation camps, and Economic Development activities.

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An internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance and operation of its fleet of vehicles, its risk management function, and its support services. Because these services benefit both governmental activities and business-type functions, the net position and change in net position have been allocated between governmental activities and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business type activities in the government-wide financial statements. The City maintains seven enterprise type funds. The proprietary fund financial statements provide separate information for the water and sewer system and the parking system which are considered to be major funds of the City. Data from the other five funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor business-type funds is provided in the form of combining statements elsewhere in this report. Conversely, all three internal service funds are combined into a single aggregated position in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. Because the internal funds predominately benefit governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide statements. The proprietary fund financial statements follow the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Trust funds are used to account for resources received and held by the City as trustee. The accounting for fiduciary fund is much like that used for proprietary funds. The fiduciary fund financial statements follow the proprietary funds statements.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements.

Other Information - In addition to the basic financial statements, this report also contains certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a general fund budgetary comparison schedule to demonstrate compliance with the budget. Required supplementary information can be found following the notes in this report. The combining and individual fund statements, referred to earlier in connection with the nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information.

Financial Analysis – Government-wide Statements

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceed liabilities and deferred inflows by \$709,483,129 as of June 30, 2015. The City's overall financial position improved, and net position increased by \$16,364,117 during the year ended June 30, 2015. This increase of \$16,364,117 is a decrease from the prior year. This decrease is primarily the result, in the business activities, of increased expenses in the Water and Sewer Facilities Fund relating to the consent decree with the Environmental Protection Agency and additional depreciation expense on completed water and sewer projects related to the consent decree. The consent decree requires the City to make significant repairs and upgrades to the sewer system to prevent sanitary sewer overflows. Water and sewer fund revenues, as well as stormwater fund revenues, showed a modest increase during the current fiscal year. Water and sewer revenues increased primarily due to increased consumption from new customers added during the fiscal year. Stormwater revenues increased due to a one-time receipt of funds from the South Carolina Department of Transportation. Parking revenues increased primarily due to the completion of a new apartment complex in the downtown area. This complex rented parking space in the City's Sumter Street parking garage. The decrease in hydro-electric plant fees resulted from less electricity being generated due to low water levels in the canal and a reduction in the amount of incentive payments from the operator of the facility. In the governmental activities, the increase in collections from business licenses resulted primarily from a two percent fee increase and the continuing economic recovery. Improved economic conditions also resulted in an increase in the collection of sales taxes and hospitality taxes. Less revenue was reported in the County Services Fund due to the City refunding approximately \$2,146,800 in fees back to Richland County during the current year in an attempt to operate the fund on a break even basis. This reduction was offset in part by increased funding from the State of South Carolina to assist in the repaving of highways. Property tax revenue decreased slightly due to a reduction in assessed property values. Table 1 summarizes the major categories of assets, deferred outflows, liabilities, deferred inflows, and net position for governmental activities, business type activities, and the City as a whole.

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Table 1
City of Columbia
Statement of Net Position
As of June 30, 2015 and June 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014
Current and other assets	\$211,241,380	\$169,701,591	\$ 345,605,104	\$ 385,437,503	\$ 556,846,484	\$ 555,139,094
Capital assets, net of depreciation	221,655,500	212,190,558	816,525,274	779,486,661	1,038,180,774	991,677,219
Total assets	432,896,880	381,892,149	1,162,130,378	1,164,924,164	1,595,027,258	1,546,816,313
Deferred outflows of resources	14,470,968	3,950,107	37,866,038	27,741,893	52,337,006	31,692,000
Total assets and deferred outflows of resources	447,367,848	385,842,256	1,199,996,416	1,192,666,057	1,647,364,264	1,578,508,313
Long-term liabilities outstanding	293,065,198	143,467,480	564,275,506	528,829,611	857,340,704	672,297,091
Other liabilities	33,078,115	25,822,238	28,765,714	25,910,878	61,843,829	51,733,116
Total liabilities	326,143,313	169,289,718	593,041,220	554,740,489	919,184,533	724,030,207
Deferred inflow of resources	14,809,030	2,521,972	3,887,572	-	18,696,602	2,521,972
Net position						
Net investment in capital assets	162,102,481	156,454,488	368,742,602	375,763,776	530,845,083	532,218,264
Restricted	53,653,231	30,669,437	9,352,281	9,330,640	63,005,512	40,000,077
Unrestricted	(109,340,207)	26,906,641	224,972,741	252,831,152	115,632,534	279,737,793
Total net position	\$106,415,505	\$214,030,566	\$ 603,067,624	\$ 637,925,568	\$ 709,483,129	\$ 851,956,134

As of June 30, 2015, the City is able to report positive balances for the government as a whole as well as for its governmental activities and business-type activities, respectively.

The largest portion of the City's net position, \$530,845,083 (74.82%), reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, 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 its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$63,005,512 (8.88%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$115,632,534 (16.30%) in unrestricted net position may be used to meet the ongoing obligations of the City.

For governmental activities, the City reported a deficit balance in unrestricted net position of \$(109,340,207). This deficit resulted from the adoption of GASBS 68 during the current year. GASBS 68 required the City to record its proportionate share of the net pension liability of the cost-sharing retirement plans it participates in. For business-type activities, the City reported a positive balance in unrestricted net position of \$224,972,741. This is also a decrease as the result of the adoption of GASBS 68.

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The City reported a positive balance of \$30,816,689 in unrestricted fund balance (committed plus assigned plus unassigned fund balance) for the general fund as of June 30, 2015. Unrestricted fund balance represents the spendable resources available for governmental activities without externally enforceable limitation. The major contributing factors to the difference between unrestricted fund balance and unrestricted net position are changes in accrued receivables or payables, operating losses in the internal service fund operations, charges related to post-employment benefits, capital assets, debt, and expenses related to compensated absences and pension benefits.

Revenue for the City for the year ended June 30, 2015, which totaled approximately \$311,351,400, increased from the year ended June 30, 2014. The increase for the City as a whole was approximately \$11,285,500 which was an increase of 3.76%. Revenues for the business-type activities increased approximately \$911,600 (0.63%). Water and sewer operating revenues increased approximately \$3,072,400 (2.63%). This was primarily due to additional customers added during the year and increased consumption. The Hydro Electric Facilities Fund showed a decrease of approximately \$1,806,000 (-37.28). The hydroelectric plant is a "run of the river" hydro plant. As such the amount of flow in the canal has a significant impact on the plant's ability to generate electricity. During fiscal year 2015 there was approximately a 36% dip in flow in the canal. This dip in flow limited the ability to generate electricity which resulted in a decrease in revenue. Stormwater revenues increased during the fiscal year approximately \$562,900 (8.09%) due to one-time funding received during the year from the South Carolina Department of Transportation. Parking revenues increased approximately \$650,500 (10.01%) during the fiscal year primarily due to an apartment complex opening in the downtown area. The complex leased parking spaces in the City's Sumter Street Garage. Revenue from governmental activities for the year ended June 30, 2015, which totaled approximately \$167,746,000, represented an increase from the year ended June 30, 2014, of approximately \$10,374,200 (6.59%). The majority of the increase resulted from a two percent increase in franchise fees enacted during the fiscal year. The City also received additional revenue as a result of the increase in the hydrant fees charged to water users living outside the city limits. Business license revenue and sales tax collections provided the majority of the remaining increase as the downtown revitalization continued to attract additional business and the overall general economy continued to show improvement.

Table 2
City of Columbia's
Changes in Net Position
Years Ended June 30, 2015 and June 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014
Revenues:						
Program revenues						
Charges for services						
General government	\$ 726,487	\$ 758,177	-	-	\$ 726,487	\$ 758,177
Finance	37,837,666	31,467,056	-	-	37,837,666	31,467,056
Community development	799,663	832,159	-	-	799,663	832,159
Public safety	22,811,461	22,040,936	-	-	22,811,461	22,040,936
Parks and recreation	822,319	818,304	-	-	822,319	818,304
Public services	258,211	344,718	-	-	258,211	344,718
Water/sewer facilities	-	-	119,716,789	116,644,423	119,716,789	116,644,423
Hydro-electric plant	-	-	3,037,971	4,843,922	3,037,971	4,843,922
Stormwater facilities	-	-	7,521,149	6,958,281	7,521,149	6,958,281
Parking facilities	-	-	7,145,520	6,495,064	7,145,520	6,495,064
Redevelopment programs	-	-	680,111	564,456	680,111	564,456
Parks and recreation camps	-	-	300,931	275,182	300,931	275,182
Operating grants and contributions						
General government	5,440,411	2,339,163	-	-	5,440,411	2,339,163
Community development	3,363,032	3,120,983	-	-	3,363,032	3,120,983
Public safety	20,029,516	23,203,634	-	-	20,029,516	23,203,634
Public services	294,858	298,722	-	-	294,858	298,722
Community promotion	5,852,478	5,485,700	-	-	5,852,478	5,485,700
Capital grants and contributions						
General government	2,134,035	393,750	-	-	2,134,035	393,750
Public services	935,401	373,087	-	-	935,401	373,087
Water/sewer facilities	-	-	3,872,664	5,431,910	3,872,664	5,431,910
General revenues						
General property taxes	34,178,067	34,353,070	-	-	34,178,067	34,353,070
Local Option Sales Tax	16,385,254	16,465,463	-	-	16,385,254	16,465,463
Sales taxes	12,626,419	12,072,024	-	-	12,626,419	12,072,024
Motor fuel taxes	3,348	1,381	-	-	3,348	1,381
State shared revenue	2,829,726	2,805,133	-	-	2,829,726	2,805,133
Unrestricted investment earnings	163,175	89,001	1,226,558	1,158,475	1,389,733	1,247,476
Gain on disposal of capital assets	254,447	109,361	103,766	322,133	358,213	431,494
Total revenues	167,745,974	157,371,822	143,605,459	142,693,846	311,351,433	300,065,668

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Table 2
City of Columbia's
Changes in Net Position (Continued)
Years Ended June 30, 2015 and June 30, 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2014
Expenses:						
General government	\$ 8,050,355	\$ 8,049,816	\$ -	\$ -	\$ 8,050,355	\$ 8,049,816
Judicial	2,749,136	2,615,194	-	-	2,749,136	2,615,194
Finance	1,886,778	1,726,481	-	-	1,886,778	1,726,481
Community development	5,791,062	5,787,850	-	-	5,791,062	5,787,850
Public safety	87,251,472	84,053,096	-	-	87,251,472	84,053,096
Parks and recreation	13,081,872	12,290,401	-	-	13,081,872	12,290,401
Public services	24,282,518	21,960,858	-	-	24,282,518	21,960,858
General services	5,269,511	4,933,285	-	-	5,269,511	4,933,285
Community promotion	10,660,364	12,872,657	-	-	10,660,364	12,872,657
Interest on long-term debt	4,491,254	2,955,994	-	-	4,491,254	2,955,994
Non-departmental	2,141,310	2,515,184	-	-	2,141,310	2,515,184
Water/sewer facilities	-	-	113,273,814	100,389,819	113,273,814	100,389,819
Hydro electric plant	-	-	2,422,544	3,012,376	2,422,544	3,012,376
Stormwater facilities	-	-	4,814,419	5,668,819	4,814,419	5,668,819
Parking facilities	-	-	7,678,876	6,162,449	7,678,876	6,162,449
Redevelopment programs	-	-	835,812	848,141	835,812	848,141
Parks and recreation camps	-	-	306,219	324,209	306,219	324,209
Total expenses	165,655,632	159,760,816	129,331,684	116,405,813	294,987,316	276,166,629
Increase (decrease) in net position before transfers	2,090,342	(2,388,994)	14,273,775	26,288,033	16,364,117	23,899,039
Transfers	8,889,857	9,031,340	(8,889,857)	(9,031,340)	-	-
Increase in net position	10,980,199	6,642,346	5,383,918	17,256,693	16,364,117	23,899,039
Net position, beginning of period *	95,435,306	207,388,220	597,683,706	620,668,875	693,119,012	828,057,095
Net position, end of period	<u>\$106,415,505</u>	<u>\$214,030,566</u>	<u>\$603,067,624</u>	<u>\$637,925,568</u>	<u>\$709,483,129</u>	<u>\$851,956,134</u>

* As restated for implementation of GASB 68 (see Note VII. C).

Total expenses for the City were approximately \$294,987,300 for the year ended June 30, 2015. This represents an increase of approximately \$18,820,700 (6.81%) when compared to the year ended June 30, 2014. This overall increase resulted from an increase of approximately \$5,894,800 in governmental activities and an increase of approximately \$12,925,900 in business-type activities. Most of the increase in governmental activities is related to the City's commitment to public safety during the current year. Not only were there additional policemen added during the current year, there was investment in new technology and equipment. Additional costs were incurred with the City's revitalization of the Bull Street Commons area. As a result of the increase in the amount of hospitality taxes collected, the City was able to increase its support of community organizations during the current fiscal year by approximately \$1,000,000. The majority of the remaining increase is the result of the increase in debt related expenses resulting from the issuance of a capital lease and a hospitality revenue bond during the current year. Expenses for business-type activities increased by approximately \$12,925,900, or 9.99%, compared to the year ended June 30, 2014. The overall increase in expenses was primarily due to an increase in repairs and maintenance projects undertaken during the current year to comply with the consent decree the City executed with the Environmental Protection Agency, additional depreciation expense on completed water and sewer projects related to the consent decree, and the increase in retirement expenses related to the City's adoption of GASBS 68. This resulted in an increase of approximately \$12,884,000 in expenses in the Water and Sewer Facilities Fund. The Hydro Electric Facilities fund expenses decreased by approximately \$589,800. This decrease is primarily due to the way the contract with the company that operates the hydro-electric plant for the City is structured. The operating company's compensation is based on a percentage of revenue generated. Therefore, as operating revenues decrease, operating costs will likewise decrease. When compared to the prior year, the Stormwater

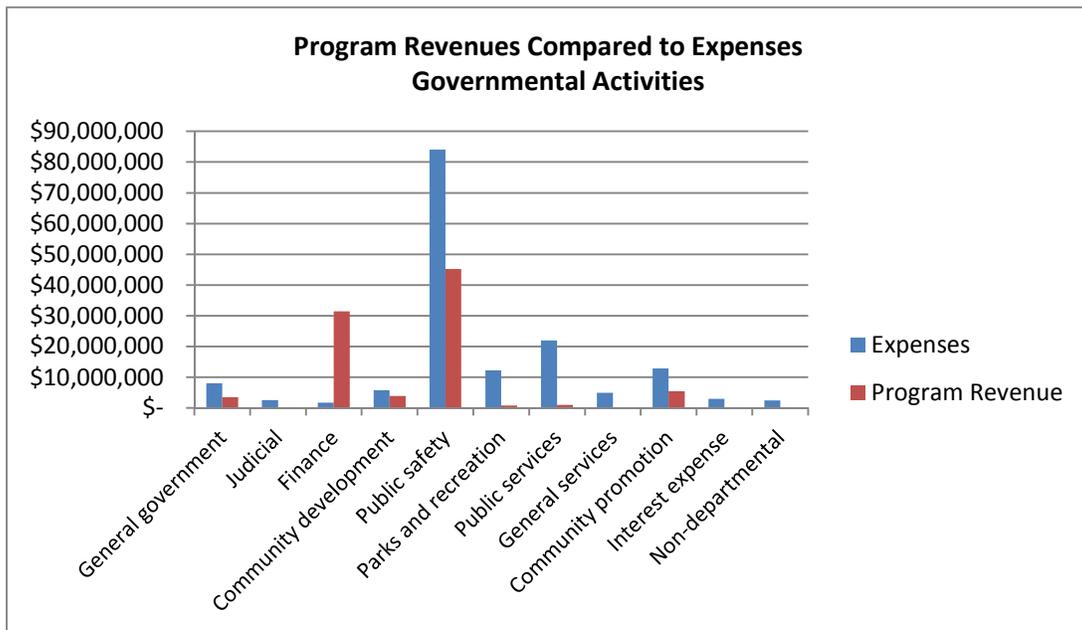
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Facilities Fund expenses decreased by approximately \$854,400. This decrease was a result of personnel related costs, primarily insurance related costs, decreasing during fiscal year 2015 due to a change in allocation methods. When compared to the prior year, the Parking Facilities Fund expenses increased by approximately \$1,516,400. This increase was the result of additional repair costs on the garages, installation of new technology, debt related costs due to the issuance of a refunding bond during the current year, and increase retirement expense due to the adoption of GASBS 68. The expenses for the remaining programs remained virtually unchanged compared to the year ended June 30, 2014.

The City's net position increased by \$16,364,117 during the year ended June 30, 2015. The net position for governmental funds increased by \$10,980,199, while the change in net position of business-type funds increased by \$5,383,918. The overall net position increase of the City was approximately \$7,534,900 less when compared to the prior fiscal year. This overall decrease was the combination of an approximately \$4,337,900 increase in the governmental activities and an approximately \$11,872,800 decrease in business-type activities. The main factor in the overall decrease was the increased repair and maintenance costs in the water and sewer fund and the parking fund, increased depreciation expense in the water and sewer fund and the increased retirement related costs in the business-type activity funds with personnel in fiscal year 2015.

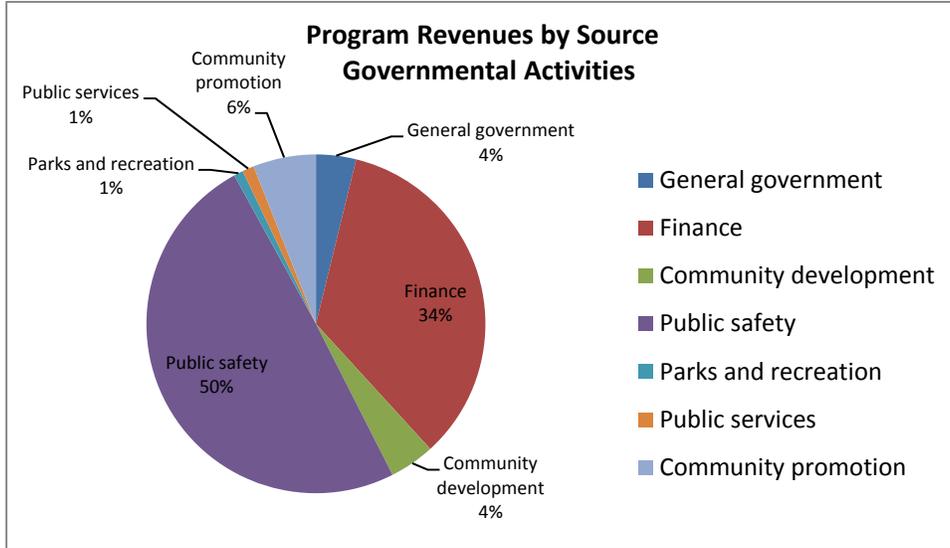
Governmental Activities – A comparative analysis of the governmental activities expenses and program revenues is presented below.

Figure 1
Program Revenues Compared to Expenses
Governmental Activities
Year Ended June 30, 2015



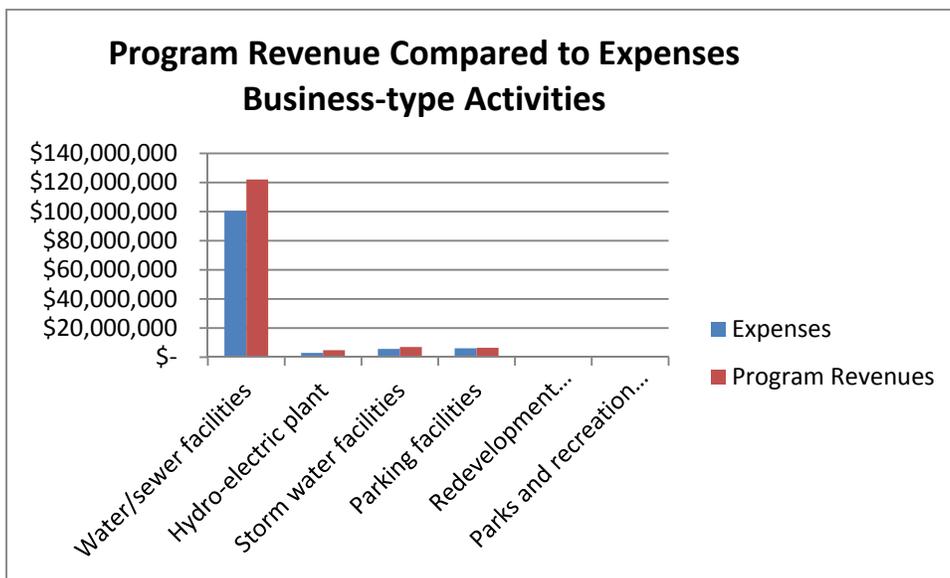
**CITY OF COLUMBIA, SOUTH CAROLINA
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**Figure 2
Program Revenues by Source
Governmental Activities
Year Ended June 30, 2015**



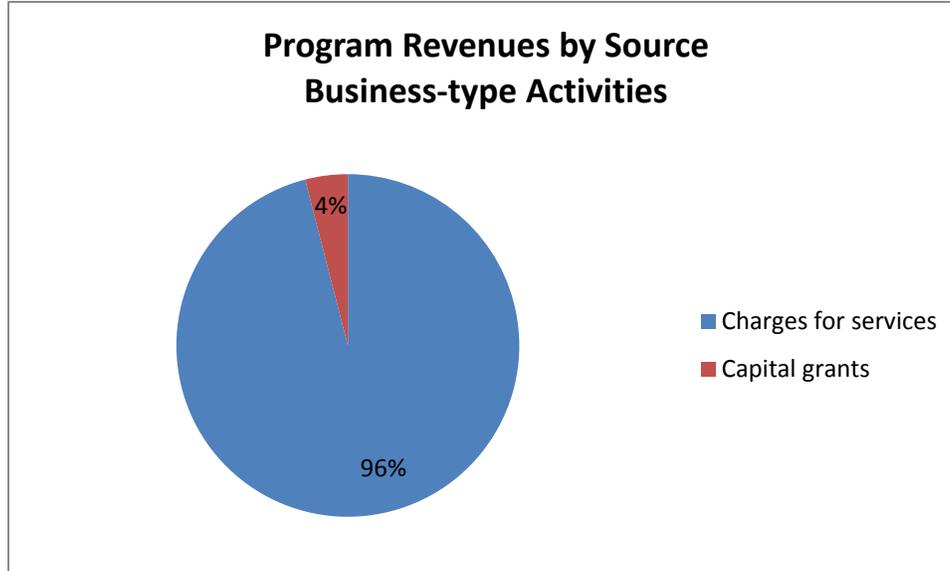
Business-type Activities – The net position of the City's business-type activities increased by approximately \$5,383,900 for the year ended June 30, 2015. This growth is primarily attributable to the operations of the water and sewer and stormwater departments. A comparative analysis and discussion of expenses and program revenues for these enterprise operations is presented below.

**Figure 3
Program Revenue Compared to
Expenses for Business-type Activities
Year Ended June 30, 2015**



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Figure 4
Program Revenues by Source
for Business-type Activities
Year Ended June 30, 2015



Water and Sewer Facilities Fund – The net position for the water and sewer facilities fund for the year ended June 30, 2015, increased by approximately \$4,491,500.

Table 3
Water and Sewer Facilities Fund Revenues and Expenses
Years Ended June 30, 2015 and June 30, 2014

	Year Ended June 30,	
	2015	2014
Revenues		
Total operating revenues	\$ 118,178,523	\$ 116,498,720
Non-operating revenues	(281,047)	1,425,545
Development contributions	3,872,664	5,431,910
Total revenues	121,770,140	123,356,175
Expenses		
Total operating expenses	98,033,982	89,855,344
Interest and amortization expense	10,414,620	9,496,543
Transfers, net	8,830,077	8,058,247
Total expenses	117,278,679	107,410,134
Change in net position	\$ 4,491,461	\$ 15,946,041

Total operating revenues, which primarily consist of water and sewer fees, increased by approximately \$1,679,800, or 1.44%, to \$118,178,523. The increase in operating revenues was due primarily to increased consumption. Sewer fees also increased for the same reason. The decrease in non-operating revenues was due to losses incurred in disposing of capital assets. Contributed infrastructure revenue decreased approximately \$1,559,200 from the year ended June 30, 2014, as new construction decreased from prior year. Total revenues for the year ended June 30, 2015, decreased approximately \$1,586,000, or 1.29%, to \$121,770,140.

Total operating expenses increased by approximately \$8,178,600, or 9.10%, to \$98,033,982 when compared to the year ended June 30, 2014. This increase was primarily the result of increase in maintenance and repair projects to the system in fiscal 2015 as part of the City's compliance with the consent decree and additional depreciation

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expense. The increase in operating expenses exceeded the increase in operating revenue resulting in an operating margin decrease of approximately \$4,491,500 compared to the year ended June 30, 2014.

Interest expense increased by approximately \$918,100 as less interest was capitalized in fiscal year 2015 due to completion of construction projects financed by bond proceeds. Net transfers in fiscal year 2015 increased by approximately \$771,800 from fiscal year 2014 due to the increased transfer to the internal service fund to cover the increased health care costs. Total expenses increased by approximately \$9,868,500, or 9.19%, to approximately \$117,278,700. The increase in water and sewer repair costs and retirement costs, along with the decrease in contributed infrastructure were the primary reasons change in net position increased by \$4,491,461 for the year ended June 30, 2015.

The restricted portion of the water and sewer facilities fund's net assets represents debt service reserve funds that are restricted under various bond ordinances.

Parking Facilities Fund – The net position of the Parking Facilities Fund for the year ended June 30, 2015, decreased by approximately \$593,600.

Table 4
Parking Facilities Fund Revenue and Expenses
Years Ended June 30, 2015 and June 30, 2014

	Year Ended June 30,	
	2015	2014
Revenues		
Total operating revenues	\$ 7,040,165	\$ 6,386,389
Non-operating revenues	183,805	206,066
Gain (loss) on sale of assets	3,690	-
Total revenues	7,227,660	6,592,455
Expenses		
Total operating expenses	5,082,334	4,556,545
Interest and amortization expense	2,416,329	1,508,716
Transfers, net	322,586	178,323
Total expenses	7,821,249	6,243,584
Change in net position	\$ (593,589)	\$ 348,871

Total operating revenues, which primarily consist of parking fees and fines, increased by approximately \$653,800, or 10.24%, to \$7,040,165. The increase in operating revenues was due primarily to the recovery of parking spaces lost in the downtown area during fiscal year 2014 due to construction activity and the increase in space rented due to the completion of a new apartment complex in the downtown area. Non-operating revenue decreased by approximately \$22,300 due primarily to a continued decline in interest rates and less unspent bond proceeds to invest. Total revenues for the year ended June 30, 2015, increased approximately \$635,200, or 9.94%, to \$7,227,660 primarily as a result of the increase in available parking spaces and additional spaces rented under long term rental agreements.

Total operating expenses increased by approximately \$525,800, or 11.54%, to \$5,082,334 when compared to the year ended June 30, 2014. This was primarily the result of technology upgrades to select parking garages and increase retirement related expenses due to the adoption of GASBS 68. The increase in operating revenues offset increase in operating expenses resulting in an operating margin increase of approximately \$128,700 compared to the year ended June 30, 2014.

Interest and amortization expense increased in fiscal year 2015 by approximately \$907,600, or 60.16%, when compared to fiscal year 2014 due to additional debt outstanding and the costs related to issuing the refunding debt. Net transfers increased in fiscal year 2015 by approximately \$144,300 when compared to fiscal year 2014. The increase was due to increased transfers to the internal service funds to cover increased health care costs. Total

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expenses increased by approximately \$1,577,700, or 25.27%, to \$7,821,249. Debt issuance costs, increased health care costs, and retirement related costs were the main reasons for the increase in total expenses.

Financial Analysis of the City's Funds

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

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

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of approximately \$100,785,200, an increase of approximately \$28,405,600. Unassigned fund balance is available for spending at the City's discretion. As of June 30, 2015, the City has an unassigned fund balance of approximately \$21,336,100, a decrease of approximately \$3,723,800 compared to the year ended June 30, 2014.

The general fund is the chief operating fund of the City. During the year ended June 30, 2015, the fund balance of the general fund increased by approximately \$7,399,400 to approximately \$36,393,700. The increase in fund balance was made possible by revenue collections that exceeded the adopted budget along with closely monitored spending. The major portion of the 2015 surplus was due to increased collections from franchise fees due to the enactment of a two percent increase in the amount of fee to be collected. This rate increase resulted in approximately \$4,800,000 in additional fees being collected. Unspent funds of approximately \$4,880,600 from the issuance of a capital lease was also a major contributor to the surplus. The unassigned fund balance, which is available for use without restriction, decreased by approximately \$2,707,800 to approximately \$22,352,200. Unrestricted fund balance is the combination of unassigned fund balance (\$22,352,200), assigned fund balance (\$3,654,100), and committed fund balance (\$4,810,400), and totals approximately \$30,816,700. The remainder of the fund balance in the general fund is comprised of approximately \$4,880,700 in restricted fund balance and \$696,400 in nonspendable fund balance. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The County Services fund is used to report funds received from Richland County, South Carolina to offset costs incurred by the City of Columbia in providing fire services and 911 emergency communications services to Richland County citizens living outside the incorporated area of the City of Columbia. Collections for the year ended June 30, 2015, decreased by approximately \$2,442,000, or 11.36%, due to the City refunding a portion of the fees received during the current year, back to Richland County. The fund is intended to operate on a break even basis and the current year fees were refunded in an attempt to achieve the break even objective. Expenditures for the year ended June 30, 2015, increased by approximately \$496,000 primarily due to increased personnel costs and normal price increases of goods and services.

Proprietary funds – The statements of the City's proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements but in more detail. Factors concerning the finances of these funds were previously addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The general fund is the principal operating fund of the City and is used to account for all activities of the City not otherwise accounted for by a specified fund. It is also the largest of the City's funds and is mostly comprised of general tax revenues and license and permit fees. Over the course of the fiscal year, the City revises its budget to address unanticipated changes in revenues and expenditures. The City provides basic city services such as police, fire, parks and recreation, and other public services. Each department budget must be developed and justified annually during the legally required budget adoption process. Total general fund revenues for the year ended June 30, 2015, were approximately \$118,574,100, approximately \$7,544,100, or 6.79%, more than the final budget of approximately \$111,030,000. This overall revenue increase was the result of an increase in license and permit fees due to an improving economy and a franchise fee rate increase and increases in intergovernmental revenues resulting from a rate increase in fire hydrant fees. These increases were offset by a decrease in general property taxes and charges for services.

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Total general fund expenditures were approximately \$115,148,700 for the year ended June 30, 2015, approximately \$4,998,100, or 4.16%, less than the final budgeted expenditures of approximately \$120,146,800. Closely monitoring of expenditures resulted in most city departments being under budget. The most significant exception was savings in personnel related expenses of approximately \$2,575,200 resulting from position vacancies and approximately \$2,000,000 less in capital spending than budgeted.

Capital Assets and Debt Administration

Capital assets – The City's investment in capital assets (before reductions for debt service) for its governmental and business-type activities as of June 30, 2015, totaled \$1,038,180,774 net of accumulated depreciation. This investment in capital assets includes land, buildings, infrastructure, construction in progress, machinery, and equipment. The net increase in the City's investment in capital assets for the year ended June 30, 2015, was approximately \$46,503,600, or 4.69%.

Major capital asset events during the year ended June 30, 2015, included the following:

- Construction in progress (CIP) decreased by a net \$61,009,198. This decrease was primarily the result of projects started in prior years and completed during the current fiscal year. Major completed projects included a \$14,666,838 upgrade to the main waste water treatment plant influent pump station, a \$8,545,195 upgrade to the main waste water treatment plant preliminary treatment facility, \$1,735,559 in mechanical screens were installed at the main waste water treatment plant, a \$1,872,984 upgrade to the flow equalization vault at the main waste water treatment plant, approximately \$4,000,000 in electrical system upgrades were completed at the main waste water treatment plant, as well as over \$10,000,000 in upgrades to the clarifiers at the main waste water treatment plant. There was approximately \$4,627,200 added to the governmental CIP balance related to various governmental projects. There was a decrease of approximately \$65,636,400 in the business-type activities CIP balance as prior year projects were completed during the current year.
- Buildings and improvements additions totaled approximately \$112,398,800 during the year ended June 30, 2015. Most of these were the result of completed construction projects started in prior years. Significant additions included clarifiers at the main waste water treatment plant, aeration tanks at the main waste water treatment plant, booster pumps at the Chapin pump station, improvements in the Read Street area, as well as various improvements in the Burnside area. The main decrease resulted from the disposal of old clarifiers at the main waste water treatment plant.
- Machinery and equipment additions totaled approximately \$34,765,100 during the year ended June 30, 2015. These additions consisted mainly of police vehicles, garbage trucks, fire trucks, other items of rolling stock, generators, pumps, actuators, and other water treatment equipment. Disposals consisted mainly of fully depreciated items, a raw water pump station, and a water tank.
- Depreciation expense totaled approximately \$46,615,700 for the City as a whole.

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Capital assets, net of depreciation, for the governmental and business-type activities are as follows:

Table 5
Capital Assets (Net of Depreciation)
As of June 30, 2015 and June 30, 2014

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014
Land	\$ 33,257,979	\$ 32,647,161	\$ 30,164,566	\$ 30,111,133	\$ 63,422,545	\$ 62,758,294
Construction in progress	11,052,394	6,425,233	88,301,082	153,937,441	99,353,476	160,362,674
Buildings and improvements	138,368,256	144,615,099	657,967,963	573,875,162	796,336,219	718,490,261
Infrastructure	19,721,673	13,392,943	-	-	19,721,673	13,392,943
Machinery and equipment	19,255,198	15,110,122	40,091,663	21,562,925	59,346,861	36,673,047
Total	\$221,655,500	\$212,190,558	\$816,525,274	\$779,486,661	\$1,038,180,774	\$991,677,219

Additional information on the City's capital assets can be found in Note III. F. in the Notes to the Financial Statements.

Long-term debt – The City's long-term debt, including capital leases payable, reflected a net increase of approximately \$15,902,500, or 2.69%. This net increase was the result of \$31,141,791 in principal payments and \$2,088,547 in amortization of bond premiums. The City also received proceeds of \$29,922,839 (including a premium of \$3,747,839) from the issuance of a hospitality revenue bond. This bond is backed by a revenue fee pledge of the City's hospitality fees. The City also received proceeds of \$12,210,000 from the issuance of additional revenue bonds. These bonds are backed by revenues from the parking system. Principal payments of \$21,815,000 were made on business-type activity revenue bonds. Principal payments of \$396,791 were made on governmental activities capital lease obligations. Principal payments of \$8,930,000 were made on governmental activities bonds and notes payable. Total governmental activities debt had a net increase of approximately \$27,272,300, while business-type activities debt had a net decrease of approximately \$11,369,800. The capital lease obligation debt was issued to fund the purchase of police cars and other capital assets. The Parking Facilities Refunding Revenue Bond Series 2014 was issued to refund a portion of the Series 2005A Parking Bonds. The Special Obligation Bonds Series 2014 were issued to finance the cost of acquisition of a multi-use entertainment venue.

Table 6
Outstanding Indebtedness
As of June 30, 2015 and June 30, 2014

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014	As of June 30, 2015	As of June 30, 2014
Notes payable	\$ 5,034,142	\$ 5,229,142	\$ -	\$ -	\$ 5,034,142	\$ 5,229,142
General obligation bonds	30,665,000	35,680,000	-	-	30,665,000	35,680,000
Bond premiums	1,577,297	1,814,897	-	-	1,577,297	1,814,897
Revenue bonds	66,035,000	43,580,000	-	-	66,035,000	43,580,000
Bond premiums	3,661,682	-	-	-	3,661,682	-
Parking Facilities revenue bonds	-	-	41,680,000	43,190,000	41,680,000	43,190,000
Bond premiums	-	-	42,101	44,046	42,101	44,046
Waterworks and Sewer System						
revenue bonds	-	-	424,115,000	432,210,000	424,115,000	432,210,000
Bond premiums	-	-	27,898,797	29,661,642	27,898,797	29,661,642
Capital leases payable	6,603,209	-	-	-	6,603,209	-
Total	\$ 113,576,330	\$ 86,304,039	\$493,735,898	\$ 505,105,688	\$607,312,228	\$591,409,727

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As noted earlier, the City's underlying bond rating for its general obligation debt issues and water and sewer revenue bonds as of June 30, 2015, was an "AA1" by Moody's Investors Service, Inc. and "AA" by Standard and Poor's Rating Services. The parking system revenue bonds as of June 30, 2015, were rated "BBB+" by Standard and Poor's Rating Service and "A2" by Moody's Investor Service, Inc.

Article X, Section 14 of the State Constitution limits the amount of general obligation debt a governmental entity may issue to 8% of its assessed property value. The City as of June 30, 2015, had \$30,665,000 in debt subject to this limitation which is less than the \$41,434,582 allowed without approval by the voters in the City.

Additional information regarding the City's long-term obligations can be found in Note III. H. in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget

Based on the economic forecasts for South Carolina, the City expects to see a continuing recovery in fiscal year 2016, even with the early October flooding that occurred. The economic effect of these floods are expected to be similar to that of Hurricane Hugo, which struck Charleston, South Carolina, in that there were losses associated with property and infrastructure damage as well as a four to six-week period of major disruptions to business activity. This damage will likely generate additional spending in 2016 resulting from rebuilding efforts. Total personal income is expected to increase from 4.6% to 4.9%. Major drivers of these economic gains are expected to be wage growth and disposable income. Job creation is expected to grow by 2.9%. Housing demand in 2015 was fueled by new construction rather than remodeling, and this trend is expected to continue in 2016.

In early October 2015, almost twenty-four inches of rain fell in the Columbia area in less than forty-eight hours. This rainfall caused historic flooding and unprecedented damage to City infrastructure. The City has been approved to receive federal disaster aid and has begun the Federal Emergency Management Agency Public Assistance process. While some aid money has been received, the total amount of aid to be received has yet to be determined. Additional information can be found in Note VII A in the Notes to the Financial Statements.

While the City's unemployment rate is approximately one percent higher than the national rate of 5.3 percent, City Council is committed to maintaining a strong fund balance while still providing high level services to its residents.

General fund revenues are budgeted at \$117,086,953 for fiscal year 2016, an increase of approximately \$6,057,000 or 5.46% over fiscal year 2015. Franchise fees and fines and forfeitures will account for significantly all of this increase. General fund expenditures are budgeted at \$117,056,300 for fiscal year 2016, an increase of approximately \$4,888,500 or 4.36% over fiscal year 2015 final budget. Substantially all of this increase reflects the City's commitment to public safety in 2016.

Key items that factored into the preparation of the budget for the year ending June 30, 2016, are listed below:

- The budget includes \$3,000,000 towards a phase in implementation of the 2015 Comprehensive Compensation and Classification Study. It is felt the City's ability to attract and retain competent and capable employees is a critical part of providing quality city services.
- There will be a two mil property tax decrease for fiscal year 2016. Even with this reduction in mils, property tax revenues are expected to increase approximately \$420,200.
- The budget increase for water and sewer is allocated almost entirely toward the capital improvement program designed to meet the requirements of the Clean Water 2020 program.
- The budgeted transfer from the water and sewer fund to the general fund will decrease from \$4,000,000 to \$2,675,605.
- The City expects to invest \$120,000,000 in capital improvements for the water and sewer system during the year ending June 30, 2016.
- Public Safety is a top priority in the fiscal year 2016 budget. Funding is budgeted for the support of the recruitment and retention efforts in the police and fire departments. The budget has been increased to provide additional funds for training and protective equipment, as well as security cameras.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Chief Financial Officer, P.O. Box 147, 1737 Main Street, Columbia, South Carolina 29217.

Thank you for your interest in the City, in general, and its finances specifically.

BASIC FINANCIAL STATEMENTS

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and equivalents	\$ 125,780,762	\$ 194,593,483	\$ 320,374,245	\$ 7,855,046
Certificates of deposit	-	-	-	500,000
Investments	11,316,911	86,826,972	98,143,883	-
Receivables				
Property taxes, net of allowance	1,904,907	-	1,904,907	-
Federal government	932,502	-	932,502	-
State government	7,586,757	-	7,586,757	-
County government	500,130	-	500,130	-
Accounts, net of allowance	500,193	8,389,684	8,889,877	412,236
Accrued interest	20,703	160,732	181,435	42,370
Notes, net of allowance	-	528,258	528,258	1,339,234
Due from component units	-	870,168	870,168	-
Due from primary government	-	-	-	825,000
Internal balances	9,954,028	(9,954,028)	-	-
Prepaid expenses	947,195	94,470	1,041,665	228,141
Inventory	686,763	2,541,882	3,228,645	-
Capital lease receivable	580,000	-	580,000	-
Real estate held for sale and development	-	84,810	84,810	-
Restricted assets				
Real estate held for sale and development	-	-	-	512,101
Total current assets	160,710,851	284,136,431	444,847,282	11,714,128
Noncurrent Assets				
Cash on deposit with escrow agent	100,000	1,300,296	1,400,296	10,678,747
Investments	36,102,642	38,845,336	74,947,978	-
Mortgage notes receivable, net of current portion	-	20,926,464	20,926,464	2,558,257
Deposits	78,745	-	78,745	-
Other assets				
Prepaid bond insurance costs	-	396,577	396,577	-
Organizational costs	-	-	-	5,106
Real estate held for sale or development	-	-	-	3,148,146
Security deposits	-	-	-	5,500
Capital lease receivable, net of current portion	14,249,142	-	14,249,142	-
Capital assets not being depreciated				
Land	33,257,979	30,164,566	63,422,545	2,775,059
Construction in progress	11,052,394	88,301,082	99,353,476	-
Capital assets net of accumulated depreciation				
Buildings, improvements and utility plant	138,368,256	657,967,963	796,336,219	6,965,772
Infrastructure	19,721,673	-	19,721,673	-
Machinery and equipment	19,255,198	40,091,663	59,346,861	-
Total noncurrent assets	272,186,029	877,993,947	1,150,179,976	26,136,587
TOTAL ASSETS	432,896,880	1,162,130,378	1,595,027,258	37,850,715
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,881,399	7,107,890	8,989,289	-
Deferred outflows related to net pension liability	11,414,950	3,873,332	15,288,282	-
Accumulated decrease in fair value of hedging derivatives	1,174,619	26,884,816	28,059,435	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,470,968	37,866,038	52,337,006	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 447,367,848	\$ 1,199,996,416	\$ 1,647,364,264	\$ 37,850,715

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 11,560,127	\$ 14,272,331	\$ 25,832,458	\$ 1,113,953
Accrued salaries and benefits	2,938,692	1,311,925	4,250,617	-
Accrued liability for claims	16,225,389	23,600	16,248,989	-
Accrued interest	836,390	9,081,603	9,917,993	-
Retainage payable	538,668	4,046,755	4,585,423	-
Unearned revenue	-	-	-	960,273
Due to primary government	-	-	-	505,995
Refundable advances	121,319	-	121,319	-
Due to related party	-	-	-	406
Due to component unit	825,000	-	825,000	-
Compensated absences	1,378,419	355,678	1,734,097	212,412
Deposits payable	32,530	29,500	62,030	61,410
Current notes and mortgages payable	215,000	-	215,000	1,077,338
General obligation bonds, current portion	5,155,000	-	5,155,000	-
Revenue bonds, current portion	3,815,000	9,450,000	13,265,000	-
Obligation under capital lease - current portion	972,567	-	972,567	-
Liabilities payable from restricted assets	-	-	-	-
Due to primary government	-	-	-	364,173
Total current liabilities	44,614,101	38,571,392	83,185,493	4,295,960
Noncurrent liabilities				
Unearned revenue	-	1,302,696	1,302,696	-
Compensated absences	5,271,211	1,422,712	6,693,923	86,404
Net pension liability	119,566,514	40,573,706	160,140,220	-
OPEB liability	52,098,105	-	52,098,105	-
Mortgages payable, net of current portion	14,999,142	-	14,999,142	5,140,385
General obligation bonds, net of current portion	27,087,297	-	27,087,297	-
Revenue bonds, net of current portion	55,701,682	484,285,898	539,987,580	-
Obligation under capital lease - net of current portion	5,630,642	-	5,630,642	-
Derivative instrument liability, interest rate swap	1,174,619	26,884,816	28,059,435	-
Total noncurrent liabilities	281,529,212	554,469,828	835,999,040	5,226,789
TOTAL LIABILITIES	326,143,313	593,041,220	919,184,533	9,522,749
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	11,456,914	3,887,572	15,344,486	-
Deferred inflow - property sale	100,000	-	100,000	-
Deferred inflow - property tax credit	3,252,116	-	3,252,116	-
TOTAL DEFERRED INFLOWS OF RESOURCES	14,809,030	3,887,572	18,696,602	-
NET POSITION				
Net investment in capital assets	162,102,481	368,742,602	530,845,083	4,877,075
Restricted for				
Capital projects	42,264,148	-	42,264,148	-
Debt service	3,978,932	9,352,281	13,331,213	-
Tourism	6,127,487	-	6,127,487	10,245,283
Public safety	231,622	-	231,622	-
Community development				
Expendable	1,046,042	-	1,046,042	604,431
Nonexpendable	5,000	-	5,000	-
Unrestricted	(109,340,207)	224,972,741	115,632,534	12,601,177
TOTAL NET POSITION	106,415,505	603,067,624	709,483,129	28,327,966
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 447,367,848	\$ 1,199,996,416	\$ 1,647,364,264	\$ 37,850,715

See accompanying Notes to the Financial Statements

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
Primary Government								
Governmental activities								
General government	\$ 8,050,355	\$ 726,487	\$ 5,440,411	\$ 2,134,035	\$ 250,578	\$ -	\$ 250,578	\$ -
Judicial	2,749,136	-	-	-	(2,749,136)	-	(2,749,136)	-
Finance department	1,886,778	37,837,666	-	-	35,950,888	-	35,950,888	-
Community development	5,791,062	799,663	3,363,032	-	(1,628,367)	-	(1,628,367)	-
Public safety	87,251,472	22,811,461	20,029,516	-	(44,410,495)	-	(44,410,495)	-
Parks and recreation	13,081,872	822,319	-	-	(12,259,553)	-	(12,259,553)	-
Public services	24,282,518	258,211	294,858	935,401	(22,794,048)	-	(22,794,048)	-
General services	5,269,511	-	-	-	(5,269,511)	-	(5,269,511)	-
Community promotion	10,660,364	-	5,852,478	-	(4,807,886)	-	(4,807,886)	-
Interest and other charges	4,491,254	-	-	-	(4,491,254)	-	(4,491,254)	-
Nondepartmental	2,141,310	-	-	-	(2,141,310)	-	(2,141,310)	-
Total governmental activities	165,655,632	63,255,807	34,980,295	3,069,436	(64,350,094)	-	(64,350,094)	-
Business-type activities								
Water/sewer facilities	113,273,814	119,716,789	-	3,872,664	-	10,315,639	10,315,639	-
Hydro-electric plant	2,422,544	3,037,971	-	-	-	615,427	615,427	-
Stormwater facilities	4,814,419	7,521,149	-	-	-	2,706,730	2,706,730	-
Parking facilities	7,678,876	7,145,520	-	-	-	(533,356)	(533,356)	-
Redevelopment programs	835,812	680,111	-	-	-	(155,701)	(155,701)	-
Parks and recreation camps	306,219	300,931	-	-	-	(5,288)	(5,288)	-
Total business-type activities	129,331,684	138,402,471	-	3,872,664	-	12,943,451	12,943,451	-
Total Primary Government	\$ 294,987,316	\$ 201,658,278	\$ 34,980,295	\$ 6,942,100	(64,350,094)	12,943,451	(51,406,643)	-
COMPONENT UNITS	\$ 11,477,709	\$ 4,620,188	\$ 8,895,253	\$ 10,075	-	-	-	2,047,807
General revenues:								
General property taxes					34,178,067	-	34,178,067	-
Local Option Sales Tax					16,385,254	-	16,385,254	-
Sales taxes					12,626,419	-	12,626,419	-
Motor fuel taxes					3,348	-	3,348	-
State shared revenue					2,829,726	-	2,829,726	-
Appropriations - City of Columbia					-	-	-	1,386,338
Unrestricted investment earnings					163,175	1,226,558	1,389,733	100,421
Gain on disposal of capital assets					254,447	103,766	358,213	3,800
Transfers					8,889,857	(8,889,857)	-	-
Total general revenues and transfers					75,330,293	(7,559,533)	67,770,760	1,490,559
Change in net position					10,980,199	5,383,918	16,364,117	3,538,366
Net position - beginning of period as previously reported					214,030,566	637,925,568	851,956,134	24,789,600
Restatement (Note VII. C.)					(118,595,260)	(40,241,862)	(158,837,122)	-
Net position - beginning of period as restated					95,435,306	597,683,706	693,119,012	24,789,600
Net position - end of period					\$ 106,415,505	\$ 603,067,624	\$ 709,483,129	\$ 28,327,966

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2015

	General Fund	County Services	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 27,252,162	\$ -	\$ 33,355,912	\$ 60,608,074
Investments	14,986,942	-	32,432,611	47,419,553
Receivables				
Property taxes, net	1,892,101	-	-	1,892,101
Federal government	-	-	932,502	932,502
State government	4,571,504	-	3,015,253	7,586,757
County	-	-	500,130	500,130
Accounts, net	159,891	-	-	159,891
Accrued interest receivable	20,688	-	15	20,703
Capital lease receivable	14,829,142	-	-	14,829,142
Due from other funds	-	-	2,986,200	2,986,200
Cash on deposit with escrow agent	100,000	-	-	100,000
Prepaid charges	696,389	64,376	-	760,765
TOTAL ASSETS	\$ 64,508,819	\$ 64,376	\$ 73,222,623	\$ 137,795,818
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,856,140	\$ 356,790	\$ 4,463,183	\$ 8,676,113
Accrued salaries and benefits	2,283,127	497,001	28,876	2,809,004
Retainage payable	-	-	538,668	538,668
Due to component unit	-	-	825,000	825,000
Refundable advances	41,250	-	80,069	121,319
Due to other funds	1,589,930	162,314	1,943,652	3,695,896
Customer deposits	32,530	-	-	32,530
Advances from other funds	1,150,042	-	-	1,150,042
Total liabilities	8,953,019	1,016,105	7,879,448	17,848,572
Deferred inflows of resources				
Unearned revenue - deferred property tax credit	3,252,116	-	-	3,252,116
Unearned revenue - property sale	100,000	-	-	100,000
Unavailable revenue - property taxes	980,802	-	-	980,802
Unavailable revenue - capital lease receivable	14,829,142	-	-	14,829,142
Total deferred inflows of resources	19,162,060	-	-	19,162,060
Fund balances				
Nonspendable	696,389	64,376	5,000	765,765
Restricted	4,880,662	-	48,767,569	53,648,231
Committed	4,810,356	-	-	4,810,356
Assigned	3,654,109	-	16,570,606	20,224,715
Unassigned	22,352,224	(1,016,105)	-	21,336,119
Total fund balances	36,393,740	(951,729)	65,343,175	100,785,186
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 64,508,819	\$ 64,376	\$ 73,222,623	\$ 137,795,818

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2015

Total fund balance, governmental funds: \$ 100,785,186

Amounts reported for governmental activities in the statement of net position are different because

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Land	\$	33,257,979	
Construction in progress		11,052,394	
Buildings and improvements, net		137,464,670	
Infrastructure, net		19,721,673	
Machinery and equipment, net		18,946,280	
		220,442,996	220,442,996

Certain other long-term deferred outflows are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position

Unamortized deferred loss on refunding	\$	1,881,399	
Pension contributions made subsequent to the measurement date		7,816,111	
Differences between expected and actual experience		3,199,815	
		12,897,325	12,897,325

Certain property tax revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds

993,607

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position

(9,285,700)

Eliminations relating to the consolidation of internal service funds resulted in an amount due to governmental activities from business-type activities in the statement of net position

13,016,117

Some liabilities (such as notes payable, capital leases contracts payable, compensated absences, and bonds payable) are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position

Accrued compensated absences	\$	(6,407,171)	
Accrued interest payable		(836,390)	
Net pension liability		(115,386,854)	
Bonds and notes payable		(101,734,142)	
Capital lease payable		(6,603,209)	
Unamortized premium		(5,238,979)	
		(236,206,745)	(236,206,745)

Other long term deferred inflows related to pension expense do not consume current financial resources and are, therefore, not reported in the fund financial statements

Investment earnings on retirement plan fiduciary held asset			(11,056,423)
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Capital leases receivable does not provide current financial resources and, therefore, is deferred in the fund financial statements.

14,829,142

Net position of governmental activities in the statement of net position

\$ 106,415,505

See accompanying Notes to Financial Statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	General Fund	County Services	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 50,563,321	\$ -	\$ -	\$ 50,563,321
Sales, hospitality and admission taxes	90,899	-	12,535,520	12,626,419
Licenses and permits	37,837,446	-	-	37,837,446
Intergovernmental revenue	15,682,389	-	-	15,682,389
Charges for services	12,553,980	-	68,974	12,622,954
Fines and forfeitures	1,033,384	-	203,769	1,237,153
Federal government	-	-	3,434,392	3,434,392
State government	-	-	3,381,680	3,381,680
County government	-	19,045,714	6,606,436	25,652,150
Promotions	78,322	-	43,606	121,928
Confiscated funds	-	-	279,147	279,147
Interest	147,133	-	16,133	163,266
Other revenues	200,567	-	1,537,641	1,738,208
Total revenues	118,187,441	19,045,714	28,107,298	165,340,453
EXPENDITURES				
Current				
General government	6,865,829	-	318,772	7,184,601
Judicial	2,539,958	-	-	2,539,958
Finance department	1,779,283	-	-	1,779,283
Planning and development	3,228,917	-	-	3,228,917
Public safety	56,018,445	21,430,128	892,387	78,340,960
Parks and recreation	10,525,782	-	-	10,525,782
Public services	16,257,427	-	700,962	16,958,389
General services	4,680,453	-	-	4,680,453
Community promotion	613,031	-	12,796,831	13,409,862
Non departmental	2,279,518	-	-	2,279,518
Debt service				
Principal payment on bonds	936,791	-	8,390,000	9,326,791
Interest on bonds	910,452	-	2,262,394	3,172,846
Fiscal agent charges	-	-	5,461	5,461
Debt issuance costs	-	-	904,310	904,310
Capital outlay				
Capital outlay	8,512,817	24,289	11,970,019	20,507,125
Total expenditures	115,148,703	21,454,417	38,241,136	174,844,256
Excess (deficiency) of revenues over (under) expenditures	3,038,738	(2,408,703)	(10,133,838)	(9,503,803)
OTHER FINANCING SOURCES (USES)				
Transfers in	14,341,918	-	16,184,915	30,526,833
Transfers (out)	(17,367,879)	(689,832)	(11,869,240)	(29,926,951)
Sale of general capital assets	386,636	-	-	386,636
Issuance of capital leases	7,000,000	-	-	7,000,000
Issuance of debt	-	-	26,175,000	26,175,000
Premium on debt issuance	-	-	3,747,839	3,747,839
Total other financing sources (uses)	4,360,675	(689,832)	34,238,514	37,909,357
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	7,399,413	(3,098,535)	24,104,676	28,405,554
Beginning fund balances	28,994,327	2,146,806	41,238,499	72,379,632
Ending fund balances	\$ 36,393,740	\$ (951,729)	\$ 65,343,175	\$ 100,785,186

See accompanying Notes to Financial Statements.

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

Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$ 28,405,554
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized	\$ 20,507,125	
Depreciation expense	<u>(12,813,591)</u>	7,693,534
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and disposals) is to decrease net position.</p>		
Disposition of capital assets	\$ -	
Proceeds from the sale of capital assets	<u>(386,636)</u>	(386,636)
<p>Internal service funds are used by management to charge costs of certain activities to individual funds. The net loss of the internal service funds is included in governmental activities in the statement of activities.</p>		
		(35,481)
<p>Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental fund statements because they are not financial resources.</p>		
		2,134,035
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.</p>		
Collections on capital lease receivable	\$ (540,000)	
Property taxes	<u>(12,802)</u>	(552,802)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the statement of activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the statement of activities treats such repayment as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		
Proceeds from bonds payable issued	\$ (26,175,000)	
Proceeds from bond premium	(3,747,839)	
Proceeds from capital lease issued	(7,000,000)	
Principal retirement of long-term debt	9,326,791	
Amortization of premium	(192,256)	
Amortization of bond refunding deferred charge	<u>(239,342)</u>	(28,027,646)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and these are not reported as expenditures in governmental funds:</p>		
Accrued compensated absences	\$ (120,945)	
Pension expense	(942,243)	
Accrued interest payable	<u>499,603</u>	(563,585)
<p>Eliminations in the consolidation of internal service funds resulted in a net increase in expenses for the business-type activities in the statement of activities.</p>		
		<u>2,313,226</u>
Change in net position of governmental activities		<u><u>\$ 10,980,199</u></u>

See accompanying Notes to Financial Statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2015

	Business-type Activities			Total	Governmental
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Proprietary Funds		Internal Service Funds
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 164,955,106	\$ 8,754,044	\$ 20,884,333	\$ 194,593,483	\$ 65,172,688
Investments	76,914,168	4,233,564	5,679,240	86,826,972	-
Accounts receivable, net	8,121,162	144,779	123,743	8,389,684	340,302
Mortgage notes receivable, net	107,787	-	420,471	528,258	-
Accrued interest receivable	133,902	15,204	11,626	160,732	-
Due from other funds	1,912,047	-	-	1,912,047	-
Due from component units	500,000	-	370,168	870,168	-
Inventory	2,416,171	125,711	-	2,541,882	686,763
Prepaid expenses	83,505	1,679	9,286	94,470	186,431
Real estate held for resale	-	-	84,810	84,810	-
Total current assets	255,143,848	13,274,981	27,583,677	296,002,506	66,386,184
Noncurrent Assets					
Mortgage notes receivable, net	323,363	-	20,603,101	20,926,464	-
Investments	38,206,800	638,536	-	38,845,336	-
Cash on deposit with escrow agent	1,300,296	-	-	1,300,296	-
Deposits	-	-	-	-	78,745
Prepaid bond insurance costs	-	396,577	-	396,577	-
Advances to other funds	1,150,042	-	-	1,150,042	-
Capital assets					
Land	13,973,101	15,845,287	346,178	30,164,566	-
Buildings, improvements and utility plant	943,205,072	56,779,279	29,640,545	1,029,624,896	903,586
Machinery and equipment	68,531,307	1,436,404	3,570,322	73,538,033	1,823,019
Less accumulated depreciation	(379,928,393)	(16,720,083)	(8,454,827)	(405,103,303)	(1,514,101)
Construction in progress	84,926,451	464,563	2,910,068	88,301,082	-
Net capital assets	730,707,538	57,805,450	28,012,286	816,525,274	1,212,504
Total noncurrent assets	771,688,039	58,840,563	48,615,387	879,143,989	1,291,249
TOTAL ASSETS	1,026,831,887	72,115,544	76,199,064	1,175,146,495	67,677,433
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	7,107,890	-	-	7,107,890	-
Deferred outflows related to net pension liability	3,332,846	250,728	289,758	3,873,332	399,024
Accumulated decrease in fair value of hedging derivatives	26,884,816	-	-	26,884,816	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	37,325,552	250,728	289,758	37,866,038	399,024
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,064,157,439	\$ 72,366,272	\$ 76,488,822	\$ 1,213,012,533	\$ 68,076,457

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2015

	Business-type Activities				Governmental
	Water/Sewer	Parking	Nonmajor	Total	Activities
	Facilities Fund	Facilities Fund	Proprietary Funds		Internal Service Funds
LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION					
Current Liabilities					
Accounts payable	\$ 13,640,079	\$ 111,230	\$ 521,022	\$ 14,272,331	\$ 2,884,014
Accrued salaries and benefits	1,120,233	79,402	112,290	1,311,925	129,688
Compensated absences	314,793	22,556	18,329	355,678	48,493
Retainage payable	3,882,653	-	164,102	4,046,755	-
Accrued interest payable	8,353,931	727,672	-	9,081,603	-
Revenue bonds payable	8,385,000	1,065,000	-	9,450,000	-
Due to other funds	-	-	-	-	1,202,351
Deposits payable	29,500	-	-	29,500	-
Accrued liability for claims	23,600	-	-	23,600	16,225,389
Total current liabilities	35,749,789	2,005,860	815,743	38,571,392	20,489,935
Noncurrent Liabilities					
Compensated absences	1,259,171	90,226	73,315	1,422,712	193,966
Net pension liability	34,910,568	2,626,300	3,036,838	40,573,706	4,179,660
OPEB liability	-	-	-	-	52,098,105
Revenue bonds payable - net	443,628,795	40,657,103	-	484,285,898	-
Derivative instrument liability - interest rate swap	26,884,816	-	-	26,884,816	-
Unearned revenue	1,302,696	-	-	1,302,696	-
Total noncurrent liabilities	507,986,046	43,373,629	3,110,153	554,469,828	56,471,731
Total liabilities	543,735,835	45,379,489	3,925,896	593,041,220	76,961,666
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to net pension liability	3,345,098	251,650	290,824	3,887,572	400,491
Fund Net Position					
Net investment in capital assets	324,008,433	16,721,883	28,012,286	368,742,602	1,212,504
Restricted for debt service	9,352,281	-	-	9,352,281	-
Unrestricted	183,715,792	10,013,250	44,259,816	237,988,858	(10,498,204)
Total fund net position	517,076,506	26,735,133	72,272,102	616,083,741	(9,285,700)
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION	\$ 1,064,157,439	\$ 72,366,272	\$ 76,488,822		\$ 68,076,457
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				(13,016,117)	
Net position of business-type activities				<u>\$ 603,067,624</u>	

See accompanying Notes to Financial Statements

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Year Ended June 30, 2015

	Business-type Activities			Total	Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Proprietary Funds		Internal Service Funds
Operating revenues					
Charges for service	\$ 117,776,372	\$ 5,167,253	\$ 10,603,345	\$ 133,546,970	\$ 45,885,139
Other operating revenue	402,151	1,872,912	750,020	3,025,083	-
Total operating revenues	118,178,523	7,040,165	11,353,365	136,572,053	45,885,139
Operating expenses					
Personnel services	31,562,122	2,357,244	2,980,977	36,900,343	3,809,195
Materials and supplies	9,864,982	234,365	273,651	10,372,998	8,709,817
Other services and charges	18,761,782	658,682	3,670,403	23,090,867	5,316,098
Heat, light and power	6,916,836	326,287	-	7,243,123	51,462
Depreciation	30,928,260	1,505,756	1,113,515	33,547,531	254,601
Claims and premiums	-	-	-	-	36,076,912
Bad debt expense	-	-	468,660	468,660	-
Total operating expenses	98,033,982	5,082,334	8,507,206	111,623,522	54,218,085
Operating income (loss)	20,144,541	1,957,831	2,846,159	24,948,531	(8,332,946)
Nonoperating revenues (expenses)					
Investment income (loss)	1,059,323	77,005	90,231	1,226,559	-
Other nonoperating revenue	160,906	106,800	500,000	767,706	-
Gain (loss) from sale of assets	(1,501,276)	3,690	100,076	(1,397,510)	7,490
Interest expense	(9,828,911)	(1,988,663)	-	(11,817,574)	-
Bond related costs	(22,175)	(401,734)	-	(423,909)	-
Amortization of deferred charges	(563,534)	(25,932)	-	(589,466)	-
Total nonoperating revenues (expenses)	(10,695,667)	(2,228,834)	690,307	(12,234,194)	7,490
Income (loss) before contributions and transfers	9,448,874	(271,003)	3,536,466	12,714,337	(8,325,456)
Capital contributions and transfers					
Transfers in	1,295	-	1,098,236	1,099,531	9,114,754
Transfers out	(8,831,372)	(322,586)	(835,430)	(9,989,388)	(824,779)
Development contributions	3,872,664	-	-	3,872,664	-
Total capital contributions and transfers	(4,957,413)	(322,586)	262,806	(5,017,193)	8,289,975
Change in net position	4,491,461	(593,589)	3,799,272	7,697,144	(35,481)
Net position - beginning as previously reported	547,211,538	29,933,650	71,483,271		(5,104,570)
Restatement (Note VII. C.)	(34,626,493)	(2,604,928)	(3,010,441)		(4,145,649)
Net position - beginning as restated	512,585,045	27,328,722	68,472,830		(9,250,219)
Net position - ending	\$ 517,076,506	\$ 26,735,133	\$ 72,272,102		\$ (9,285,700)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(2,313,226)	
Change in net position of business-type activities				\$ 5,383,918	

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year Ended June 30, 2015

	Business-type Activities				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Proprietary Funds	Total	Internal Service Funds
Cash Flows From Operating Activities					
Receipts from customers and users	\$ 117,390,686	\$ 6,936,723	\$ 11,608,616	\$ 135,936,025	\$ 1,855,629
Internal activity - receipts from other funds	-	-	-	-	43,999,121
Internal activity - payments to other funds	(9,439,713)	(600,430)	(804,489)	(10,844,632)	(611,417)
Payments to suppliers	(28,735,622)	(1,311,608)	(3,793,056)	(33,840,286)	(10,468,807)
Claims paid	-	-	-	-	(35,258,588)
Payments to employees	(25,040,406)	(1,849,765)	(2,472,098)	(29,362,269)	(2,399,173)
Net cash provided by (used in) operating activities	<u>54,174,945</u>	<u>3,174,920</u>	<u>4,538,973</u>	<u>61,888,838</u>	<u>(2,883,235)</u>
Cash Flows From Noncapital Financing Activities					
Advances to other funds	-	-	(7,000,000)	(7,000,000)	(177,087)
Advances from other funds	2,586,575	-	1,665	2,588,240	7,000,000
Transfers in	1,295	-	1,098,236	1,099,531	9,114,754
Transfers out	(8,831,372)	(322,586)	(835,430)	(9,989,388)	(824,779)
Net cash provided by (used in) noncapital financing activities	<u>(6,243,502)</u>	<u>(322,586)</u>	<u>(6,735,529)</u>	<u>(13,301,617)</u>	<u>15,112,888</u>
Cash Flows From Capital And Related Financing Activities					
Principal paid on bonds and notes	(8,095,000)	(13,720,000)	-	(21,815,000)	-
Interest paid on debt	(20,341,385)	(2,147,933)	-	(22,489,318)	-
Proceeds from capital debt	-	12,210,000	-	12,210,000	-
Purchase of capital assets	(55,065,380)	(460,163)	(4,204,077)	(59,729,620)	(14,614)
Bond related costs	(22,175)	(401,734)	-	(423,909)	-
Proceeds from sale of capital assets	206,853	3,690	100,076	310,619	7,490
Net cash provided by (used in) capital and related financing activities	<u>(83,317,087)</u>	<u>(4,516,140)</u>	<u>(4,104,001)</u>	<u>(91,937,228)</u>	<u>(7,124)</u>
Cash Flows From Investing Activities					
Sale of investments	56,691,689	1,490,701	333,795	58,516,185	-
Receipts from property rentals	160,906	106,800	-	267,706	-
Advances of mortgage notes receivable	(156,750)	-	(3,153,894)	(3,310,644)	-
Collections of mortgage notes receivable	271,572	-	8,476,790	8,748,362	-
Interest received	1,065,024	77,530	89,812	1,232,366	-
Net cash provided by (used in) investing activities	<u>58,032,441</u>	<u>1,675,031</u>	<u>5,746,503</u>	<u>65,453,975</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	22,646,797	11,225	(554,054)	22,103,968	12,222,529
Cash and cash equivalents, July 1, 2014	143,608,605	8,742,819	21,438,387	173,789,811	52,950,159
Cash and cash equivalents, June 30, 2015	<u>\$ 166,255,402</u>	<u>\$ 8,754,044</u>	<u>\$ 20,884,333</u>	<u>\$ 195,893,779</u>	<u>\$ 65,172,688</u>

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)**

Year Ended June 30, 2015

	Business-type Activities			Total	Governmental
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Proprietary Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	<u>\$ 20,144,541</u>	<u>\$ 1,957,831</u>	<u>\$ 2,846,159</u>	<u>\$ 24,948,531</u>	<u>\$ (8,332,946)</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	30,928,260	1,505,756	1,113,515	33,547,531	254,601
Accrued benefits related to net pension liability	304,772	30,929	39,556	375,257	35,478
Bad debt expense	-	-	468,660	468,660	-
Change in operating assets and liabilities					
Accounts receivable	(787,837)	(103,442)	255,251	(636,028)	(30,389)
Inventory	114,947	14,203	-	129,150	(13,736)
Prepaid expenses	(1,791)	3,406	510	2,125	(79,130)
Accounts payable	2,129,782	(249,375)	(179,400)	1,701,007	927,448
Accrued salaries	80,449	6,983	(3,665)	83,767	2,510
Accrued compensated absences	(78,314)	8,629	(1,613)	(71,298)	49,204
OPEB liability	-	-	-	-	3,485,401
Accrued expenses	1,340,136	-	-	1,340,136	-
Accrued liability for claims	-	-	-	-	818,324
Total adjustments	<u>34,030,404</u>	<u>1,217,089</u>	<u>1,692,814</u>	<u>36,940,307</u>	<u>5,449,711</u>
Net cash provided by (used in) operating activities	<u>\$ 54,174,945</u>	<u>\$ 3,174,920</u>	<u>\$ 4,538,973</u>	<u>\$ 61,888,838</u>	<u>\$ (2,883,235)</u>
Noncash Investing, Capital and Financing Activities					
Water and sewer contributed assets	<u>\$ 3,872,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,872,664</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2015

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 16,099	\$ 33,728
Total assets	<u>16,099</u>	<u>\$ 33,728</u>
LIABILITIES		
Accounts payable	-	\$ 33,728
Total liabilities	<u>-</u>	<u>\$ 33,728</u>
NET POSITION		
Held in trust - other purposes	<u>\$ 16,099</u>	

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

Year Ended June 30, 2015

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private donations	\$ 30,899
Total contributions	<u>30,899</u>
DEDUCTIONS	
Administrative expenses	<u>27,233</u>
Total deductions	<u>27,233</u>
Change in net position	3,666
Net position - beginning	<u>12,433</u>
Net position - ending	<u><u>\$ 16,099</u></u>

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION -
BUSINESS-TYPE ACTIVITY DISCRETELY PRESENTED COMPONENT UNITS**

June 30, 2015

	Columbia Development Corporation	Columbia Housing Development Corporation	Eau Claire Development Corporation	Midlands Authority for Conventions, Sports, and Tourism	TN Development Corporation	Columbia Empowerment Zone, Inc.	Total
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 466,330	\$ 204,489	\$ 352,535	\$ 4,416,096	\$ 1,054,013	\$ 1,361,583	\$ 7,855,046
Certificates of deposit	200,000	100,000	100,000	-	100,000	-	500,000
Due from primary government	-	-	-	825,000	-	-	825,000
Accounts receivable, net	590	2,398	1,581	356,870	42,123	8,674	412,236
Accrued interest receivable	-	-	-	-	-	42,370	42,370
Mortgage notes receivable, current portion	1,203,450	46,000	-	-	-	89,784	1,339,234
Prepaid expenses	5,837	2,937	4,672	188,980	21,195	4,520	228,141
Restricted Assets							
Real estate held for sale and development	-	473,856	38,245	-	-	-	512,101
Total current assets	1,876,207	829,680	497,033	5,786,946	1,217,331	1,506,931	11,714,128
Capital Assets							
Capital assets, not being depreciated	-	92,835	58,000	-	729,147	1,895,077	2,775,059
Capital assets, net of accumulated depreciation	6,186	696,097	290,931	810,906	3,045,677	2,115,975	6,965,772
Net capital assets	6,186	788,932	348,931	810,906	3,774,824	4,011,052	9,740,831
Other Assets							
Mortgage note receivable, net of allowance	6,833	615,656	-	-	-	1,935,768	2,558,257
Real estate held for sale and development	975,991	924,692	504,186	-	743,277	-	3,148,146
Organizational costs	-	-	-	-	-	5,106	5,106
Security deposits	-	3,000	-	2,500	-	-	5,500
Cash on deposit with escrow agent	50,000	-	-	10,615,783	-	12,964	10,678,747
Total other assets	1,032,824	1,543,348	504,186	10,618,283	743,277	1,953,838	16,395,756
TOTAL ASSETS	\$ 2,915,217	\$ 3,161,960	\$ 1,350,150	\$ 17,216,135	\$ 5,735,432	\$ 7,471,821	\$ 37,850,715

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION -
BUSINESS-TYPE ACTIVITY DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)**

June 30, 2015

	Columbia Development Corporation	Columbia Housing Development Corporation	Eau Claire Development Corporation	Midlands Authority for Conventions, Sports, and Tourism	TN Development Corporation	Columbia Empowerment Zone, Inc.	Total
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 4,998	\$ 4,071	\$ 8,346	\$ 551,104	\$ 27,346	\$ 27,168	\$ 623,033
Accrued expenses	22,037	35,604	8,888	363,772	54,639	5,980	490,920
Customer deposits	-	4,363	1,375	-	42,158	13,514	61,410
Due to primary government	200,000	100,000	105,995	-	100,000	-	505,995
Due to related party	-	406	-	-	-	-	406
Compensated absences	6,757	4,026	1,806	190,811	6,089	2,923	212,412
Mortgage/bonds/notes payable/ lines of credit - current portion	-	-	948,984	-	128,354	-	1,077,338
Unearned revenue	-	152,856	500	741,688	62,054	3,175	960,273
Liabilities payable from restricted assets							
Due to primary government	-	364,173	-	-	-	-	364,173
Total current liabilities	233,792	665,499	1,075,894	1,847,375	420,640	52,760	4,295,960
Noncurrent Liabilities							
Compensated absences	27,026	16,104	7,225	-	24,356	11,693	86,404
Mortgage/bonds/lines of credit payable	201,644	1,029,170	-	-	3,909,571	-	5,140,385
Total noncurrent liabilities	228,670	1,045,274	7,225	-	3,933,927	11,693	5,226,789
TOTAL LIABILITIES	462,462	1,710,773	1,083,119	1,847,375	4,354,567	64,453	9,522,749
Net Position							
Net investment in capital assets	6,186	-	48,931	810,906	-	4,011,052	4,877,075
Restricted							
Community development	-	604,431	-	-	-	-	604,431
Tourism	-	-	-	10,245,283	-	-	10,245,283
Unrestricted	2,446,569	846,756	218,100	4,312,571	1,380,865	3,396,316	12,601,177
Total net position	2,452,755	1,451,187	267,031	15,368,760	1,380,865	7,407,368	28,327,966
TOTAL LIABILITIES AND NET POSITION	\$ 2,915,217	\$ 3,161,960	\$ 1,350,150	\$ 17,216,135	\$ 5,735,432	\$ 7,471,821	\$ 37,850,715

See accompanying Notes to Financial Statements.

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES -
BUSINESS-TYPE ACTIVITY DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2015**

	Program Revenue				Net (Expense) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Columbia Development Corporation	Columbia Housing Development Corporation	Eau Claire Development Corporation	Midlands Authority for Conventions, Sports, and Tourism	TN Development Corporation	Columbia Empowerment Zone, Inc.	Totals
Columbia Development Corporation											
Community Development	\$ 491,616	\$ 7,353	\$ 730,345	\$ -	\$ 246,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 246,082
Columbia Housing Development Corporation											
Community Development	444,409	72,319	60,000	-	-	(312,090)	-	-	-	-	(312,090)
Eau Claire Development Corporation											
Community Development	360,636	37,554	-	10,075	-	-	(313,007)	-	-	-	(313,007)
Midlands Authority for Convention, Sports, and Tourism											
Community Promotions	8,354,319	3,245,990	8,006,761	-	-	-	-	2,898,432	-	-	2,898,432
TN Development Corporation											
Community Development	1,333,291	985,074	98,147	-	-	-	-	-	(250,070)	-	(250,070)
Columbia Empowerment Zone, Inc.											
Community Development	493,438	271,898	-	-	-	-	-	-	-	(221,540)	(221,540)
Total component units	\$ 11,477,709	\$ 4,620,188	\$ 8,895,253	\$ 10,075	246,082	(312,090)	(313,007)	2,898,432	(250,070)	(221,540)	2,047,807
General revenues:											
Appropriations - City of Columbia					321,202	222,700	279,726	-	410,550	152,160	1,386,338
Investment earnings					77,286	4,959	210	17,966	-	-	100,421
Gain (loss) from disposal of capital assets					-	-	-	-	-	3,800	3,800
Total general revenues					398,488	227,659	279,936	17,966	410,550	155,960	1,490,559
Change in net position					644,570	(84,431)	(33,071)	2,916,398	160,480	(65,580)	3,538,366
Net position - beginning					1,808,185	1,535,618	300,102	12,452,362	1,220,385	7,472,948	24,789,600
Net position - ending					\$ 2,452,755	\$ 1,451,187	\$ 267,031	\$ 15,368,760	\$ 1,380,865	\$ 7,407,368	\$ 28,327,966

See accompanying Notes to Financial Statements.

INDEX TO NOTES TO FINANCIAL STATEMENTS

CITY OF COLUMBIA, SOUTH CAROLINA
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Year Ended June 30, 2015

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Year Ended June 30, 2015

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CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Columbia (the City), a political subdivision of the State of South Carolina, incorporated in 1854, is located in the central part of South Carolina. Columbia is the state capital as well as the county seat of Richland County. The City has an estimated population of approximately 132,000 living within an area of 134.94 square miles. The Greater Columbia Metropolitan Area consists of Lexington and Richland Counties and has an estimated population of 785,000. The City's economy is driven by education, government, military, finance, and industry. In 1950, the City approved a charter adopting a Council-Manager form of government and is governed by a six member council and Mayor.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below.

A. REPORTING ENTITY

The basic financial statements of the City present the reporting entity that consists of the primary government and those organizations for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete. As required by GAAP, the financial statements of the City must present the City's financial information along with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to or impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance part of the government's operations, and data from these units are combined with the data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the entity-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has two blended component units and six discretely presented component units.

Blended Component Units

Public Facilities Corporation

This is a single-purpose corporate entity that was formed in 2002 as a non-profit corporation to undertake certain obligations with respect to the acquisition of real and personal property and the design, construction, operation, and financing of a multipurpose conference/convention center and other improvements. Its board is comprised of the City Manager of Columbia, the Assistant City Manager for Development, and the Finance Director or the equivalent thereof. For details of the outstanding debt see Note III. H. The balances of this entity are reported in the Tourism Development Convention Center fund, a nonmajor special revenue fund. The Corporation does not issue separate financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units (Continued)

Columbia Parking Facilities Corporation

This is a single-purpose entity whose balances are reported in the general fund. The entity was formed during fiscal year 2007 to undertake certain obligations with the University of South Carolina (the University) to build two parking garages. These garages are part of the University's Innovista project. The Board of Directors is comprised of five members of City Council. For further discussion of this component unit, see Note III. F. The Corporation does not issue separate financial statements.

Discretely Presented Component Units

Columbia Empowerment Zone, Inc. (CEZ)

Incorporated in 2009, the CEZ was formed to carry out the mission of the Columbia Empowerment Zone, Inc., a federally designated area (1999-2009). The purpose of CEZ is to initiate, develop, and maintain projects and programs in economically depressed or blighted areas that encourage the attraction and utilization of both public and private investment capital. The Board of Directors is composed of nine members. New board members are appointed by the existing board. The entity promotes: the fostering of sustainable business; government and community alliances to help lessen the burdens of government; reduction of physical and economic blight; combating community deterioration by fostering business attraction, retention, and expansion in areas in need of permanent job opportunities; workforce advancement and general growth opportunities. Funding for the CEZ is derived from appropriations from the City of Columbia, loan repayments, rental income, and grant funds. The City provides appropriations to support CEZ when it experiences operating deficits that are not financed by other means. Upon dissolution, any remaining assets of CEZ would revert to the City of Columbia.

Columbia Development Corporation (CDC)

Incorporated in 1980, the CDC was formed to assist the City in promoting and monitoring the growth and development of business concerns through the strengthening of the economic and residential base of the community. The nine-member Board of Directors is composed of three members of City Council, the Mayor, the City Manager, and four members that are appointed by City Council. The Executive Director of the CDC serves as an ex-officio Administrative Secretary. Funding for the CDC is derived from property sales, contributions, and appropriations from the City.

Columbia Housing Development Corporation (CHDC)

The CHDC, an eleemosynary organization, was formed in 1980 to assist the City in the development of housing and to promote growth in the residential base of the community. The twelve-member Board of Directors is composed of three members of City Council, the Mayor, the City Manager, and seven members that are appointed by City Council. In an ex-officio capacity, city staff serves as the Secretary/Treasurer and the Executive Director. Funding for CHDC is derived from sale of properties, interest income, mortgage receivables, and appropriations from the City.

Eau Claire Development Corporation (ECDC)

Incorporated in 1993, the ECDC provides assistance in the conservation and redevelopment of neighborhoods located in the Eau Claire area of North Columbia. The nine-member Board of Directors is composed of three City Council members and six members appointed by City Council. Current funding is derived from appropriations from the City of Columbia, grants, sale of properties, and rents.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Discretely Presented Component Units (Continued)

Midlands Authority for Conventions, Sports, and Tourism (MACST)

The MACST, originally incorporated as the Midlands Regional Convention Center in July 2001, was formed to oversee the development of a regional convention center and operate the convention center under a long-term management arrangement for the mutual benefit of the City and Richland and Lexington Counties of South Carolina (the Governmental Entities). The MACST has a nine member board of directors. The City appoints five of the directors. Lexington County and Richland County each appoint two members. The Governmental Entities have pledged their tourism development fees to support this project. However, outside of this pledge of revenues, the City issued the debt to fund this project and is responsible for the ongoing debt payments. The City is also required to fund any operating deficits incurred. The City owns the building where the MACST is located.

TN Development Corporation (TNDC)

Incorporated in 1993 as an eleemosynary organization, the TNDC was organized to promote growth and develop opportunities for affordable rental housing. The ten-member Board of Directors is composed of three members from City Council and seven members appointed by City Council. Funding for the TNDC is derived from rental income, the State of South Carolina Housing Trust Fund, the Federal Home Loan Bank, HOME Program funds received as a subrecipient through the City, other grants, and appropriations from the City.

Complete financial statements of the discretely presented individual Component Units can be requested from the City's Chief Financial Officer.

B. BASIS OF PRESENTATION

GOVERNMENT WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the non-fiduciary activities of the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, inter-governmental revenue, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's internal service funds are a cost allocation of shared services and are combined with the governmental funds to produce the government wide financial statements. These statements include all funds of the reporting entity except for fiduciary funds.

FUND FINANCIAL STATEMENTS

The City uses funds to report financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: Governmental, Proprietary, and Fiduciary as follows:

Governmental Fund Types:

General Fund

The General Fund is the principal operating fund of the City that accounts for all financial resources not accounted for in other funds.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Special Revenue Funds

These funds are used to account for revenue derived from specific taxes, governmental grants, and other revenue sources that are designated to finance particular functions or activities of the City. Special Revenue Funds include:

- County Services (a major fund) – accounts for fire services and 911 emergency communications provided to citizens outside the City limits and the reimbursement for expenditures from Richland County.
- Liquor Permit Fee – accounts for receipts from the sale of temporary permits to allow the possession, sale, and consumption of alcoholic liquors for a period not to exceed 24 hours.
- Business Improvement District – accounts for the Business Improvement District taxes assessed on the businesses in the downtown area of the City to promote downtown beautification.
- Accommodations Tax – accounts for State Hotel Accommodations Tax receipts to promote tourism-related activities of City organizations.
- Confiscated Drug Program – accounts for the disposition of forfeited property and money seized in Columbia by law enforcement agencies.
- Hospitality Tax – accounts for a local 2% gross sales tax on prepared food and beverages sold in establishments to promote tourism-related activities of the City.
- Community Development – accounts for the Community Development Block Grants and other community development type grants.
- Federal Grants – accounts for federal grant funds received except for Community Development Block Grants.
- Other Programs – provides for miscellaneous programs for park improvements and special events.
- Tourism Development Convention Center – accounts for the Tourism Development Fee imposed upon the rental of hotels, motels, and other lodging establishments in the City. This fee is dedicated to the attraction of and improving the services provided to tourists. This fund also accounts for the activities of the Public Facilities Corporation, a blended component unit.

Debt Service Fund

This fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments financed by proprietary fund types. Transfers, interest earned on the investments of the Debt Service Fund and, if applicable, interest earned on investments of certain Capital Projects Funds are used for the payment of principal, interest, and fiscal agent expenditures on the City's general obligation and revenue bonds and bond anticipation notes.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Capital Projects Funds

The Capital Projects Funds account for all capital improvements, except those accounted for in Proprietary Funds, financed by the City's general obligation bond issues, certain Federal grants, and other specific receipts. These funds include:

- Congaree Vista District – accounts for the construction and development of parks and infrastructure within the Congaree Vista Redevelopment District.
- Streetscaping – accounts for capital improvements to street landscaping.
- General Capital Projects – accounts for various capital projects funded by various funds.
- Miscellaneous Projects – accounts for various capital projects funded by the General Fund.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the City's programs. This fund includes:

- Dickson Trust – accounts for trust funds specifically intended for the income to be used for beautification of the parks. The funds are invested in an interest bearing account. The amount invested equals the fair value.

Proprietary Fund Types:

Business-type Funds

The business-type funds are used to account for operations of the City (a) that are financed and operated in a manner similar to private business where the intent is for the cost of providing goods or services to be recovered, in whole or in part, through user charges; or (b) where City Council has 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. These funds include:

- Water/Sewer Facilities Fund (a major fund) -- accounts for water and sewer utility activities.
- Parking Facilities Fund (a major fund) -- accounts for parking garage and parking ticket activities.
- Hydro-Electric Facilities Fund -- accounts for hydro-electric plant activities.
- Stormwater Facilities Fund -- accounts for stormwater utility activities.
- Redevelopment Programs Fund -- accounts for various home rehabilitation and mortgage lending programs funded from various sources.
- Parks and Recreation Camp Fund -- accounts for parks and recreation camp activities.
- Economic Development Fund – accounts for economic develop activities.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis. These nonmajor funds include:

- Fleet Management -- accounts for the maintenance and repair of movable vehicles.
- Support Services -- accounts for a decentralized business-type inventory system, a central supply facility, procurement functions, and the City's general maintenance functions.
- Risk Management -- accounts for the costs associated with self-funded liability plans for employee health, worker's compensation, and tort liability for all City departments.

Fiduciary Funds Types (Not included in government-wide statements):

Transactions related to assets held by the City as an agent of a private organization are accounted for in Fiduciary Fund types. These are presented separately in the statements. The City's fiduciary fund types are comprised of:

Agency Fund

This fund is used to account for assets held by the City as an agent and does not involve measurement of results of operations.

Private-Purpose Trust Funds

These funds are used to account for assets held by the City as a trustee capacity under which principal and income benefit individuals, private organizations, or other governments.

Major Funds

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Services Fund accounts for fire services and 911 emergency communication services provided to citizens outside the City limits and the reimbursement for expenditures from Richland County.

The City reports the following major proprietary funds:

- The Water and Sewer Facilities Fund accounts for the activities of the water and sewer facilities.
- The Parking Facilities Fund accounts for the activities of the parking facilities.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City.

Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely to a significant extent on fees and charges for support.

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

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see below for further detail). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government wide statements and the statements for governmental funds.

The City implemented Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*" ("GASBS 68") during the year ended June 30, 2015. GASBS 68 establishes accounting and financial reporting standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit plans, this statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this statement will improve financial reporting by improving information provided by state and local government employers about financial support for pensions that is provided by other entities.

The governmental fund financial statements are accounted for using a *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets, and the unassigned fund balance is a measure of available spendable resources.

Governmental fund financial statements are reported using the *current financial resources measurement focus*. All governmental fund types use the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the transaction can be identified, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are considered available if they are collected within 60 days after year end. The City considers revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Sales taxes, hospitality taxes, admission taxes, grant funds, charges for services, intergovernmental revenue, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Refundable advances arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the occurrence of the qualifying expenditures. When the revenue recognition criteria are met and the City has a legal claim to the resources, the liability for the advance is removed from the balance sheet and revenue is recognized.

Proprietary fund types are accounted for using a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. The City has implemented GASB Statement No.62 "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," and thus the City applies all applicable GASB pronouncements.

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions restricted to meeting the operational requirements of a particular function or segment; and 3) capital grants and contributions restricted to meeting the capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts, realizable value of real estate held for sale, impairment of assets, and certain claims and judgment liabilities among other accounts. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deposits

City procedures require that all unrestricted cash belonging to the City be placed in a "Pooled Cash" account to maintain the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes, and each fund has equity in the pooled accounts.

The City considers cash and cash equivalents (including restricted cash and cash equivalents) to be: currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Investments

In accordance with GASB 31, investments in all funds are stated at fair value. State statutes authorize the City to invest in certificates of deposit, United States Treasury and United States Agency obligations, South Carolina and related political subdivision general obligation bonds, and repurchase agreements collateralized by these obligations.

Inventory and Prepaid Assets

In the fund financial statements, all governmental City inventories are recorded in the Internal Service Fund at cost or estimated historical cost on a first-in, first-out (FIFO) basis. All proprietary inventories are recorded in the respective fund at cost or estimated historical cost on a first-in, first-out (FIFO) basis. The related expenditures or expenses are recognized when inventories are consumed. Changes in the year-end inventory are reflected in expenses.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Real Estate

Real estate held for sale and development is recorded at the lower of cost or net realizable value.

Mortgage Notes and Notes Receivable and Allowance for Loan Losses

Mortgage notes receivable, secured by the financed property, and other notes receivable are recorded in various business-type funds and component units and are stated at unpaid principal balances net of an allowance for loan losses. An allowance for loan losses is increased by estimated uncollectible loans, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experiences, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay the loan, estimated value of any underlying collateral, and current economic conditions. Interest is accrued monthly on notes receivable and stops when the notes go into default.

Accounts Receivable and Allowance for Bad Debt

Accounts receivable are recorded in various funds and are stated net of their allowance for uncollectible accounts.

Interfund Balances

Balances between funds that are outstanding at the end of the fiscal year and expected to be repaid within the current period are referred to as "due to/from other funds." Balances between funds not expected to be repaid within the current period are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

In the government-wide financial statements, capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed net of interest earned on the invested proceeds during the same period.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Capital Assets (Continued)

Under the provisions of GASB 34, the City switched from the modified method to the straight-line depreciation method of reporting infrastructure during the year ended June 30, 2006. To determine the historical value of the infrastructure, the City used the information provided by the Department of Utilities and Engineering on streets acquired during fiscal years 2003 through 2006. This information provided the street name and the cost or estimated cost of the street at acquisition. These amounts also included sidewalks, curbs, and gutters adjacent to the street acquired. The City determined the life of the streets to be 20 years using the "Capital Assets of Local Governments Suggested Useful Lives."

Infrastructure assets acquired prior to 1986 would have been fully depreciated and were not considered in this calculation. For those assets acquired between fiscal years 1986 and 2008, the acquisition date is assumed to have been on the last day of the fiscal year. For assets acquired after 2008, the acquisition date is the actual date of purchase. Infrastructure assets acquired during fiscal year 2008 to the present are depreciated from the date of acquisition.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives as follows:

Improvements	10-50 years
Buildings and Utility Plant	15-50 years
Infrastructure	20 years
Office Furniture and Equipment	5-15 years
Machinery	5-12 years

Capital Lease Receivable

The City leases two parking garages to the University of South Carolina under a capital lease agreement. The City receives lease payments on the garages in installments equal to the corresponding debt service requirements on the debt used to fund the construction of the garages. Revenue related to the lease receivable is classified as a deferred inflow in the funds until available.

Restricted Assets

Restricted assets consist of real estate that is held for sale and development.

Compensated Absences

It is the City's policy to allow employees to accumulate unused vacation and sick leave benefits up to certain maximum hours. Once an employee has completed the probationary period, any accumulated unused vacation and 20% of unused sick leave, as restricted below, are payable upon termination of employment with the City. An employee with service of less than 10 years may receive up to a maximum of two weeks of accrued compensated absences. An employee with service of 10 to 20 years may receive up to a maximum of four weeks, and service of over 20 years may receive a maximum of five weeks. Maximum carryover allowed per employee is 10 weeks of accrued compensated absences.

The liability for compensated absences in the government-wide, proprietary, and fiduciary fund financial statements is calculated based upon recorded balances of unused leave for which the City would compensate employees if employment ended June 30, 2015. The change in this calculated amount from the previous year is expensed in current operations. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt is reported net of applicable premiums and discounts on the statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method which does not significantly differ from the effective interest method. Deferred refunding costs are reported as deferred inflows or outflows and recognized as a component of interest expense in a systematic and rational manner over the remaining term of the old debt or the term of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as refunding costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to refunded bonds escrow agents are reported as other financing uses to the extent the proceeds from the bond are used to make the payment. Any payment made from funds on hand is reported as an expenditure.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. They are the deferred charge on refunding, the deferred outflows related to the net pension liability, and the accumulated decrease in the fair value of hedging derivatives reported in the entity-wide statement of net position and in the statement of net position of the Water and Sewer Facilities fund financial statements. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the term of the refunded or refunding debt. The change in fair value of hedging derivatives results from changes in cash flows and interest rates over the term of the interest rate swap. The deferred outflows related to the net pension liability result from retirement contributions made to the South Carolina Retirement System subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the subsequent year, and differences between expected and actual experience, which will be amortized into pension expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. One type, unavailable revenue, arises only under a modified accrual basis of accounting. Accordingly, this type is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources - property taxes and capital leases. These amounts are deferred and recognized as an inflow of resources in the periods the amounts become available. The second type is revenue received before time requirements are met, but after all other requirements have been met. In 2006, City residents approved a Local Option Sales Tax referendum. This tax is detailed further in Note I. E. Under state law, the City is required to give the taxpayers a credit on their property tax bill once the referendum is passed. The City recognizes revenue, on both the entity-wide statements and the fund financial statements, in the period in which the credit is given on the property tax bills and for the dollar amount of credit taxpayers are given on their property tax bills. Deferred inflows result when funds are received from the State of South Carolina prior to time requirements being met, but after all other eligibility

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

requirements are met. During the current year the City also received funds relating to a property sale prior to all time requirements being met. The third type is deferred inflows relating to pension obligations and is the net difference between the projected and actual earnings on pension plan investments and is amortized over a closed five year period.

E. REVENUES, EXPENDITURES AND EXPENSES

Property Tax Revenues

Real property and business personal property taxes, excluding automobile property taxes, become enforceable liens as of January 1. Real property taxes are levied in November and are payable immediately, but can be paid without penalty before January 16. Automobile property taxes are levied throughout the year depending on vehicle tag expiration dates. Business personal property taxes are levied in September and are payable by January 15. Property taxes are assessed and collected by Richland and Lexington Counties under a joint billing and collection agreement. The City collects property taxes assessed in Richland and Lexington Counties on property annexed into Columbia. Penalties and charges are assessed if taxes are not paid by the following dates:

January 16 through February 1	- 3% penalty for tax due
February 2 through March 16	- 10% penalty for tax due
March 17 through April 30	- 15% penalty for tax due plus costs
May 1 through July 31	- \$30 additional execution cost plus previous penalties and costs
After July 31	- \$50 additional execution cost plus previous penalties and costs
Unpaid taxes after one year	- Property is sold at the annual tax sale in December

The City does not receive any penalty amount or costs on delinquent taxes collected by Richland County. Assessed values are established by the Richland County Tax Assessor, the Lexington County Tax Assessor, and the South Carolina Department of Revenue. The City's operating tax rate is currently 98.1 mills. Amounts received by Richland County and Lexington County, but not remitted to the City at year end, are included in Property Taxes Receivable on the Statement of Net Position and the Balance Sheet.

That portion, if any, of General Fund property taxes allocated for payment of debt service is transferred to the Debt Service Fund.

Local Option Sales Tax Revenue

The City incorporated a Local Option Sales Tax during the year ended June 30, 2006, of 1% to offset a reduction in property taxes. In the governmental fund financial statements, this revenue is included in the general fund property tax revenue. On the government wide financial statements, this revenue is reported as general revenue separate from general property taxes. The tax generated approximately \$17.1 million during the year ended June 30, 2015. There was a cap placed on the tax in order to prevent a windfall effect of taxes collected. This "cap" created deferred inflows of resources of approximately \$3.2 million in the General Fund and Statement of Net Position as of June 30, 2015.

Investment Income

The City has a policy of allocating interest income on pooled cash and investments to appropriate funds on an annual basis. The allocation is based on a percentage of the fund's month-end balance in pooled cash and investments to the total month-end balance in cash and investments.

Grant Revenue

Revenues from grants are recognized when qualifying expenditures are made and all grant requirements have been met. Cash received by the City prior to the City incurring qualifying expenditures is recorded as a refundable advance on the balance sheet or statement of net position as applicable.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. FUND BALANCE (Continued)

Nonspendable fund balance

The nonspendable fund balance classification 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 are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable as well as property acquired for resale.

Restricted fund balance

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

Committed fund balance

The committed fund balance classification includes amounts that can only be used for specific purposes imposed by ordinance approved by the City Council, the highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it 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 classification 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. However, City Council has not granted the authority to anyone to make assignments of fund balance. Assigned fund balance amounts in the City’s financial statements represent amounts approved by City Council to be transferred and spent after year end and for specific purposes. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes.

Unassigned fund balance

The unassigned fund balance classification 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 classifications 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 City Council or donors has been made. It is the City’s policy to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. FUND BALANCE (Continued)

<u>Classification / Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General Fund	Prepaid charges	\$ 696,389
County Services	Prepaid charges	64,376
Dickson Trust	Nonspendable principal	5,000
Total nonspendable		<u>765,765</u>
Restricted		
General Fund	Capital projects	4,880,662
Liquor Permit Fee	Tourism	560,183
Accommodations Tax	City promotions	51,490
Tourism Development Convention Center	Tourism	5,515,814
Hospitality Tax	Community development	839,162
Confiscated Drug Program	Law enforcement	231,622
Other Programs	Community development	206,294
Debt Service Fund	Debt Service	3,978,932
Congaree Vista District	Construction of parks in Congaree Vista District	5,648,755
Miscellaneous Projects	General capital projects	31,734,731
Dickson Trust	Community development	586
Total restricted		<u>53,648,231</u>
Committed		
General Fund	Community development	24,438
General Fund	Public safety	4,785,918
Total committed		<u>4,810,356</u>
Assigned		
General Fund	Subsequent year expenditures	3,654,109
Streetscaping	Streetscaping capital projects	7,451,655
General Capital Projects	General capital improvements	9,118,951
Total assigned		<u>20,224,715</u>
Unassigned		
General Fund		22,352,224
County Services		(1,016,105)
Total unassigned		<u>21,336,119</u>
Total fund balances		<u><u>\$100,785,186</u></u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. NET POSITION

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the statement of net position. Net position is classified as net investment in capital assets, restricted, and unrestricted. Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. Periodically, the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

Budgets are adopted on the modified accrual basis of accounting. The budget process begins with the development of the Annual Activity Work Plan by each department and division. These plans are due by the end of November. The City Manager reviews these plans in December and gives departments and divisions input on the City Manager's desired emphasis in the upcoming budget. Budgets are then developed in the departments and divisions and submitted to the City Manager by the beginning of February. The City Manager reviews these budgets in March, and the City Manager's recommended budget is submitted in April to City Council for final approval prior to the beginning of each fiscal year on July 1st. The operating budget includes proposed expenditures and means of financing them.

Public meetings are conducted to obtain taxpayer comments. A target date in June is set for legal enactment of the budget through passage of an ordinance. The ordinance sets the limit at the fund level at which expenditures may not exceed appropriations. After two readings of the budget, the City Council legally adopts the budget through the passage of the ordinance. The City Manager is authorized to administer the budget and may authorize the transfer of appropriated funds within and between departments and funds as necessary to achieve the goals of the budget. Such transfers are recorded on the City's records. All unused appropriations lapse at year end. Encumbrances are re-appropriated on a yearly basis and are reflected as an increase in budgeted expenditures in the next year.

Budget accountability rests primarily with the operating departments and divisions of the City. In accomplishing the programs and objectives for which the budget was authorized, department and divisions directors are responsible for ensuring that their respective expenditures do not exceed the prescribed funding levels.

B. DEFICIT FUND EQUITY

The County Services Fund had a deficit fund balance of \$951,729 at June 30, 2015. The Parks and Recreation Camp Fund had a deficit net position of \$39,499 at June 30, 2015. The Risk Management Internal Service Fund had a deficit net position of \$5,328,846 at June 30, 2015. The Fleet Management Internal Service Fund had a deficit net position of \$2,675,280 at June 30, 2015. The Support Services Internal Service Fund had a deficit net position of \$1,281,574 at June 30, 2015. Revenues and transfers from other funds in subsequent years are expected to fund these deficits.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. RISK MANAGEMENT

The City is self-insured for medical and dental coverage. Health claims for individuals are limited to an annual amount of \$2,000,000 with a stop-loss provision of \$400,000 per year. The accrued liability for prior year claims represents estimates for medical and dental claims incurred as of June 30, 2015. Some of these claims were reported at June 30, 2015, while others may not be reported until a later date. The incurred but not reported (IBNR) is estimated by the City's independent insurance administrator based on historical results.

The City self-insures worker's compensation and general liability programs. The City accounts for the Worker's Compensation program in the Risk Management Fund (an internal service fund) by charging premiums to user departments. The stop-loss provision for Worker's Compensation is \$800,000. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act are \$300,000 per person and \$600,000 per occurrence.

The Risk Management Fund establishes claim liabilities (health, dental, worker's compensation, and legal) based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved.

Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

Changes in the aggregate liability for health, dental, worker's compensation, and legal claims were as follows:

Fiscal Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
2014	\$16,491,117	\$29,310,208	(\$30,370,660)	\$15,430,665
2015	\$15,430,665	\$35,855,659	(\$35,037,335)	\$16,248,989

This liability is reported in both the Risk Management Fund of the internal services funds (\$16,225,389) and the Water and Sewer Facilities Fund (\$23,600).

Fiscal year 2015 aggregate liability above includes the following amounts for legal claims: \$7,043,373 beginning liability, \$3,452,562 current year claims and changes in estimates, and \$4,065,612 claims payments. The ending liability for legal claims is \$6,430,324. See also Note VI. B.

Property and Boiler Coverage policies are accounted for in the Risk Management Fund as well as other small insurance policies such as surety bond coverage and miscellaneous floaters. Funds are charged expenditures based on premium amounts and administrative charges. The City has had no significant reductions in insurance coverage during the year, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

As of June 30, 2015, the City, excluding component units, had the following investments:

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1	Greater Than 1
Certificates of Deposit / Money Market	\$ 97,302,658	\$ 97,302,658	\$ -
Treasuries	50,620,768	4,647,429	45,973,339
Agencies	25,054,777	8,447,887	16,606,890
Municipals	113,658	-	113,658
Total	<u>\$173,091,861</u>	<u>\$110,397,974</u>	<u>\$ 62,693,887</u>

Investment Classification

Investments are classified as current or noncurrent on the Statements of Net Position based on the intended use of the investment. Investments purchased with bond proceeds that will be used to purchase capital assets are classified as noncurrent. All other investments are classified as current regardless of the maturity date.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair values typically by limiting the maturity of its portfolio to no more than seven years. Investments in securities in agencies related to the U.S. Government earn interest at a stated fixed rate and are normally held to maturity when the full principal and interest amount is paid to the City.

Credit Risk for Investments

The City's investment policy requires that the portfolio consist largely of securities with active secondary or resale markets. In addition, a portion of the portfolio may be placed in the South Carolina Pooled Investment Fund. This fund is unrated. Investments in U.S. Treasuries are considered to have no credit risk. The investments in agencies related to the U. S. Government include the following: (1) Federal Home Loan Mortgage Corp Discount Notes and (2) Federal National Mortgage Association Discount Notes; these securities are rated A-1+ by Standard and Poor's and P-1 by Moody's Investors Service.

State law and the City's investment policy limit investments to the following securities:

- Obligations of the United States and agencies thereof.
- General obligations of the State of South Carolina or any of its political subdivisions.
- Certificates of deposit where the certificates are collaterally insured by securities described above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest.
- Repurchase agreements when collateralized by securities set forth above.

Concentration of Credit Risk

The City's investment policy prohibits investing more than 10% of the total portfolio in a single holding or more than 25% in any one issuer except for United States Treasury securities and money market mutual funds.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits

The City's cash deposit policy requires that United States Treasury or Agency securities of a fair value equal to the bank deposits be held by a third-party custodian in the City's name. At June 30, 2015, the City was in full compliance with its collateral policy.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As of June 30, 2015, none of the City's security investments were exposed to custodial credit risk.

Reconciliation to the Financial Statements

A reconciliation of cash and investments, excluding component units, as shown on the combined balance sheet for all fund types follows:

Description	Amount
Carrying Amount of Deposits	\$ 321,824,368
Fair Value of Investments	173,091,861
Total Deposits and Investments	\$ 494,916,229
Statement of Net Position	
Cash and Equivalents	\$ 320,374,245
Investments - Current	98,143,883
Cash on Deposit with Escrow Agent	1,400,296
Investments - Noncurrent	74,947,978
Statement of Net Position - Fiduciary Funds	
Cash and Equivalents - Trust Funds	16,099
Cash and Equivalents - Agency Funds	33,728
Total Cash and Investments	\$ 494,916,229

B. RECEIVABLES

Receivables for the primary government as of year-end are shown net of allowances for uncollectible accounts. Management's estimates of uncollectible accounts at June 30, 2015, are as follows:

General Fund	\$ 61,942
Water/Sewer Facilities	\$ 2,903,148
Parking Facilities	\$ 1,582,171
Nonmajor Business-type activities	\$ 687

Receivables for the component units consist of items totaling approximately \$456,800 at June 30, 2015, which are net of allowances for doubtful accounts. As of June 30, 2015, the allowance for doubtful accounts was approximately \$44,600 for the component units.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

B. RECEIVABLES (Continued)

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

C. MORTGAGE NOTES RECEIVABLE AND REVOLVING LOAN POOLS

The various mortgage programs involve the Community Development fund's loan programs and economic development programs which are reported in the nonmajor proprietary funds and certain component units. The various types of loan programs are complex in nature and require specialized accounting methods, including the valuation of notes and mortgages receivable at the lower of cost or market.

Primary government

Mortgage notes receivable in the various Community Development revolving loan programs are evaluated annually, and loan loss allowances are applied where appropriate. All mortgages are secured by the property. Delinquent mortgages receivable are estimated to be approximately \$1,686,900 of the total net mortgage notes receivable of approximately \$21,023,600 as of June 30, 2015.

Component units

The Columbia Housing Development Corporation (CHDC) has mortgage notes receivable consisting of \$661,656, which is net of an allowance for uncollectible loans of \$71,876. Mortgage notes receivable consist of loans to individuals under various federal housing lending programs and have various interest rates and maturity dates. The CHDC is considered a real estate development corporation, and revenue recognition is applied under the cost recovery method.

The Columbia Development Corporation (CDC) has mortgage notes receivable consisting of \$1,210,283. No allowance for uncollectible loans is deemed necessary by management. Mortgage notes receivable consist of four loans to corporations for the purpose of community development and have various interest rates and maturity dates. The CDC is considered a community development corporation, and revenue recognition is applied under the cost recovery method.

CEZ, Inc. has loans receivable amounting to \$2,025,552, which is the net of allowance for uncollectible loans of \$370,674. Mortgage notes receivable consist of loans to businesses within the Columbia Empowerment Zone and have various interest rates and maturity dates. CEZ, Inc. is a non-profit corporation, and revenue recognition is applied under the accrual method.

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The interfund receivables and payables (including advances) at June 30, 2015, are as follows:

	Interfund Receivables	Interfund Payables
Funds:		
Water/Sewer Facilities Fund	\$ 3,062,089	\$ -
County Services Fund	-	162,314
General Fund	-	2,739,972
Other Governmental	2,986,200	1,943,652
Nonmajor Proprietary Fund	-	-
Internal Service	-	1,202,351
Total	\$ 6,048,289	\$ 6,048,289

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The outstanding balance between funds results primarily from one of the following time lags: (1) the dates that interfund goods and services are provided or reimbursable expenditures or repayments occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

The interfund transfers for the year ended June 30, 2015, are as follows:

	Transfers In	Transfers Out
General	\$ 14,341,918	\$ 17,367,879
County Services	-	689,832
Nonmajor governmental funds	16,184,915	11,869,240
Water/Sewer	1,295	8,831,372
Parking	-	322,586
Nonmajor proprietary funds	1,098,236	835,430
Internal service funds	9,114,754	824,779
	\$ 40,741,118	\$ 40,741,118

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowing to the Debt Service Fund to establish mandatory reserve accounts, and 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.

E. OPERATING LEASES

The City is committed under various operating leases for real estate, office, and copier equipment. Operating lease expenditures for the year ended June 30, 2015, were approximately \$799,100. Future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2016	\$ 1,053,040
2017	1,054,051
2018	652,025
2019	560,644
2020	560,644
2021 - 2025	252,000
2026 - 2030	252,000
2031 - 2035	252,000
2036 - 2039	201,600
Total	\$ 4,838,004

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is as follows:

	Balance June 30, 2014	Increases	Transfers	Decreases	Balance June 30, 2015
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 32,647,161	\$ 696,100	\$ -	\$ (85,282)	\$ 33,257,979
Construction in progress	6,425,233	11,962,266	(7,318,791)	(16,314)	11,052,394
Total capital assets not being depreciated	39,072,394	12,658,366	(7,318,791)	(101,596)	44,310,373
Capital assets, being depreciated:					
Buildings and improvements	203,248,910	28,961	521,585	-	203,799,456
Machinery and equipment	50,084,854	8,546,827	731,265	(1,775,409)	57,587,537
Infrastructure	24,829,533	1,437,934	6,065,941	-	32,333,408
Total capital assets, being depreciated	278,163,297	10,013,722	7,318,791	(1,775,409)	293,720,401
Less accumulated depreciation:					
Buildings and improvements	(58,633,811)	(6,797,389)	-	-	(65,431,200)
Machinery and equipment	(34,974,732)	(5,095,658)	-	1,738,051	(38,332,339)
Infrastructure	(11,436,590)	(1,175,145)	-	-	(12,611,735)
Total accumulated depreciation	(105,045,133)	(13,068,192)	-	1,738,051	(116,375,274)
Total capital assets, being depreciated, net	173,118,164	(3,054,470)	7,318,791	(37,358)	177,345,127
Governmental activities capital assets, net	<u>\$ 212,190,558</u>	<u>\$ 9,603,896</u>	<u>\$ -</u>	<u>\$ (138,954)</u>	<u>\$ 221,655,500</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. CAPITAL ASSETS (Continued)

	Balance June 30, 2014	Increases	Transfers	Decreases	Balance June 30, 2015
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 30,111,133	\$ 53,889	\$ -	\$ (456)	\$ 30,164,566
Construction in progress	153,937,441	65,530,041	(130,323,064)	(843,336)	88,301,082
Total capital assets not being depreciated	<u>184,048,574</u>	<u>65,583,930</u>	<u>(130,323,064)</u>	<u>(843,792)</u>	<u>118,465,648</u>
Capital assets, being depreciated:					
Buildings and improvements	920,226,042	3,818,775	108,580,000	(2,999,921)	1,029,624,896
Machinery and equipment	49,545,818	3,743,898	21,743,064	(1,494,747)	73,538,033
Total capital assets, being depreciated	<u>969,771,860</u>	<u>7,562,673</u>	<u>130,323,064</u>	<u>(4,494,668)</u>	<u>1,103,162,929</u>
Less accumulated depreciation:					
Buildings and improvements	(346,350,880)	(26,604,205)	-	1,298,152	(371,656,933)
Machinery and equipment	(27,982,893)	(6,943,326)	-	1,479,849	(33,446,370)
Total accumulated depreciation	<u>(374,333,773)</u>	<u>(33,547,531)</u>	<u>-</u>	<u>2,778,001</u>	<u>(405,103,303)</u>
Total capital assets, being depreciated, net	<u>595,438,087</u>	<u>(25,984,858)</u>	<u>130,323,064</u>	<u>(1,716,667)</u>	<u>698,059,626</u>
Business-type activities capital assets, net	<u>\$ 779,486,661</u>	<u>\$ 39,599,072</u>	<u>\$ -</u>	<u>\$ (2,560,459)</u>	<u>\$ 816,525,274</u>

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

Governmental Activities:	
General government	\$ 7,207,150
Public safety	3,241,808
Parks and recreation	1,622,116
Public services	650,705
Judicial	50,017
Community development	11,851
General services	27,756
Finance department	2,188
Internal service funds	254,601
Total depreciation expense - governmental activities	<u>\$ 13,068,192</u>
Business-type Activities:	
Water/Sewer facilities	\$ 30,928,260
Stormwater facilities	790,049
Parking facilities	1,505,756
Hydro electric plant	323,466
Total depreciation expense - business-type activities	<u>\$ 33,547,531</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

F. CAPITAL ASSETS (Continued)

During the year ended June 30, 2015, \$8,637,663 of interest expense in the Business-type activities was capitalized. The City has several ongoing construction projects as of June 30, 2015, for renovations and other construction projects. Total remaining commitments on these construction contracts as of June 30, 2015, totaled approximately \$91,555,300.

During the year ended June 30, 2015, the City recorded in the governmental activities \$2,134,035 in infrastructure contributed by private parties and in the business-type activities \$3,872,664 in infrastructure contributions by developers.

Columbia Parking Facilities Corporation – Capital Lease Receivable

In 2008, construction was completed on the Innovista parking garages. The parking garages and corresponding long-term debt were recorded by the Columbia Parking Facilities Corporation (the Corporation), a blended component unit as noted in Note I. A. The Corporation entered into an agreement with the University of South Carolina (the University) that provided the University use of the garages and, in return, the University would pay the debt service on the associated long term debt. A review of the terms of the agreement during 2010 determined that the agreement represented a capital lease with the University, and therefore, the parking garages were removed from the Corporation and recorded by the University. Additionally, a lease receivable from the University was also recorded in the amount of the outstanding associated debt. See Note III. H. for details of the related debt (Note payable \$4,209,142 and revenue bond payable of \$10,620,000). Total future minimum rentals to be received from the University under the capital lease agreement will be \$14,829,142.

Future capital lease payments to be received from the University are as follows:

Year Ending June 30,	Amount
2016	\$ 695,869
2017	4,660,451
2018	598,990
2019	633,860
2020	628,730
2021-2025	3,556,630
2026-2030	4,375,180
2031	725,860
Total	15,875,570
Less amount representing interest	1,046,428
Total minimum future rentals	14,829,142
Less amount due within one year	580,000
Noncurrent capital lease receivable	\$ 14,249,142

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Funding Policy

The City provides postemployment health care benefits, in accordance with City policy, to all employees who retire from the City under early or regular retirement and have been employed by the City for 20 years or more. Currently, 778 retirees meet those requirements. The City pays all Medicare supplemental insurance premiums for all qualifying retirees. For the year ended June 30, 2015, premiums totaled approximately \$1,219,867. Retirees paid dependent coverage of approximately \$779,100. Currently, the City is financing the postemployment retirement benefits on a pay-as-you-go basis, and expenditures for these insurance premiums are recorded in all of the City's funds.

Prior to January 1, 2015, retirees under the age of 65 paid between \$37 and \$383 a month depending on the various coverage elections. The City's contributions during the same time period were \$800 a month for the retiree and \$600 per month for the retiree's domestic partner. After January 1, 2015, the retiree paid between \$37 and \$383 a month depending on the various coverage elections, and the City paid \$ 800 a month for the retiree and \$600 a month for the retiree's domestic partner. Prior to January 1, 2015, for retirees over the age of 65, the retiree paid \$120 per month for health care benefits. The City paid \$300 a month for retirees over 65. If the retiree elected to cover their domestic partner, the cost to the retiree was \$195 a month, and the cost to the City was \$225 a month. After January 1, 2015, the retiree paid \$143 a month for single coverage, and the cost to the City was \$300 a month. If the retiree elected to cover their domestic partner, the retiree paid an additional \$218 a month, and the City paid an additional \$225 a month. Surviving spouses of retirees may elect to continue health care benefits.

The contribution requirements of the retirees are established and may be amended by the members of City Council.

The following schedule reflects the costs and number of participants in the City's health care program.

	2015	2014	2013	2012	2011
Participants:					
Active	2,019	2,083	2,032	2,030	2,039
Retired	812	778	757	698	702
Total Employee Claims					
Active	\$ 17,169,674	\$ 15,727,732	\$ 15,880,782	\$ 13,999,800	\$ 11,903,954
Retired	\$ 5,801,345	\$ 5,548,464	\$ 5,754,566	\$ 5,868,443	\$ 3,557,000
% of Active Payroll					
Active	18.37%	17.11%	17.63%	15.79%	13.47%
Retired	6.21%	6.04%	6.39%	6.62%	4.03%
Total	<u>24.58%</u>	<u>23.15%</u>	<u>24.02%</u>	<u>22.41%</u>	<u>17.50%</u>

For the fiscal year ended June 30, 2008, the City implemented Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," for certain postemployment health care benefits provided by the City, which are offered under a single employer defined benefit plan.

From an accrual perspective, the cost of other postemployment healthcare benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which that cost occurs. In adopting GASB Statement 45 during the year ended June 30, 2008, prospectively, the City recognized the Annual Required Contribution (ARC) associated with OPEB as an expense and the liability associated with the net OPEB obligations. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of 30 years.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

G. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB cost and Net OPEB Obligation

The City had an actuarial valuation performed for the plan as of July 1, 2013, to determine the funded status of the plan as of that date as well as the employer's ARC for the fiscal year ended June 30, 2014. The City's annual OPEB cost and the net OPEB obligation for the year ended June 30, 2015, on the Statement of Net Position was as follows:

Employer Normal Cost	\$ 3,817,795
Amortization of UAAL*	<u>6,527,674</u>
Annual Required Contribution (ARC)	10,345,469
Interest on Net Obligation	2,585,047
Adjustment to the ARC	<u>(2,196,210)</u>
Annual OPEB Cost	10,734,306
Contributions made	<u>(7,248,904)</u>
Increase in Net OPEB Obligation	3,485,402
Net OPEB Obligation, July 1, 2013	<u>48,612,703</u>
Net OPEB Obligation June 30, 2014	<u><u>\$ 52,098,105</u></u>

* Unfunded Actuarial Accrued Liabilities (UAAL) are being amortized over 30 years.

A summary of the annual OPEB cost, percentage of the annual OPEB cost contributed, and the year end net OPEB obligation for the year ended June 30, 2015, and the two preceding years is as follows:

Trend Information			
Year ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 8,146,966	61.29%	\$ 45,803,720
2014	9,546,348	70.58%	48,612,704
2015	10,734,306	67.53%	52,098,105

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due in 2016
Governmental Activities					
Notes payable	\$ 5,229,142	\$ -	\$ (195,000)	\$ 5,034,142	\$ 215,000
GO bonds	35,680,000	-	(5,015,000)	30,665,000	5,155,000
Revenue bonds	43,580,000	26,175,000	(3,720,000)	66,035,000	3,815,000
Unamortized bond premiums	1,814,898	3,747,839	(323,758)	5,238,979	-
Capital lease payable	-	7,000,000	(396,791)	6,603,209	972,567
Compensated absences	6,721,371	6,945,280	(7,017,021)	6,649,630	1,378,419
OPEB costs	48,612,704	10,734,306	(7,248,905)	52,098,105	-
Derivative instrument liability	1,829,366	-	(654,747)	1,174,619	-
Total governmental activities	143,467,481	54,602,425	(24,571,222)	173,498,684	11,535,986
Business-Type Activities					
Revenue bonds	475,400,000	12,210,000	(21,815,000)	465,795,000	9,450,000
Unamortized bond premiums	29,705,688	-	(1,764,790)	27,940,898	-
Compensated absences	1,849,688	2,145,836	(2,217,134)	1,778,390	355,678
Derivative instrument liability	20,070,469	6,814,347	-	26,884,816	-
Total business-type activities	527,025,845	21,170,183	(25,796,924)	522,399,104	9,805,678
Total all long-term obligations	\$ 670,493,326	\$ 75,772,608	\$ (50,368,146)	\$ 695,897,788	\$ 21,341,664

Internal Service Funds predominantly serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$242,459 of Internal Service Funds compensated absences is included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund. The Series 2012 Certificates of Participation are liquidated by the Tourism Development Convention Center Fund. The notes payable and capital lease obligations are liquidated by the General Fund. The remaining governmental debt is liquidated by the Debt Service Fund. The entire other post-employment benefit liability is reported in the Risk Management Internal Service Fund and will be liquidated by that fund.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

The annual requirements to amortize all outstanding debt of the City as of June 30, 2015, including interest payments, but excluding accrued vacation payable and amortization of bond premiums, are as follows:

Governmental Activities:

Year Ending June 30,	General Obligation Bonds	Interest	Revenue Bonds	Interest	Note Payable	Interest	Capital Lease Payable	Interest	Total Principal	Total Interest
2016	\$ 5,155,000	\$ 1,034,076	\$ 3,815,000	\$ 2,049,695	\$ 215,000	\$ 7,569	\$ 972,567	\$ 96,693	\$ 10,157,567	\$ 3,188,033
2017	5,300,000	889,374	3,945,000	1,965,632	4,144,142	7,569	987,946	81,314	14,377,088	2,943,889
2018	5,350,000	715,200	4,040,000	1,879,242	75,000	-	1,003,570	65,690	10,468,570	2,660,132
2019	3,810,000	517,275	4,165,000	1,790,714	75,000	-	1,019,440	49,820	9,069,440	2,357,809
2020	2,650,000	391,049	4,255,000	1,700,175	75,000	-	1,035,561	33,699	8,015,561	2,124,923
2021-2025	6,890,000	890,082	14,720,000	7,249,697	375,000	-	1,584,125	19,765	23,569,125	8,159,544
2026-2030	1,510,000	92,340	9,115,000	5,996,030	75,000	-	-	-	10,700,000	6,088,370
2031-2035	-	-	6,725,000	4,737,660	-	-	-	-	6,725,000	4,737,660
2036-2040	-	-	7,645,000	3,086,000	-	-	-	-	7,645,000	3,086,000
2041-2044	-	-	7,610,000	974,500	-	-	-	-	7,610,000	974,500
	<u>\$ 30,665,000</u>	<u>\$ 4,529,396</u>	<u>\$ 66,035,000</u>	<u>\$ 31,429,345</u>	<u>\$ 5,034,142</u>	<u>\$ 15,138</u>	<u>\$ 6,603,209</u>	<u>\$ 346,981</u>	<u>\$ 108,337,351</u>	<u>\$ 36,320,860</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Business-Type Activities:

Year Ending June 30,	Revenue Bonds	Interest
2016	\$ 9,450,000	\$ 21,795,848
2017	9,865,000	21,383,283
2018	10,305,000	20,940,643
2019	10,730,000	20,512,989
2020	11,180,000	20,066,553
2021-2025	64,540,000	92,935,556
2026-2030	81,635,000	76,608,393
2031-2035	105,785,000	54,956,440
2036-2040	125,635,000	27,759,131
2041-2043	36,670,000	2,512,500
	<u>\$ 465,795,000</u>	<u>\$ 359,471,336</u>

General Obligation Bonds

The City has issued General Obligation Bonds to fund building programs of the City, acquire capital assets, and also to refinance debt issued to fund infrastructure improvements and acquire land. The City has complete liability for the retirement of these obligations. Principal payments on all bonds are due annually and interest is due semi-annually.

The South Carolina Constitution limits local unit borrowing power to 8% of its assessed property value. The limitation excludes bonded indebtedness existing prior to December 1, 1977, (date of the Constitutional Amendment), certain special levies assessed on properties located in an area receiving special benefits, and other prescribed indebtedness approved by the voters.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds outstanding as of June 30, 2015, are as follows:

Governmental Activities:

<p>\$9,085,000 City of Columbia General Obligation Bonds, Series 2007A Proceeds for: Defeasance of the 2006 Bond Anticipation Notes, construction and infrastructure improvements Annual principal installments of \$410,000 to \$770,000 through June 1, 2027 Interest rate: 3.75 to 4.05%</p>	<p>\$ 7,345,000</p>
<p>\$9,375,000 City of Columbia General Obligation Bonds, Series 2011A Proceeds for: Acquisition of capital assets Annual principal installments of \$225,000 to \$1,505,000 through Feb. 1, 2021 Interest rate: 2.00 to 3.00%</p>	<p>3,575,000</p>
<p>\$9,945,000 City of Columbia General Obligation Bonds, Series 2011B Proceeds for: Refund Series 2002 General Obligation Bonds Annual principal installments of \$10,000 to \$1,160,000 through Feb. 1, 2022 Interest rate: 2.00 to 3.00%</p>	<p>7,310,000</p>
<p>\$5,575,000 City of Columbia General Obligation Bonds, Series 2011C Proceeds for: Acquisition of capital assets Annual principal installments of \$115,000 to \$975,000 through June 1, 2021 Interest rate: 2.00 to 4.00%</p>	<p>2,155,000</p>
<p>\$6,375,000 City of Columbia General Obligation Bonds, Series 2012 Proceeds for: Acquisition of capital assets Annual principal installments of \$195,000 to \$1,235,000 through June 1, 2022 Interest rate: 2.00 to 3.00%</p>	<p>4,215,000</p>
<p>\$7,315,000 City of Columbia General Obligation Bonds, Series 2013 Proceeds for: Acquisition of capital assets Annual principal installments of \$215,000 to \$1,505,000 through February 1, 2021 Interest rate: 2.00 to 3.50%</p>	<p>6,065,000</p>
<p><i>Total Governmental Activities General Obligation Bonds</i></p>	<p><u>\$ 30,665,000</u></p>

Revenue Bonds, Notes and Certificates of Participation

Revenue bonds, notes, and certificates of participation are special obligations of the City payable from revenues derived from certain operations. The City's revenue bond ordinances stipulate that the City maintain certain debt service, operations, and renewal and replacement funds. The City has complied in all material respects with the bond covenants as outlined in each issue's indenture.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

The construction of the second of two Innovista garages was funded by the issuance of a \$13,070,000 tax-exempt South Carolina Jobs-Economic Development Authority Revenue Bonds, Series 2007. The Columbia Parking Facilities Parking Corporation, a component unit of the City, is responsible for the payment of the bonds. BB&T, the bond holder, also holds a first mortgage on both garages. Richland County was responsible for 50% of the construction costs. The garages are operated by the University, and the revenues from them are remitted by USC to the Corporation to retire this debt. This arrangement constitutes a capital lease agreement with the University, and as such, a receivable has been recorded for the amount of future debt service. The garages have been recorded by the University (see Note III. F. for more details). Interest payments began on April 1, 2007. The principal balance is payable in monthly installments beginning September 1, 2008, together with interest on the unpaid balance, with a final payment of all principal and interest, due and payable in full on March 1, 2031. Interest is at a rate per annum equal to 95% of the LIBOR Rate, which was 0.186% at June 30, 2015. The Corporation entered into an interest rate swap agreement in relation to the bond issue as detailed in Note V.

In the event of default of these Series 2007 revenue bonds, no judgment for any deficiency upon the indebtedness will be sought or obtained by the bank against the City. The University of South Carolina is the guarantor for payment of the debt.

An additional \$5,185,000 taxable (based on percent of garage used for private purposes) construction and term loan was made to the Corporation by a bank for the second garage that enables the Corporation to draw down proceeds from the loan as needed during the construction of the second garage. The principal balance and any accrued interest are due in full on March 1, 2017. Interest is payable at an adjusted LIBOR rate which is a rate of interest per annum equal to the One Month Libor plus 1.5% per year. This rate is adjusted monthly on the first day of each month for each LIBOR interest period (0.186%, at June 30, 2015). At June 30, 2015, \$4,215,000 was outstanding on the term loan.

In the event of foreclosure of this note, no judgment for any deficiency upon the indebtedness will be sought or obtained by the bank against the City.

Notes Payable

Governmental Activities:

\$1,500,000 Note secured for development costs for Drew Wellness Center. Annual principal installments of \$75,000 through August 14, 2026. Interest rate 0.0%.	\$ 825,000
\$5,185,000 Construction note secured for the construction of a 1,450 parking space parking deck for Innovista. (Note III.F.) Annual principal installments of \$120,000 to \$140,000 through March 1, 2017, with balloon payment at maturity. Interest rate: Adjusted LIBOR rate (0.20%). (See Note V. for details regarding the interest rate swap related to this note issue.) Maximum draw amount: \$5,185,000.	<u>4,209,142</u>
<i>Total Governmental Activities Note Payable</i>	<u><u>\$ 5,034,142</u></u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Revenue bonds outstanding as of June 30, 2015, are as follows:

Governmental Activities:

<p>\$14,825,000 Revenue Bond - Hospitality Fee Pledge, Series 2012 Payable from revenues derived by the City from hospitality taxes Annual principal installments of \$1,000,000 to \$1,315,000 through Feb. 1, 2025 Interest rate: 2.50%</p>	<p>\$ 11,795,000</p>
<p>\$24,260,000 Certificates of Participation Series 2012 Payable from revenues derived by the City from tourism development fees Annual principal installments of \$2,225,000 to \$2,660,000 through June 1, 2022 Interest rate: 2.29%</p>	<p>17,445,000</p>
<p>\$26,175,000 Special Obligation Revenue Bond - Hospitality Fee Pledge, Series 2014 Payable from revenues derived by the City from hospitality taxes Annual principal installments of \$900,000 to \$2,045,000 through Feb. 1, 2044 Interest rate: 2.42 to 3.15%</p>	<p>26,175,000</p>
<p>\$13,070,000 South Carolina Jobs-Economic Development Authority Bond 2007 Payable from revenues derived by the City from operation of a garage (Note III.F.) Annual principal installments of \$250,000 to \$920,000 through March 1, 2031 Interest rate: Rate per annum equal to 95% of LIBOR (0.20%). See Note V. for details regarding the interest rate swap related to this bond issue.</p>	<p>10,620,000</p>
<p><i>Total Governmental Activities Revenue Bonds</i></p>	<p><u>\$ 66,035,000</u></p>

Business-Type Activities:

Parking Facilities Fund:

<p>\$39,895,000 Parking Facilities Revenue Bonds, Series 2005A Payable from revenues derived by the City from operation of off-street and on-street parking facilities Annual principal installments of \$1,240,000 to \$3,015,000 through Feb. 1, 2037 Interest rate: 4.375 to 5.0%</p>	<p>\$ 28,170,000</p>
<p>\$5,380,000 Parking Facilities Revenue Bonds, Series 2005B Payable from revenues derived by the City from operation of off-street and on-street parking facilities Proceeds for: Expand City parking facilities Annual principal installments of \$225,000 to \$1,120,000 through Feb. 1, 2017 Interest rate: 4.88 to 5.2%</p>	<p>1,580,000</p>
<p>\$12,210,000 Parking Facilities Refunding Revenue Bonds, Series 2014 Payable from revenues derived by the City from operation of off-street and on-street parking facilities Proceeds for: Refunding a portion of the Series 2000A and 2000B bonds Annual principal installments of \$300,000 to \$1,750,000 through Feb. 1, 2025 Interest rate: 2.38%</p>	<p>11,930,000</p>
<p><i>Total Parking Facilities Revenue Bonds</i></p>	<p><u>41,680,000</u></p>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Business-Type Activities: (Continued)

Water and Sewer Fund:

<p>\$81,860,000 Waterworks and Sewer System Revenue Bonds, Series 2009 Payable from revenues derived from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$525,000 to \$10,840,000 through Feb. 1, 2038 Interest rate: 3.6 to 5.0% See Note V for details regarding the interest rate swap related to this bond issue</p>	<p>\$ 81,860,000</p>
<p>\$105,000,000 Waterworks and Sewer System Revenue Bonds, Series 2010 Payable from revenues derived from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$1,090,000 to \$17,855,000 through Feb. 1, 2040 Interest rate: 3.0 to 5.0%</p>	<p>101,650,000</p>
<p>\$100,000,000 Waterworks and Sewer System Revenue Bonds, Series 2011A Payable from revenues from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$1,815,000 to \$23,520,000 through Feb. 1, 2041 Interest rate: 2.0 to 5.0%</p>	<p>94,005,000</p>
<p>\$27,265,000 Waterworks and Sewer System Revenue Bonds, Series 2011B Payable from revenues from the City's water and sewer system Proceeds for: Refunding portion of Series 2001 (\$30,345,000) Annual principal installments of \$3,420,000 to \$4,455,000 through Feb. 1, 2019 Interest rate: 4.0 to 5.0%</p>	<p>16,585,000</p>
<p>\$58,055,000 Waterworks and Sewer System Revenue Bonds, Series 2012 Payable from revenues from the City's water and sewer system Proceeds for: Refunding portion of Series 2005 (\$60,000,000) Annual principal installments of \$4,560,000 to \$6,115,000 through Feb. 1, 2030 Interest rate: 3.5 to 5.0%</p>	<p>58,055,000</p>
<p>\$75,305,000 Waterworks and Sewer System Revenue Bonds, Series 2013 Payable from revenues from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$1,205,000 to \$4,600,000 through Feb. 1, 2043 Interest rate: 1.0 to 5.0%</p>	<p>71,960,000</p>
<p><i>Total Water and Sewer Revenue Bonds</i></p>	<p><u>424,115,000</u></p>
<p><i>Total Business-Type Activities Revenue Bonds</i></p>	<p><u>\$ 465,795,000</u></p>

Obligations Under Capital Leases

During the current year the City entered into a lease agreement as lessee for financing the acquisition of various vehicles valued at approximately \$7,000,000. The estimated useful lives of the vehicles range from five to twelve years. During the current year approximately \$275,000 was included in depreciation expense.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Obligations Under Capital Leases (Continued)

This lease agreement qualifies for as a capital lease for accounting purposes and, therefore has been recorded at the present value of future minimum lease payments as of the inception date.

\$7,315,000 City of Columbia General Obligation Bonds, Series 2013

Proceeds for: Acquisition of capital assets

Monthly principal and interest installments of \$89,105 through December 1, 2021

Interest rate: 1.57%

\$ 6,603,209

Refundings

In February 2015, the City issued \$12,210,000 in a fixed rate Parking Facilities Refunding Revenue Bond Series 2014 at an interest rate of 2.58%. The net proceeds of \$12,210,000 (after payment of approximately \$401,700 in issue costs) along with funds on hand were used to refund \$11,725,000 of outstanding fixed rate Parking Facilities Revenue Bonds Series 2005A. There was no difference between the reacquisition price and the net carrying amount of the old debt as a result of the refunding. The City completed the refunding to reduce its total debt service payments over a period of 11 years by \$2,746,601 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,300,021.

Conduit Debt

Resolution 2006-027, passed June 28, 2006, was issued in support of the issuance of not exceeding \$4,500,000 in revenue bonds by JEDA for the Palmetto Health Foundation Project. While the City is not obligated for the repayment of conduit type debt, disclosure is required in the notes to the financial statements. As of June 30, 2015, the balance of this conduit debt was approximately \$2,675,350.

Arbitrage

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings, if any. For the year ended June 30, 2015, the City did not have any arbitrage profits due to the federal government.

IV. PENSION PLANS

The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (restructured into the Department of Administration on July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

Plan description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of the benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a 30-year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the 30-year amortization period; this increase is not limited to one-half of one percent per year.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

Required <u>employee</u> contribution rates for fiscal year 2014-2015 are as follows:		
SCRS		
Employee Class Two		8.00% of earnable compensation
Employee Class Three		8.00% of earnable compensation
PORS		
Employee Class Two		8.41% of earnable compensation
Employee Class Three		8.41% of earnable compensation
Required <u>employer</u> contribution rates for fiscal year 2014-2015 are as follows:		
SCRS		
Employer Class Two		10.75% of earnable compensation
Employer Class Three		10.75% of earnable compensation
Employer Incidental Death Benefit		0.15% of earnable compensation
PORS		
Employer Class Two		13.01% of earnable compensation
Employer Class Three		13.01% of earnable compensation
Employer Incidental Death Benefit		0.20% of earnable compensation
Employer Accidental Death Program		0.20% of earnable compensation

The City's required and actual employer contributions are as follows:

Year Ended June 30, 2015	SCRS	PORS
Required contributions	\$5,815,863	\$5,031,606
Actual contributions	\$5,815,863	\$5,031,606

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015, annual valuation is complete.

The most recent annual actuarial valuation reports adopted by the PEBA Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS"), based on the July 1, 2013, actuarial valuations using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by GRS.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2013, valuations for SCRS and PORS.

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (With Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The City's proportional share of the NPL amounts for SCRS and PORS are presented below:

<u>Measurement Period</u> <u>Ended June 30,</u>	<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>SCRS</u>	<u>PORS</u>
2013	2014	\$105,670,520	\$63,572,138
2014	2015	\$101,430,205	\$58,710,015

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The City's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the measurement period ended June 30, 2014, the City's percentage of the SCRS and PORS net pension liability was 0.589139% and 3.06671%, respectively.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Short Term	5.0%		
Cash	2.0%	0.3	0.01
Short Duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	1.1	0.08
High Yield	2.0%	3.5	0.07
Bank Loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	0.8	0.02
Emerging Markets Debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.0	0.32
Private Debt	7.0%	10.2	0.71
Private Equity	9.0%	10.2	0.92
Real Estate (Broad Market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total Expected Real Return	<u>100.0%</u>		<u>5.88</u>
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u>8.63</u>

Sensitivity Analysis

The following table presents the collective net pension liability of the City's calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.50%) or 1.00% higher (8.50%) than the current rate.

<u>Sensitivity of the City's Proportional Share of Net Pension Liability To Changes in the Discount Rate</u>			
<u>System</u>	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
SCRS	\$131,256,960	\$101,430,204	\$76,546,134
PORS	\$82,045,613	\$58,710,014	\$39,401,605

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in PEBA's separately issued financial report.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

Pension Expense and Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2015, the City recognized pension expense of \$12,245,505.

At June 30, 2015, the City reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 10,847,469	\$ -
Differences in actual and expected experience	4,440,813	-
Net differences between projected and actual earnings on plan investments	-	15,344,486
	<u>\$ 15,288,282</u>	<u>\$ 15,344,486</u>

The City reported \$10,847,469 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows (inflows) of resources will be recognized in pension expense in future years. The following schedule reflects the amortization of the City's proportional share of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2015. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2014, measurement date was 4.233 years for SCRS and 4.856 years for PORS.

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS & PORS
2015	2016	\$ (2,540,825)
2016	2017	\$ (2,540,825)
2017	2018	\$ (2,540,825)
2018	2019	\$ (3,281,198)
Net Balance of Deferred Outflows/ (Inflows) of Resources		<u>\$ (10,903,673)</u>

Payables to the Pension Plans

At June 30, 2015, the City reported a payable of \$788,630 and \$621,665 for the outstanding amount of contributions due to SCRS and PORS, respectively. This liability will be paid in the normal course of paying year-end obligations.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

IV. PENSION PLANS (Continued)

Component Units

Significantly all of the employees of the City's component units, with the exception of MACST, are members of the SCRS due to the City being a member. Due to the City being the employer of record it reports the amount of the proportional net pension liability and the related deferred inflows and outflows related to the service of these employees in its financial statements.

V. INTEREST RATE SWAP AGREEMENTS

Swap One – The City maintains this variable-to-fixed interest rate swap to hedge exposure to rising interest rates. The City entered into an interest rate swap agreement related to the 2009 Waterworks and Sewer Bonds on September 20, 2007, with an effective date of September 15, 2009. The counterparty is J.P. Morgan. The City agreed to pay a fixed rate to J.P. Morgan and receive a variable rate while paying a variable rate to bond holders. Semi-annually the City pays a fixed rate of 4.354% to J.P. Morgan, and monthly receives a variable rate based on the average Securities Industry and Financial Markets Association ("SIFMA") index rate. Interest payments to the bond holders are offset by the amount received by the City from J. P. Morgan under the swap. The purpose of the swap was to effectively change the variable rate bonds to fixed rate bonds. The bonds and related swap agreement mature February 2038. The notional amount of the swap equals the principal amount of the associated bonds and decreases simultaneously with the reduction in the principal amount of the associated bonds. As of June 30, 2015, the notional amount was \$81,860,000.

The obligation of the City to make regularly scheduled payments under the interest rate swap agreement is junior and subordinate to the City's obligation to make debt service payments on its outstanding revenue bonds. The obligation of the City to make any termination payments under the swaps is junior and subordinate to the obligation to make debt service payments on bonds. Under the swap agreement, if the City modifies the bond ordinance, the counterparty has certain limited rights to consent to modifications to the swap agreement which would affect the rights of the counterparty. Under the swap, J.P. Morgan does not require collateral to be posted to reduce credit risk exposure.

During the year ended June 30, 2015, the City made variable bond interest payments in the amount of \$34,309 and fixed rate payments on the swap in the amount of \$3,564,184. The City also received variable payments on the swap in the amount of \$41,715. The net of variable payments on the bonds and receipts on the swap was \$7,406.

Swap Two and Three – One of the City's blended component units, the Columbia Parking Facilities Corporation (the "Corporation"), maintains two interest rate swaps to hedge exposure to rising interest rates. The Corporation entered into two variable-to-fixed interest rate swap agreements related to a \$13,070,000 tax exempt revenue bond payable and \$5,185,000 taxable bond payable. The agreements were entered into February 23, 2007, and were effective on February 23, 2007, and March 1, 2008, respectively. The counterparty is Branch Bank and Trust Corporation. The purpose of the swaps was to effectively change the variable rate debt to fixed rate debt. The swap agreements mature on March, 1, 2017, and the related debt matures in 2031 and 2017, respectively. The notional amounts of the swaps equal the principal amounts of the associated debt and decrease simultaneously with the reduction in the principal amounts of the associated bonds. As of June 30, 2015, the notional amounts were \$10,620,000 and \$4,209,142.

The swaps provide for monthly payment by the Corporation of a 5.085% and 6.815% fixed rate on a notional amount having an amortization schedule equal to that of the bonds. In return, the counterparty will pay the Corporation a variable rate equal to 95% of the one-month London Interbank Offered Rate (LIBOR) and LIBOR plus 1.50% on each swaps' respective notional amount. At June 30, 2015, 95% of LIBOR was 0.177%, and LIBOR plus 1.50% was 1.677%. The Corporation also makes interest payments to the bondholders at 95% of LIBOR and LIBOR, respectively, (0.177% and 0.186% at June 30, 2015), on the outstanding principal amount.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

V. INTEREST RATE SWAP AGREEMENTS (Continued)

The obligation of the Corporation to make regularly scheduled payments under the swaps ranks on a parity basis with the Corporation's obligation to make debt service payments on its outstanding bonds. Under certain circumstances, the swaps are subject to termination prior to their respective scheduled expiration dates and prior to the maturity of the bonds to which each such swaps relates, in which event the Corporation may be obligated to make a substantial payment to the respective counterparty ("Termination Payments"). The obligation of the Corporation to make any termination payments under the swaps is junior and subordinate to the obligation to make debt service payments on notes. Under the swaps, the counterparties have certain limited rights to consent to modifications to the master resolution, which modifications would affect the rights of the counterparties under the swaps. To minimize credit or repayment risk, the swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swaps should the counterparty's credit rating fall below the applicable thresholds. During the fiscal year, the Corporation made variable interest payments of \$88,648 and recovered offsetting variable payments on this swap in a like amount. The Corporation made fixed payments of \$773,070 under the swaps. The market value of the swaps was (\$818,267) and (\$356,352) at June 30, 2015, respectively.

In the event that either party to the swap, BB&T or Columbia Parking Facilities Corporation, cannot perform on the agreement, no judgment for any deficiency will be sought or obtained against the City of Columbia. The University of South Carolina is solely responsible for payment if the Corporation cannot perform on the agreements. As such, the City has decided not to implement the provisions of GASB Statement No. 53 for this interest rate swap.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivatives for the year then ended are as follows:

	Changes in Fair Value		Fair Value at June 30		
	Classification	Amount	Classification	Amount	Notional
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swap					
Sw ap Two	Deferred outflow	\$ (458,532)	Debt	\$ 818,267	\$ 10,620,000
Pay-fixed interest rate swap					
Sw ap Three	Deferred outflow	\$ (196,215)	Debt	356,352	\$ 4,209,142
				<u>\$ 1,174,619</u>	
Business-type activity					
Cash flow hedges:					
Pay-fixed interest rate swap					
Sw ap One	Deferred outflow	\$ 6,814,347	Debt	<u>\$26,884,816</u>	\$ 81,860,000

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

V. INTEREST RATE SWAP AGREEMENTS (Continued)

The following table displays the objectives and terms of the City's hedging derivative instruments outstanding at June 30, 2015, along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating*
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2009 Water and Sewer Revenue Bonds	\$81,860,000	9/15/2009	2/1/2038	Receive monthly average SIFMA rate and pay fixed rate of 4.354%	Aa3 / A+ / A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 2007 JEDA Revenue Bonds	\$10,620,000	2/23/2007	3/1/2017	Receive 95% of one month LIBOR and pay fixed rate of 5.085%	A2 / A- / A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Inovista construction note payable	\$ 4,209,142	3/1/2007	3/1/2017	Receive 95% of one month LIBOR plus 1.5% and pay fixed rate of 6.815%	A2 / A- / A+
* Moody's, S&P, and Fitch, respectively.						

Future Debt Service Requirements

The following schedules detail the debt service requirements to maturity for the underlying debt instruments related to the interest rate swaps. The interest rates in effect at June 30, 2015, have been used for all future periods. These amounts assume the current interest rates on variable-rate bonds will remain the same for their terms. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Year Ended June 30,	Waterworks and Sewer Bonds			
	Variable Rate Bonds		Hedging	
	Principal	Interest	Derivatives, Net	Total
2016	\$ -	\$ -	\$ 3,565,995	\$ 3,565,995
2017	-	-	3,565,995	3,565,995
2018	-	-	3,565,995	3,565,995
2019	-	-	3,565,995	3,565,995
2020	-	-	3,565,995	3,565,995
2021-2025	2,245,000	-	17,760,278	20,005,278
2026-2030	4,755,000	-	17,184,604	21,939,604
2031-2035	43,705,000	-	14,205,608	57,910,608
2036-2038	31,155,000	-	4,525,451	35,680,451
	<u>\$81,860,000</u>	<u>\$ -</u>	<u>\$ 71,505,916</u>	<u>\$153,365,916</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

V. INTEREST RATE SWAP AGREEMENTS (Continued)

Parking Facilities Corporation				
South Carolina JEDA Bond 2007 (Swap Two)				
Year Ended June 30,	Variable Rate Bonds		Hedging	Total
	Principal	Interest	Derivatives, Net	
2016	\$ 440,000	\$ 15,417	\$ 89,365	\$ 544,782
2017	480,000	14,831	85,698	580,529
2018	500,000	14,216	81,878	596,094
2019	540,000	13,546	77,752	631,298
2020	540,000	12,848	73,627	626,475
2021-2025	3,200,000	52,564	298,151	3,550,715
2026-2030	4,200,000	28,712	152,228	4,380,940
2031	720,000	3,296	4,521	727,817
	\$10,620,000	\$ 155,430	\$ 863,220	\$ 11,638,650

Parking Facilities Corporation				
Innovista Note Payable (Swap Three)				
Year Ended June 30,	Variable Rate Bonds		Hedging	Total
	Principal	Interest	Derivatives, Net	
2016	\$ 140,000	\$ 6,364	\$ 6,786	\$ 153,150
2017	4,069,142	5,982	6,790	4,081,914
	\$ 4,209,142	\$ 12,346	\$ 13,576	\$ 4,235,064

Risks

Credit Risk – Credit risk is the risk that the counterparty will not fulfill its obligations. As of June 30, 2015, the three swaps were in liability positions; therefore, the City is not exposed to credit risks. However, should interest rates change and the fair market value of the swaps becomes an asset position, the City would be exposed to credit risks. Credit ratings of the counterparties are summarized in the table above.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the City's financial instruments or its cash flows. The City is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swaps. As LIBOR or the SIMFA swap index decreases, the City's liability upon early termination of the swaps increases.

Basis Risk – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedge item are based on different reference rates. The City is exposed to basis risk on the interest rate swap hedging instrument related to the Waterworks and Sewer bonds because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedge variable-rate debt. As of June 30, 2015, the interest rate on the City's hedged variable rate debt was 0.04%, while the SIFMA swap index rate was 0.05%.

Termination Risk – Termination risk is the risk that a hedging derivative instrument's unscheduled end will affect the City's asset and liability strategy or will present the City with potentially significant unscheduled termination payments to the counterparty. Termination events exist for the interest rate swaps. Under the City's interest rate swap (Swap One), a decline in either party's credit rating below BBB or Baa2 in the case of S&P and Moody's, respectively, can trigger termination in addition to events that are customary for these types of transactions. The Corporation's interest rate swaps (Swaps Two and Three) may be terminated if the counterparty ceases to be a party to the credit support documents and the Corporation fails to replace the counterparty with a credit support provider acceptable to the counterparty.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

V. INTEREST RATE SWAP AGREEMENTS (Continued)

Rollover Risk – Rollover risk is the risk that a hedging instrument associated with hedgeable item does not extend to the maturity of that hedgeable item. The Corporation is exposed to rollover risk because the hedging derivative instrument (Swap Two) associated with the hedgeable debt items do not extend to the maturity of the hedgeable debt items.

The City is not required to post collateral under any of the interest rate swap agreements.

VI. COMMITMENTS AND CONTINGENCIES

A. FEDERAL GRANTS

In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed by City officials to be material.

B. CONSENT DECREE

During the year ended June 30, 2014, the Environmental Protection Agency filed with the federal court system a consent decree against the City. The terms of this Consent Decree require the City to (i) evaluate the Sanitary Sewer System and, based on that evaluation, implement capital improvements to the Sanitary Sewer System's infrastructure; and (ii) implement a \$1,000,000 Supplemental Environmental Project ("SEP") aimed at restoring and reducing flooding along segments of Rocky Branch and Gills Creek. The City anticipates total expenditures of approximately \$750,000,000 will be required over a period of approximately 11 years in order to meet the requirements of the Consent Decree. The City's five-year Capital Improvements Program, which the City believes is presently responsive to a portion of the capital improvements that are or will be required by the Consent Decree, is being further revised to enable the City to meet all of its obligations under the Consent Decree within the prescribed timeframes. In addition, the City paid a civil penalty in the amount of \$476,400 to resolve the alleged Clean Water Act violations. The City expects to pay for the cost of these improvements through revenues generated by the system and future and current bond proceeds. City management feels the City is meeting the requirements and deadlines imposed by the Consent Decree.

C. LITIGATION

The City is a party to legal proceedings that normally occur in government operations. The City is involved in unresolved legal actions concerning construction contracts and other matters. The City believes its positions are meritorious and is vigorously defending its positions. The City's estimate of ultimate loss has been recorded as a liability in the Risk Management Fund and other funds in the financial statements (Note II. C).

D. DEVELOPMENT AGREEMENT

On July 9, 2013, the City executed a development agreement with a private developer to develop approximately 165 acres of land within the City of Columbia. Any City commitment is expected to occur during the first five years of the 20-year agreement. The agreement requires a minimum level of investment by the developer. Prior to the City being required to incur any of the preceding costs, the developer is required to have obtained funding and commitments to construct taxable improvements of various amounts ranging from \$25,000,000 to \$81,250,000. If these minimum amounts of taxable improvements are not obtained, the City is under no obligation to incur any costs.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

VI. COMMITMENTS AND CONTINGENCIES (Continued)

D. DEVELOPMENT AGREEMENT (Continued)

If the developer attains the minimum amount of investment, the City is obligated to provide infrastructure and other items at no cost to the developer. The costs are to be incurred in four phases. The City estimates the public infrastructure costs during phase one will approximate \$5,250,000. The City's parking facility commitment is estimated to cost approximately \$16,000,000. Public infrastructure costs during phase two are estimated to cost approximately \$7,965,800. During phase three, public infrastructure costs are estimated to cost approximately \$2,179,400. During phase four, public infrastructure costs are estimated to be approximately \$15,840,800. The City has not identified a definite funding source for these potential commitments. While the costs indicated in the agreement represent the City's best estimate at the time of signing the agreement, actual costs will probably be different.

VII. OTHER INFORMATION

A. SUBSEQUENT EVENTS

In early October 2015, almost twenty-four inches of rain fell in the Columbia area in less than forty-eight hours. This rainfall caused historic flooding and unprecedented damages to the City. The flooding caused multiple dam failures, a massive breach in the Columbia Canal (a main water source for the City), multiple sewer and water line ruptures or breaks, and over 100 City streets had to be closed. City management estimates the initial cost to repair the damages to City property will exceed \$75,528,900 and long-term mitigation costs will exceed \$50,000,000. The City estimates between 75% and 90% of the estimated repair costs will be reimbursed, either by the federal government or the State of South Carolina. While City management believes these estimates to be accurate, actual results could differ from these estimates and the difference could be significant.

B. PENDING IMPLEMENTATION OF GASB STATEMENTS

GASB Statement No. 72, "*Fair Value Measurement and Application*," provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The City will implement the new guidance with the 2016 financial statements.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68 and Amendments to Certain Provision of GASB Statement 67 and 68*." The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The City will implement the new guidance with the 2016 financial statements.

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*." The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The City will implement the new guidance with the 2017 financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

VII. OTHER INFORMATION (Continued)

B. PENDING IMPLEMENTATION OF GASB STATEMENTS (Continued)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,” establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The City will implement the new guidance with the 2018 financial statements.

GASB Statement No. 76, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.” The requirements in this Statement improve financial reporting by 1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; 2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and 3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. The City will implement the new guidance with the 2016 financial statements.

GASB Statement No. 77, “*Tax Abatement Disclosures*,” requires disclosure of tax abatement information about 1) a reporting government’s own tax abatement agreements and 2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The City will implement the new guidance with the 2017 financial statements.

Management has not yet determined the impact implementation of these standards will have on the City’s financial statements, if any.

C. CHANGE IN ACCOUNTING PRINCIPLE

The City implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in the fiscal year ended June 30, 2015. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources and expenses/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this new accounting principal was retroactive and required a net pension liability of \$169,242,658, deferred outflows of \$4,440,814 and deferred inflows of \$15,344,485 to be recorded on the Statement of Net Position as of June 30, 2014, and a net adjustment of Net Position of \$162,982,771. The net position of the government-wide activities, the Water and Sewer Facilities, the Parking Facilities, Stormwater Facilities, the Redevelopment Programs, and the Parks and Recreation Camp enterprise funds, and the Fleet Management, Support Services, and Risk Management internal service funds have been restated in the following amounts:

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

VII. OTHER INFORMATION (Continued)

C. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement 68 Restatement

Governmental activities -	<u>\$ 118,595,260</u>
Enterprise funds -	
Water and Sewer Facilities	\$ 34,626,493
Parking Facilities	2,604,928
Stormwater Facilities	2,652,579
Redevelopment Programs	199,025
Parks and Recreation Camp	<u>158,837</u>
Total Enterprise funds	<u>\$ 40,241,862</u>
Internal Service funds -	
Fleet Management	\$ 2,652,580
Support Services	1,270,697
Risk Management	<u>222,372</u>
Total Internal Service funds	<u>\$ 4,145,649</u>

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

The Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits provide information relating to the City's adoption of GASB Statement No. 45.

Budgetary Comparison Schedule – General Fund provides information regarding the original budget, final budget, and actual results as compared to the final budget for the General Fund. The General Fund is the principal operating fund of the City that accounts for all financial resources not accounted for in other funds.

Notes to Budgetary Comparison Schedule provides information related to the budgetary basis of accounting used by the City as well as budget amendments made to the appropriated budget.

The Schedules of the City's Contributions provide information relating to the City's adoption of GASB Statement No. 68.

The Schedules of the City's Proportionate Share of the Net Pension Liability provide information relating to the City's adoption of GASB Statement No. 68.

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS -
OTHER POSTEMPLOYMENT BENEFITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Primary Government						
7/1/2014	\$ -	\$ 138,748,707	\$ 138,748,707	0%	\$ 93,451,271	148.47%
7/1/2013	-	131,827,750	131,827,750	0%	91,937,081	143.39%
7/1/2012	-	108,363,404	108,363,404	0%	90,099,630	120.27%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Liability	Percent of OPEB Cost Contributed
Primary Government				
2015	\$ 10,734,306	\$ 7,248,904	\$ 52,098,105	67.53%
2014	9,546,348	6,737,364	48,612,704	70.58%
2013	8,146,966	4,993,487	45,803,720	61.29%

**CITY OF COLUMBIA, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)**

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
General property taxes	\$ 51,406,365	\$ 51,406,365	\$ 50,563,321	\$ (843,044)
Admission taxes	-	-	90,899	90,899
License and permits	30,732,426	30,732,426	37,837,446	7,105,020
Intergovernmental revenue	12,690,828	12,690,828	15,682,389	2,991,561
Charges for services	14,498,924	14,498,924	12,680,046	(1,818,878)
Fines and forfeitures	1,310,000	1,310,000	1,033,384	(276,616)
Revenues from use of money and property	50,000	50,000	147,133	97,133
Other revenues	121,404	121,404	152,823	31,419
Total revenues	110,809,947	110,809,947	118,187,441	7,377,494
EXPENDITURES:				
General government	7,486,258	7,549,128	6,889,085	660,043
Judicial	2,648,014	2,722,131	2,590,810	131,321
Finance department	1,912,136	1,912,136	1,779,283	132,853
Development services and planning	3,428,316	3,788,788	3,485,413	303,375
Public safety	57,859,235	62,776,396	57,706,979	5,069,417
Parks and recreation	10,978,400	11,253,361	10,934,710	318,651
Public works	18,131,836	20,494,569	17,880,627	2,613,942
General services	6,236,732	6,423,825	5,230,670	1,193,155
Community promotion	270,670	270,670	175,670	95,000
Community development	346,938	370,489	369,601	888
Nondepartmental	2,869,290	2,585,290	8,105,855	(5,220,565)
Total expenditures	112,167,825	120,146,783	115,148,703	4,998,080
Excess (deficiency) of revenues over (under) expenditures	(1,357,878)	(9,336,836)	3,038,738	12,375,574
OTHER FINANCING SOURCES (USES)				
Transfers in	16,434,143	17,895,987	14,341,918	(3,554,069)
Transfers (out)	(15,296,265)	(8,779,151)	(17,367,879)	(8,588,728)
Sale of capital assets	220,000	220,000	386,636	166,636
Issuance of capital lease	-	-	7,000,000	7,000,000
Total other financing sources (uses)	1,357,878	9,336,836	4,360,675	(4,976,161)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	-	-	7,399,413	7,399,413
Fund balance - beginning	28,994,327	28,994,327	28,994,327	-
Fund balance - ending	\$ 28,994,327	\$ 28,994,327	\$ 36,393,740	\$ 7,399,413

See accompanying Notes to Budgetary Comparison Schedule.

**CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
YEAR ENDED JUNE 30, 2015**

Budget and Budgetary Accounting

A legal operating budget is prepared annually for the General Fund on the GAAP basis (modified accrual basis of accounting). Informal budgetary controls are maintained for other fund types, and therefore, budgetary comparisons to actual amounts are not presented.

The approved budget and amendments are legally enacted through passage of an ordinance authorizing the City Manager to administer the budget and to transfer necessary appropriations among funds. Additional budget appropriations must be approved by Council, and at the fund level, expenditures may not legally exceed budgeted appropriations.

All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budget during and after the year. Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations lapse at year end.

The final budget amendments presented are necessary based on the operating activities of the City. The budget was amended to reflect the increase of budgeted amount of transfers in, the decrease in the amount of transfers out and the increase in the amount of capital expenditures. These amendments have been approved by City Council authorizations.

**Schedule of Changes in Appropriated Budget
For Year Ended June 30, 2015**

	Original Adopted Budget	Final Budget Amendments	Revised Budget
General Fund	\$ 127,464,090	\$ 1,461,844	\$ 128,925,934

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULES OF THE CITY'S CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

	SCRS	
	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 5,815,863	\$ 5,669,535
Contributions made to pension plan	5,815,863	5,669,535
Contribution deficiency (excess)	\$ -	\$ -
City's covered payroll during the measurement period	\$ 53,480,622	\$ 52,411,010
Contributions as a percentage of covered employee payroll	10.87%	10.82%

	PORS	
	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 5,031,606	\$ 4,736,002
Contributions made to pension plan	5,031,606	4,736,002
Contribution deficiency (excess)	\$ -	\$ -
City's covered payroll during the measurement period	\$ 37,437,424	\$ 36,688,676
Contributions as a percentage of covered employee payroll	13.44%	12.91%

The City implemented GASB 68 during fiscal year 2015, as such only the last two years of data are available.

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	SCRS	
	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	0.589139%	0.589139%
The City's proportionate share of the net pension liability	\$ 101,430,204	\$ 105,670,520
The City's covered employee payroll	\$ 53,356,551	\$ 53,480,622
The City's proportionate share of the net pension liability as a percentage of its covered payroll	190.10%	197.59%
The Plan's fiduciary net position as a percentage of the total pension liability	59.90%	59.90%

	PORS	
	June 30, 2015	June 30, 2014
The City's percentage of the net pension liability	3.06671%	3.06671%
The City's proportionate share of the net pension liability	\$ 58,710,014	\$ 63,572,138
The City's covered employee payroll	\$ 38,089,381	\$ 37,437,424
The City's proportionate share of the net pension liability as a percentage of its covered payroll	154.14%	169.81%
The Plan's fiduciary net position as a percentage of the total pension liability	67.50%	67.50%

The City implemented GASB 68 during fiscal year 2015, as such only the last two years of data are available.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF REVENUES & OTHER FINANCING SOURCES
BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
REVENUES				
General property taxes				
General property taxes - current	\$ 49,601,215	\$ 49,601,215	\$ 45,828,640	\$ (3,772,575)
Real estate tax - Lexington County - current	-	-	2,071,184	2,071,184
Real estate tax - Lexington County - prior	-	-	10,226	10,226
Personal tax - Lexington County - current	-	-	185,568	185,568
Homestead exemption	1,050,000	1,050,000	1,070,667	20,667
Payment in lieu of taxes	-	-	635,365	635,365
Merchants inventory tax	755,150	755,150	761,671	6,521
Total general property taxes	51,406,365	51,406,365	50,563,321	(843,044)
Admission taxes	-	-	90,899	90,899
License and permits				
Business license	9,700,000	9,700,000	10,738,215	1,038,215
Business license - Telecommunications	850,000	850,000	794,364	(55,636)
Business license - Insurance	10,700,000	10,700,000	11,153,218	453,218
Delinquent business license	189,416	189,416	93,063	(96,353)
Business license franchise fees	8,065,000	8,065,000	13,225,397	5,160,397
Franchise fees - vendors	1,200	1,200	-	(1,200)
Arts and craft permits	2,300	2,300	2,090	(210)
New business list sales	-	-	309	309
Business license ordinance sales	-	-	1,050	1,050
Business license contractor's decals	22,500	22,500	25,953	3,453
Group event license/permit	5,700	5,700	7,038	1,338
Building permits	610,350	610,350	1,555,614	945,264
Electrical permits	139,040	139,040	49,757	(89,283)
Plumbing permits	51,700	51,700	11,432	(40,268)
Gas permits	9,900	9,900	5,704	(4,196)
Sign permits	20,900	20,900	17,814	(3,086)
Heat permits	143,220	143,220	45,406	(97,814)
Zoning permits	52,800	52,800	54,116	1,316
Dog license	36,000	36,000	43,239	7,239
Chauffeur license	-	-	3,645	3,645
Other miscellaneous - business	130,000	130,000	8,593	(121,407)
Other miscellaneous - non-business	2,400	2,400	1,429	(971)
Total license and permits	30,732,426	30,732,426	37,837,446	7,105,020
Intergovernmental revenues				
State shared	2,809,494	2,809,494	3,120,862	311,368
School resource officer services	190,000	190,000	190,565	565
SC Motor fuel tax reimbursement	-	-	3,348	3,348
USC parking garage revenues	-	-	1,874,592	1,874,592
Highway signal maintenance	291,334	291,334	294,858	3,524
Fire rebate - Richland County	9,400,000	9,400,000	10,198,164	798,164
Total intergovernmental revenues	12,690,828	12,690,828	15,682,389	2,991,561

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF REVENUES & OTHER FINANCING SOURCES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Charges for services				
Trade publication renewals	\$ 7,700	\$ 7,700	\$ 8,560	\$ 860
Support services	2,270,000	2,270,000	-	(2,270,000)
Return check service charges	-	-	1,211	1,211
Regulation code books	-	-	125	125
Duplicated business licenses	-	-	220	220
Compost sales	5,000	5,000	7,292	2,292
Recycling sales	105,000	105,000	114,422	9,422
Solid waste disposal fees	15,000	15,000	13,305	(1,695)
Storm water inspection fees	-	-	2,964	2,964
Commercial bulk container disposal	-	-	1,679	1,679
Commercial roll cart disposal	44,000	44,000	44,001	1
Eleemosynary roll cart collection	29,000	29,000	65,476	36,476
Eleemosynary roll cart disposal	7,000	7,000	7,446	446
Eleemosynary homeowner collection	7,000	7,000	6,485	(515)
Eleemosynary homeowner disposal	1,700	1,700	1,607	(93)
Six night service disposal	19,000	19,000	21,239	2,239
Tree and forestry lot clearance fees	50,000	50,000	14,380	(35,620)
Animal shelter fees - Richland County	280,000	280,000	284,697	4,697
Animal shelter fees	132,000	132,000	142,897	10,897
Employee animal clinic fees	1,000	1,000	38	(962)
Hydrant fees	10,700,000	10,700,000	10,999,479	299,479
Police accident report copies	33,000	33,000	32,417	(583)
Reimbursement police services	100,000	100,000	107,081	7,081
False fire alarm charges	20,000	20,000	28,413	8,413
Maxcy Gregg admission fees	25,000	25,000	39,290	14,290
Drew Park admission fees	310,000	310,000	346,474	36,474
Recreation athletics	50,000	50,000	65,788	15,788
Tennis court fees	57,500	57,500	66,816	9,316
Other parks/recreation fees	77,724	77,724	161,285	83,561
Finlay Park ground reservation	15,000	15,000	16,637	1,637
Columbia Action Council event fees	137,300	137,300	78,322	(58,978)
Total charges for services	14,498,924	14,498,924	12,680,046	(1,818,878)
Fines and forfeitures				
Criminal court fines	1,300,000	1,300,000	1,020,052	(279,948)
Bond forfeiture from county courts	-	-	12,033	12,033
Late fees	10,000	10,000	1,299	(8,701)
Total fines and forfeitures	1,310,000	1,310,000	1,033,384	(276,616)

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF REVENUES & OTHER FINANCING SOURCES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues from use of money and property				
Interest on investments general	\$ 50,000	\$ 50,000	\$ 110,012	\$ 60,012
Interest gain (loss) cost/market	-	-	37,121	37,121
Total revenues from use of money and property	<u>50,000</u>	<u>50,000</u>	<u>147,133</u>	<u>97,133</u>
Other revenues				
Miscellaneous revenue	57,000	57,000	58,757	1,757
Rents and royalties	64,404	64,404	94,066	29,662
Total other revenues	<u>121,404</u>	<u>121,404</u>	<u>152,823</u>	<u>31,419</u>
TOTAL REVENUES	<u>110,809,947</u>	<u>110,809,947</u>	<u>118,187,441</u>	<u>7,377,494</u>
OTHER FINANCING SOURCES				
Sale of capital assets	<u>220,000</u>	<u>220,000</u>	<u>386,636</u>	<u>166,636</u>
Issuance of capital lease	<u>-</u>	<u>-</u>	<u>7,000,000</u>	<u>7,000,000</u>
Transfers from				
Water and sewer operating fund	4,000,000	4,000,000	6,270,000	2,270,000
Hospitality fund	2,569,143	2,569,143	2,569,143	-
Accommodations fund	25,000	25,000	25,000	-
Other funds	7,500,000	7,500,000	5,477,775	(2,022,225)
Unappropriated surplus transfer	2,340,000	3,801,844	-	(3,801,844)
Total transfers	<u>16,434,143</u>	<u>17,895,987</u>	<u>14,341,918</u>	<u>(3,554,069)</u>
Total other financing sources	<u>16,654,143</u>	<u>18,115,987</u>	<u>21,728,554</u>	<u>3,612,567</u>
Total revenues and other financing sources	<u>\$ 127,464,090</u>	<u>\$ 128,925,934</u>	<u>\$ 139,915,995</u>	<u>\$ 10,990,061</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2015

EXPENDITURES	Original Budget	Final Budget	Actual	Variance
General Government				
Legislative				
Personnel services	\$ 472,127	\$ 472,127	\$ 486,146	\$ (14,019)
Supplies	29,500	29,500	25,774	3,726
Other services and charges	216,800	242,972	184,582	58,390
Total legislative	<u>718,427</u>	<u>744,599</u>	<u>696,502</u>	<u>48,097</u>
Executive/Administration				
Personnel services	412,291	412,291	389,754	22,537
Supplies	27,230	32,225	28,098	4,127
Other services and charges	62,562	77,567	17,443	60,124
Total executive/administration	<u>502,083</u>	<u>522,083</u>	<u>435,295</u>	<u>86,788</u>
Governmental Affairs				
Personnel services	272,437	272,437	274,714	(2,277)
Supplies	16,215	16,215	11,629	4,586
Other services and charges	164,114	164,114	159,727	4,387
Total governmental affairs	<u>452,766</u>	<u>452,766</u>	<u>446,070</u>	<u>6,696</u>
Chief Financial Officer				
Personnel services	156,233	156,233	157,290	(1,057)
Supplies	3,135	10,135	7,237	2,898
Other services and charges	22,776	15,776	15,300	476
Capital outlay	-	23,256	23,256	-
Total administrative operations	<u>182,144</u>	<u>205,400</u>	<u>203,083</u>	<u>2,317</u>
Senior Assistant City Manager				
Personnel services	255,053	255,053	257,010	(1,957)
Supplies	6,655	6,655	1,393	5,262
Other services and charges	55,409	50,799	35,616	15,183
Total senior assistant city manager	<u>317,117</u>	<u>312,507</u>	<u>294,019</u>	<u>18,488</u>
Assistant City Manager for Operations				
Personnel services	272,050	272,050	295,920	(23,870)
Supplies	18,700	14,900	12,296	2,604
Other services and charges	77,694	87,495	78,594	8,901
Total assistant city manager for operations	<u>368,444</u>	<u>374,445</u>	<u>386,810</u>	<u>(12,365)</u>
Citizen's Support Services				
Personnel services	380,672	380,672	380,461	211
Supplies	17,500	17,500	17,884	(384)
Other services and charges	23,075	23,075	21,721	1,354
Total citizen's support services	<u>421,247</u>	<u>421,247</u>	<u>420,066</u>	<u>1,181</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Office of Business Opportunities				
Personnel services	\$ 367,013	\$ 367,013	\$ 350,749	\$ 16,264
Supplies	27,025	31,211	30,163	1,048
Other services and charges	164,515	160,329	167,703	(7,374)
Total office of business opportunities	<u>558,553</u>	<u>558,553</u>	<u>548,615</u>	<u>9,938</u>
Human Resources and Training				
Personnel services	876,454	876,454	812,202	64,252
Supplies	55,787	51,787	46,825	4,962
Other services and charges	48,205	52,205	43,466	8,739
Total human resources and training	<u>980,446</u>	<u>980,446</u>	<u>902,493</u>	<u>77,953</u>
Budget and Program				
Personnel services	268,536	268,536	254,671	13,865
Supplies	3,750	6,450	4,115	2,335
Other services and charges	79,650	68,950	49,089	19,861
Total budget and program	<u>351,936</u>	<u>343,936</u>	<u>307,875</u>	<u>36,061</u>
Legal				
Personnel services	1,040,146	1,216,146	889,308	326,838
Supplies	60,507	83,707	55,942	27,765
Other services and charges	959,307	760,122	742,011	18,111
Total legal	<u>2,059,960</u>	<u>2,059,975</u>	<u>1,687,261</u>	<u>372,714</u>
Public Information				
Personnel services	410,043	410,043	404,689	5,354
Supplies	54,203	54,530	45,461	9,069
Other services and charges	108,889	108,598	110,846	(2,248)
Total public information	<u>573,135</u>	<u>573,171</u>	<u>560,996</u>	<u>12,175</u>
Total General Government	<u>7,486,258</u>	<u>7,549,128</u>	<u>6,889,085</u>	<u>660,043</u>
Judicial				
Municipal Court				
Personnel services	2,309,819	2,310,769	2,231,330	79,439
Supplies	88,695	95,395	97,240	(1,845)
Other services and charges	249,500	241,865	211,388	30,477
Capital outlay	-	74,102	50,852	23,250
Total municipal court	<u>2,648,014</u>	<u>2,722,131</u>	<u>2,590,810</u>	<u>131,321</u>
Total Judicial	<u>2,648,014</u>	<u>2,722,131</u>	<u>2,590,810</u>	<u>131,321</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Finance Department				
Administration				
Personnel services	\$ 135,090	\$ 135,090	\$ 136,154	\$ (1,064)
Supplies	5,000	5,000	1,141	3,859
Other services and charges	59,980	59,980	58,116	1,864
	<u>200,070</u>	<u>200,070</u>	<u>195,411</u>	<u>4,659</u>
Total administration				
Accounting				
Personnel services	793,697	793,697	713,893	79,804
Supplies	22,350	22,350	16,511	5,839
Other services and charges	105,280	105,280	89,242	16,038
	<u>921,327</u>	<u>921,327</u>	<u>819,646</u>	<u>101,681</u>
Total accounting				
Business License				
Personnel services	666,494	666,494	646,201	20,293
Supplies	26,638	26,638	27,704	(1,066)
Other services and charges	97,607	97,607	90,321	7,286
	<u>790,739</u>	<u>790,739</u>	<u>764,226</u>	<u>26,513</u>
Total business license				
Total Finance Department				
	<u>1,912,136</u>	<u>1,912,136</u>	<u>1,779,283</u>	<u>132,853</u>
Development Services and Planning				
Development Services				
Personnel services	2,719,311	2,719,311	2,766,588	(47,277)
Supplies	114,245	114,245	85,477	28,768
Other services and charges	544,020	880,842	376,852	503,990
Capital outlay	50,740	74,390	256,496	(182,106)
	<u>3,428,316</u>	<u>3,788,788</u>	<u>3,485,413</u>	<u>303,375</u>
Total development services				
Total Development Services and Planning				
	<u>3,428,316</u>	<u>3,788,788</u>	<u>3,485,413</u>	<u>303,375</u>
Public Safety				
Police Department				
Administrative Services				
Personnel services	3,312,346	3,312,346	2,467,566	844,780
Supplies	987,581	987,581	730,857	256,724
Other services and charges	1,604,286	1,604,320	1,834,482	(230,162)
Capital outlay	-	-	7,557	(7,557)
	<u>5,904,213</u>	<u>5,904,247</u>	<u>5,040,462</u>	<u>863,785</u>
Total administrative services				

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Operations				
Personnel services	\$ 18,935,647	\$ 18,935,647	\$ 16,361,612	\$ 2,574,035
Supplies	1,187,287	2,003,114	1,166,261	836,853
Other services and charges	789,721	790,935	809,455	(18,520)
Capital outlay	-	1,753,912	528,750	1,225,162
Total operations	<u>20,912,655</u>	<u>23,483,608</u>	<u>18,866,078</u>	<u>4,617,530</u>
Special Services				
Personnel services	7,398,987	7,398,987	9,670,208	(2,271,221)
Supplies	360,929	360,929	212,027	148,902
Other services and charges	254,173	254,173	290,564	(36,391)
Capital outlay	-	179,886	8,500	171,386
Total special services	<u>8,014,089</u>	<u>8,193,975</u>	<u>10,181,299</u>	<u>(1,987,324)</u>
Total Police Department	<u>34,830,957</u>	<u>37,581,830</u>	<u>34,087,839</u>	<u>3,493,991</u>
Fire Department - City				
Administration				
Personnel services	933,513	933,513	891,789	41,724
Supplies	31,425	43,425	35,208	8,217
Other services and charges	30,260	20,960	24,587	(3,627)
Capital outlay	70,000	70,000	-	70,000
Total administration	<u>1,065,198</u>	<u>1,067,898</u>	<u>951,584</u>	<u>116,314</u>
Fire Prevention				
Personnel services	1,093,885	1,093,885	1,032,705	61,180
Supplies	82,304	44,304	38,844	5,460
Other services and charges	81,950	66,150	60,698	5,452
Capital outlay	20,000	20,000	-	20,000
Total fire prevention	<u>1,278,139</u>	<u>1,224,339</u>	<u>1,132,247</u>	<u>92,092</u>
Fire Suppression				
Personnel services	14,569,577	14,569,577	15,024,907	(455,330)
Supplies	1,334,500	1,237,980	1,045,102	192,878
Other services and charges	1,439,400	1,604,490	1,425,558	178,932
Capital outlay	20,000	2,190,351	1,131,496	1,058,855
Total fire suppression	<u>17,363,477</u>	<u>19,602,398</u>	<u>18,627,063</u>	<u>975,335</u>
Fire Logistics				
Personnel services	132,323	132,323	127,904	4,419
Supplies	98,605	77,605	49,000	28,605
Other services and charges	73,000	58,100	50,606	7,494
Capital outlay	72,500	72,500	12,231	60,269
Total fire logistics	<u>376,428</u>	<u>340,528</u>	<u>239,741</u>	<u>100,787</u>
Total Fire Department - City	<u>20,083,242</u>	<u>22,235,163</u>	<u>20,950,635</u>	<u>1,284,528</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
911 Emergency and 311 Center				
Personnel services	\$ 2,642,086	\$ 2,642,086	\$ 2,428,035	\$ 214,051
Supplies	54,400	68,767	44,489	24,278
Other services and charges	248,550	248,550	195,981	52,569
	<u>2,945,036</u>	<u>2,959,403</u>	<u>2,668,505</u>	<u>290,898</u>
Total 911 Emergency and 311 Center				
	<u>2,945,036</u>	<u>2,959,403</u>	<u>2,668,505</u>	<u>290,898</u>
Total Public Safety	<u>57,859,235</u>	<u>62,776,396</u>	<u>57,706,979</u>	<u>5,069,417</u>
Parks and Recreation				
Recreation				
Personnel services	3,940,579	3,856,079	3,656,044	200,035
Supplies	161,320	159,903	170,034	(10,131)
Other services and charges	1,081,374	1,077,241	1,251,255	(174,014)
Capital outlay	-	92,752	92,742	10
	<u>5,183,273</u>	<u>5,185,975</u>	<u>5,170,075</u>	<u>15,900</u>
Total recreation	<u>5,183,273</u>	<u>5,185,975</u>	<u>5,170,075</u>	<u>15,900</u>
Parks				
Personnel services	4,416,100	4,355,950	4,310,735	45,215
Supplies	477,458	581,733	537,395	44,338
Other services and charges	676,569	711,622	677,901	33,721
Capital outlay	225,000	418,081	238,604	179,477
	<u>5,795,127</u>	<u>6,067,386</u>	<u>5,764,635</u>	<u>302,751</u>
Total parks	<u>5,795,127</u>	<u>6,067,386</u>	<u>5,764,635</u>	<u>302,751</u>
Total Parks and Recreation	<u>10,978,400</u>	<u>11,253,361</u>	<u>10,934,710</u>	<u>318,651</u>
Public Works				
Administration				
Personnel services	350,125	350,125	310,851	39,274
Supplies	27,650	32,550	19,288	13,262
Other services and charges	108,650	114,650	120,355	(5,705)
	<u>486,425</u>	<u>497,325</u>	<u>450,494</u>	<u>46,831</u>
Total administration	<u>486,425</u>	<u>497,325</u>	<u>450,494</u>	<u>46,831</u>
Solid Waste				
Personnel services	4,400,379	4,400,379	4,249,160	151,219
Supplies	1,327,896	1,373,060	910,498	462,562
Other services and charges	2,344,535	2,219,970	1,902,763	317,207
Capital outlay	15,000	1,517,668	810,244	707,424
	<u>8,087,810</u>	<u>9,511,077</u>	<u>7,872,665</u>	<u>1,638,412</u>
Total solid waste	<u>8,087,810</u>	<u>9,511,077</u>	<u>7,872,665</u>	<u>1,638,412</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance
Streets and Storm Drains				
Personnel services	\$ 1,815,856	\$ 1,815,856	\$ 1,466,476	\$ 349,380
Supplies	229,935	234,710	186,471	48,239
Other services and charges	108,075	110,092	91,934	18,158
Capital outlay	29,700	314,853	278,888	35,965
Total streets and storm drains	<u>2,183,566</u>	<u>2,475,511</u>	<u>2,023,769</u>	<u>451,742</u>
Animal Control				
Personnel services	1,150,523	1,150,523	1,132,152	18,371
Supplies	174,266	189,801	177,196	12,605
Other services and charges	138,673	123,155	126,369	(3,214)
Capital outlay	-	19,342	-	19,342
Total animal control	<u>1,463,462</u>	<u>1,482,821</u>	<u>1,435,717</u>	<u>47,104</u>
Forestry and Beautification				
Personnel services	1,729,981	1,729,981	1,528,184	201,797
Supplies	216,777	216,527	165,842	50,685
Other services and charges	266,802	266,904	252,693	14,211
Capital outlay	8,500	487,447	410,306	77,141
Total forestry and beautification	<u>2,222,060</u>	<u>2,700,859</u>	<u>2,357,025</u>	<u>343,834</u>
Traffic Engineering				
Personnel services	1,350,224	1,350,224	1,299,345	50,879
Supplies	196,045	227,545	164,740	62,805
Other services and charges	2,103,394	2,112,394	2,153,110	(40,716)
Capital outlay	38,850	136,813	123,762	13,051
Total traffic engineering	<u>3,688,513</u>	<u>3,826,976</u>	<u>3,740,957</u>	<u>86,019</u>
Total Public Works	<u>18,131,836</u>	<u>20,494,569</u>	<u>17,880,627</u>	<u>2,613,942</u>
General Services				
Information Technology				
Personnel services	2,094,766	2,094,766	1,735,331	359,435
Supplies	162,780	162,780	122,406	40,374
Other services and charges	1,397,428	1,423,176	1,091,123	332,053
Capital outlay	-	21,331	274,042	(252,711)
Total information technology	<u>3,654,974</u>	<u>3,702,053</u>	<u>3,222,902</u>	<u>479,151</u>
Support Services				
Personnel services	558,303	558,303	534,016	24,287
Supplies	59,550	59,550	62,968	(3,418)
Other services and charges	1,298,905	1,328,007	1,134,609	193,398
Capital outlay	665,000	775,912	276,175	499,737
Total public buildings	<u>2,581,758</u>	<u>2,721,772</u>	<u>2,007,768</u>	<u>714,004</u>
Total General Services	<u>6,236,732</u>	<u>6,423,825</u>	<u>5,230,670</u>	<u>1,193,155</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
GENERAL FUND
(Continued)

For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Promotion				
Community promotion	\$ 270,670	\$ 270,670	\$ 175,670	\$ 95,000
Total Community Promotion	<u>270,670</u>	<u>270,670</u>	<u>175,670</u>	<u>95,000</u>
Community Development				
Personnel services	290,688	290,688	281,596	9,092
Supplies	24,100	24,100	36,512	(12,412)
Other services and charges	32,150	32,167	51,493	(19,326)
Capital outlay	-	23,534	-	23,534
Total community development	<u>346,938</u>	<u>370,489</u>	<u>369,601</u>	<u>888</u>
Nondepartmental				
Contingencies				
Supplies	475,000	-	-	-
Other services and charges	889,290	1,080,290	910,345	169,945
Capital Outlay	-	-	3,988,916	(3,988,916)
Total contingencies	<u>1,364,290</u>	<u>1,080,290</u>	<u>4,899,261</u>	<u>(3,818,971)</u>
Administration				
Other services and charges	<u>505,000</u>	<u>505,000</u>	<u>515,801</u>	<u>(10,801)</u>
Total administration	<u>505,000</u>	<u>505,000</u>	<u>515,801</u>	<u>(10,801)</u>
Homeless Services				
Other services and charges	<u>1,000,000</u>	<u>1,000,000</u>	<u>843,550</u>	<u>156,450</u>
Total homeless services	<u>1,000,000</u>	<u>1,000,000</u>	<u>843,550</u>	<u>156,450</u>
Debt Service				
Principal payments on debt	-	-	936,791	(936,791)
Interest payments on debt	-	-	910,452	(910,452)
Total debt service	<u>-</u>	<u>-</u>	<u>1,847,243</u>	<u>(1,847,243)</u>
Total Nondepartmental	<u>2,869,290</u>	<u>2,585,290</u>	<u>8,105,855</u>	<u>(5,520,565)</u>
TOTAL EXPENDITURES	<u>112,167,825</u>	<u>120,146,783</u>	<u>115,148,703</u>	<u>4,998,080</u>
OTHER FINANCING USES				
Transfers to Other Funds				
Debt service	5,927,980	5,927,980	5,927,980	-
Transfers interfund	9,368,285	2,851,171	11,439,899	(8,588,728)
Total Transfers to Other Funds	<u>15,296,265</u>	<u>8,779,151</u>	<u>17,367,879</u>	<u>(8,588,728)</u>
Total Other Financing Uses	<u>15,296,265</u>	<u>8,779,151</u>	<u>17,367,879</u>	<u>(8,588,728)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 127,464,090</u>	<u>\$ 128,925,934</u>	<u>\$ 132,516,582</u>	<u>\$ (3,590,648)</u>

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Liquor Permit Fee – accounts for receipts from the sale of temporary permits to allow the possession, sale, and consumption of alcoholic liquors for a period not to exceed 24 hours.

Business Improvement District accounts for the Business Improvement District taxes assessed on the business in the downtown area of the City to promote downtown beatification.

Accommodations Tax accounts for the 2% State Hotel Accommodations Tax receipts to promote tourism-related activities of City organizations.

Confiscated Drug Program accounts for the disposition of forfeited property and money seized in Columbia by law enforcement agencies.

Hospitality Tax accounts for a 2% gross sales tax on prepared food and beverages sold in establishments to promote tourism-related activities of City organizations.

Community Development grants and awards accounts for the Community Development Block Grants and other community development type grants.

Federal Grants accounts for the receipt of Federal grants except for Community Development Block Grants.

Other Programs – accounts for miscellaneous programs for park improvements and special events.

Tourism Development Convention Center accounts for a 3% Tourism Development Fee imposed upon the rental of hotels, motels, and other lodging establishments in the City. This fee is dedicated to the attraction of and improvement of the services provided to tourists and to the retirement of the Series 2012 Certificates of Participation revenue bonds.

Debt Service Funds

Debt Service accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments financed by the Tourism Development Convention Center fund and the proprietary fund types. Ad valorem taxes, interest earnings on the investments of the Debt Service Fund, and interest earned on investments of certain Capital Projects Funds are used for the payment of principal, interest, and fiscal agent expenditures on the City's general obligation and revenue bonds.

Capital Project Funds

Congaree Vista District accounts for the construction and development of parks and infrastructure within the Congaree Vista District funded by tax increment district property tax revenues.

Streetscaping accounts for capital improvements to street landscaping.

General Capital Projects accounts for various capital improvements in the City.

Miscellaneous Projects accounts for various capital projects funded by the General Fund.

Permanent Trust

Anna Dickson Park Fund accounts for an endowment for which the investment income must be used to purchase flowers for the parks.

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2015

	Special Revenue									
	Liquor Permit Fee	Business Improvement District	Accommodations Tax	Confiscated Drug Program	Hospitality Tax	Community Development	Federal Grants	Other Programs	Tourism Development Convention Center	Total
ASSETS										
Cash and cash equivalents	\$ 533,603	\$ -	\$ 136,213	\$ 261,323	\$ 840,122	\$ -	\$ -	\$ 214,158	\$ 5,023,475	\$ 7,008,894
Investments	-	-	-	47,679	-	-	-	-	-	47,679
Due from the Federal government	-	-	-	-	-	671,334	261,168	-	-	932,502
Due from State government	26,580	-	741,860	-	-	-	-	-	-	768,440
Due from County government	-	-	-	-	-	-	-	500,130	-	500,130
Accrued interest receivable	-	-	-	-	-	-	-	9	-	9
Due from other funds	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 560,183	\$ -	\$ 878,073	\$ 309,002	\$ 840,122	\$ 671,334	\$ 261,168	\$ 214,158	\$ 5,523,614	\$ 9,257,654
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 1,583	\$ 21,841	\$ 960	\$ 256,828	\$ 79,656	\$ 3,094	\$ 7,800	\$ 371,762
Accrued salaries and benefits	-	-	-	-	-	21,587	2,519	4,770	-	28,876
Retainage payable	-	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	825,000	-	-	-	-	-	-	825,000
Refundable advances	-	-	-	55,539	-	727	23,803	-	-	80,069
Due to other funds	-	-	-	-	-	392,192	155,190	-	-	547,382
Total liabilities	-	-	826,583	77,380	960	671,334	261,168	7,864	7,800	1,853,089
Fund balances										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	560,183	-	51,490	231,622	839,162	-	-	206,294	5,515,814	7,404,565
Assigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	560,183	-	51,490	231,622	839,162	-	-	206,294	5,515,814	7,404,565
TOTAL LIABILITIES AND FUND BALANCES	\$ 560,183	\$ -	\$ 878,073	\$ 309,002	\$ 840,122	\$ 671,334	\$ 261,168	\$ 214,158	\$ 5,523,614	\$ 9,257,654

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

June 30, 2015

	<u>Capital Projects</u>					<u>Permanent Trust</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service Fund</u>	<u>Congaree Vista District</u>	<u>Streetscaping</u>	<u>General Capital Projects</u>	<u>Miscellaneous Projects</u>	<u>Total</u>	<u>Dickson Trust</u>	
ASSETS								
Cash and cash equivalents	\$ 3,232,499	\$ 5,548,755	\$ 7,595,360	\$ 9,063,393	\$ 901,425	\$ 23,108,933	\$ 5,586	\$ 33,355,912
Investments	746,433	-	-	-	31,638,499	31,638,499	-	32,432,611
Due from the Federal government	-	-	-	-	-	-	-	932,502
Due from State government	-	-	-	-	2,246,813	2,246,813	-	3,015,253
Due from County government	-	-	-	-	-	-	-	500,130
Accrued interest receivable	-	-	-	-	6	6	-	15
Due from other funds	-	100,000	-	600,956	2,285,244	2,986,200	-	2,986,200
TOTAL ASSETS	<u>\$ 3,978,932</u>	<u>\$ 5,648,755</u>	<u>\$ 7,595,360</u>	<u>\$ 9,664,349</u>	<u>\$ 37,071,987</u>	<u>\$ 59,980,451</u>	<u>\$ 5,586</u>	<u>\$ 73,222,623</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 38,546	\$ 465,111	\$ 3,587,764	\$ 4,091,421	\$ -	\$ 4,463,183
Accrued salaries and benefits	-	-	-	-	-	-	-	28,876
Retainage payable	-	-	105,159	80,287	353,222	538,668	-	538,668
Due to component unit	-	-	-	-	-	-	-	825,000
Refundable advances	-	-	-	-	-	-	-	80,069
Due to other funds	-	-	-	-	1,396,270	1,396,270	-	1,943,652
Total liabilities	<u>-</u>	<u>-</u>	<u>143,705</u>	<u>545,398</u>	<u>5,337,256</u>	<u>6,026,359</u>	<u>-</u>	<u>7,879,448</u>
Fund balances								
Nonspendable	-	-	-	-	-	-	5,000	5,000
Restricted	3,978,932	5,648,755	-	-	31,734,731	37,383,486	586	48,767,569
Assigned	-	-	7,451,655	9,118,951	-	16,570,606	-	16,570,606
Total fund balances	<u>3,978,932</u>	<u>5,648,755</u>	<u>7,451,655</u>	<u>9,118,951</u>	<u>31,734,731</u>	<u>53,954,092</u>	<u>5,586</u>	<u>65,343,175</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,978,932</u>	<u>\$ 5,648,755</u>	<u>\$ 7,595,360</u>	<u>\$ 9,664,349</u>	<u>\$ 37,071,987</u>	<u>\$ 59,980,451</u>	<u>\$ 5,586</u>	<u>\$ 73,222,623</u>

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2015

	Special Revenue									
	Liquor Permit Fee	Business Improvement District	Accommodations Tax	Confiscated Drug Program	Hospitality Tax	Community Development	Federal Grants	Other Programs	Tourism Development Convention Center	Total
REVENUES										
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,890,899	\$ 543,493	\$ -	\$ -	\$ 3,434,392
State government	411,210	-	-	-	-	-	-	-	-	411,210
County government	-	778,396	-	-	-	-	-	-	5,828,040	6,606,436
Promotions	-	-	-	-	-	-	-	43,606	-	43,606
Charges for services	-	-	-	-	-	-	-	68,974	-	68,974
Fines and forfeitures	-	-	-	-	-	-	-	203,769	-	203,769
Confiscated funds	-	-	-	279,147	-	-	-	-	-	279,147
Sales and hospitality taxes	-	-	2,084,883	-	10,450,637	-	-	-	-	12,535,520
Interest income	-	-	-	91	4,907	-	-	-	110	5,108
Other revenue	-	-	-	-	-	168	285,714	-	-	285,882
Total revenues	<u>411,210</u>	<u>778,396</u>	<u>2,084,883</u>	<u>279,238</u>	<u>10,455,544</u>	<u>2,891,067</u>	<u>829,207</u>	<u>316,349</u>	<u>5,828,150</u>	<u>23,874,044</u>
EXPENDITURES										
Current										
General government	-	-	8,848	-	-	-	93,719	-	-	102,567
Public safety	-	-	-	181,671	-	-	531,229	179,487	-	892,387
Public services	-	-	-	-	-	-	-	-	-	-
Community promotion	-	778,396	2,566,972	-	6,308,175	2,263,578	-	82,361	13,407	12,012,889
Debt Service										
Principal	-	-	-	-	-	-	-	-	2,275,000	2,275,000
Interest and other charges	-	-	-	-	-	-	-	-	451,588	451,588
Fiscal agent charges	-	-	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay										
Capital outlay	-	-	-	65,967	-	-	205,561	-	11,000	282,528
Total expenditures	<u>-</u>	<u>778,396</u>	<u>2,575,820</u>	<u>247,638</u>	<u>6,308,175</u>	<u>2,263,578</u>	<u>830,509</u>	<u>261,848</u>	<u>2,750,995</u>	<u>16,016,959</u>
Excess (deficiency) of revenues over expenditures	<u>411,210</u>	<u>-</u>	<u>(490,937)</u>	<u>31,600</u>	<u>4,147,369</u>	<u>627,489</u>	<u>(1,302)</u>	<u>54,501</u>	<u>3,077,155</u>	<u>7,857,085</u>
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	238,257	1,302	1,182	-	240,741
Transfers out	-	-	(25,000)	-	(5,211,710)	(865,746)	-	-	-	(6,102,456)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>(5,211,710)</u>	<u>(627,489)</u>	<u>1,302</u>	<u>1,182</u>	<u>-</u>	<u>(5,861,715)</u>
Net change in fund balances	411,210	-	(515,937)	31,600	(1,064,341)	-	-	55,683	3,077,155	1,995,370
Fund balances - beginning	148,973	-	567,427	200,022	1,903,503	-	-	150,611	2,438,659	5,409,195
Fund balances - ending	<u>\$ 560,183</u>	<u>\$ -</u>	<u>\$ 51,490</u>	<u>\$ 231,622</u>	<u>\$ 839,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,294</u>	<u>\$ 5,515,814</u>	<u>\$ 7,404,565</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Year Ended June 30, 2015

	Capital Projects					Permanent Trust	Total Nonmajor Governmental Funds
	Debt Service Fund	Congaree Vista District	Streetscaping	General Capital Projects	Miscellaneous Projects	Total	
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,434,392
State government	-	-	-	25,990	2,944,480	2,970,470	3,381,680
County government	-	-	-	-	-	-	6,606,436
Promotions	-	-	-	-	-	-	43,606
Charges for services	-	-	-	-	-	-	68,974
Fines and forfeitures	-	-	-	-	-	-	203,769
Confiscated funds	-	-	-	-	-	-	279,147
Sales and hospitality taxes	-	-	-	-	-	-	12,535,520
Interest income	104	-	-	-	10,916	10,916	16,133
Other revenue	-	267,000	935,401	22,524	26,834	1,251,759	1,537,641
Total revenues	<u>104</u>	<u>267,000</u>	<u>935,401</u>	<u>48,514</u>	<u>2,982,230</u>	<u>4,233,145</u>	<u>5</u> <u>28,107,298</u>
EXPENDITURES							
Current							
General government	-	216,205	-	-	-	216,205	318,772
Public safety	-	-	-	-	-	-	892,387
Public services	-	-	-	-	700,962	700,962	700,962
Community promotion	-	-	-	783,942	-	783,942	12,796,831
Debt Service							
Principal	6,115,000	-	-	-	-	-	8,390,000
Interest and other charges	1,810,806	-	-	-	-	-	2,262,394
Fiscal agent charges	5,461	-	-	-	-	-	5,461
Debt issuance costs	-	-	-	-	904,310	904,310	904,310
Capital Outlay							
Capital outlay	-	20,390	979,795	2,565,808	8,121,498	11,687,491	11,970,019
Total expenditures	<u>7,931,267</u>	<u>236,595</u>	<u>979,795</u>	<u>3,349,750</u>	<u>9,726,770</u>	<u>14,292,910</u>	<u>-</u> <u>38,241,136</u>
Excess (deficiency) of revenues over expenditures	<u>(7,931,163)</u>	<u>30,405</u>	<u>(44,394)</u>	<u>(3,301,236)</u>	<u>(6,744,540)</u>	<u>(10,059,765)</u>	<u>5</u> <u>(10,133,838)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	26,175,000	26,175,000	26,175,000
Premium on debt issuance	-	-	-	-	3,747,839	3,747,839	3,747,839
Transfers in	8,570,547	-	-	7,247,754	125,873	7,373,627	16,184,915
Transfers out	-	-	-	-	(5,766,784)	(5,766,784)	(11,869,240)
Total other financing sources and uses	<u>8,570,547</u>	<u>-</u>	<u>-</u>	<u>7,247,754</u>	<u>24,281,928</u>	<u>31,529,682</u>	<u>-</u> <u>34,238,514</u>
Net change in fund balances	639,384	30,405	(44,394)	3,946,518	17,537,388	21,469,917	5 24,104,676
Fund balances - beginning	3,339,548	5,618,350	7,496,049	5,172,433	14,197,343	32,484,175	5,581 41,238,499
Fund balances - ending	<u>\$ 3,978,932</u>	<u>\$ 5,648,755</u>	<u>\$ 7,451,655</u>	<u>\$ 9,118,951</u>	<u>\$ 31,734,731</u>	<u>\$ 53,954,092</u>	<u>\$ 5,586</u> <u>\$ 65,343,175</u>

NONMAJOR PROPRIETARY FUNDS

Nonmajor Proprietary Funds are used to account for operations of the City (a) that are financed and operated in a manner similar to private business where the intent is for the cost of providing goods or services to be recovered, in whole or in part, through user charges; or (b) where the City Council has 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. These funds include:

Hydro-Electric Facilities Fund accounts for hydro-electric plant activities.

Stormwater Facilities Fund accounts for stormwater utility activities.

Redevelopment Programs Fund accounts for various home rehabilitation and mortgage lending programs funded from various sources.

Parks and Recreation Camp Fund accounts for the parks and recreations camp activities.

Economic Development Fund accounts for economic development activities.

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS**

June 30, 2015

	Hydro Electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Economic Development Fund	Total Nonmajor Proprietary Funds
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 305,409	\$ 14,071,548	\$ 6,358,765	\$ 148,611	\$ -	\$ 20,884,333
Investments	-	5,679,240	-	-	-	5,679,240
Accounts receivable, net	119,530	4,213	-	-	-	123,743
Mortgage notes receivable, net	-	-	420,471	-	-	420,471
Accrued interest receivable	-	11,626	-	-	-	11,626
Due from component units	-	-	370,168	-	-	370,168
Prepaid expenses	-	9,286	-	-	-	9,286
Real estate held for resale	-	-	84,810	-	-	84,810
Total current assets	424,939	19,775,913	7,234,214	148,611	-	27,583,677
Noncurrent Assets						
Mortgage notes receivable, net	-	-	20,603,101	-	-	20,603,101
Capital assets						
Land	327,169	19,009	-	-	-	346,178
Buildings, improvements, and utility plant	16,173,300	13,467,245	-	-	-	29,640,545
Machinery and equipment	-	3,570,322	-	-	-	3,570,322
Less accumulated depreciation	(4,124,192)	(4,330,635)	-	-	-	(8,454,827)
Construction in progress	-	2,910,068	-	-	-	2,910,068
Net capital assets	12,376,277	15,636,009	-	-	-	28,012,286
Total noncurrent assets	12,376,277	15,636,009	20,603,101	-	-	48,615,387
TOTAL ASSETS	12,801,216	35,411,922	27,837,315	148,611	-	76,199,064
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to net pension liability	-	255,314	19,156	15,288	-	289,758
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 12,801,216	\$ 35,667,236	\$ 27,856,471	\$ 163,899	\$ -	\$ 76,488,822
LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION						
Current Liabilities						
Accounts payable	\$ 58	\$ 456,752	\$ 56,089	\$ 8,123	\$ -	\$ 521,022
Accrued salaries and benefits	-	85,761	6,738	19,791	-	112,290
Compensated absences	-	14,250	4,079	-	-	18,329
Retainage payable	-	164,102	-	-	-	164,102
Total current liabilities	58	720,865	66,906	27,914	-	815,743
Noncurrent Liabilities						
Net pension liability	-	2,674,342	202,356	160,140	-	3,036,838
Compensated absences	-	57,001	16,314	-	-	73,315
Total noncurrent liabilities	-	2,731,343	218,670	160,140	-	3,110,153
Total liabilities	58	3,452,208	285,576	188,054	-	3,925,896
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to net pension liability	-	256,253	19,227	15,344	-	290,824
Fund Net Position						
Net investment in capital assets	12,376,277	15,636,009	-	-	-	28,012,286
Unrestricted	424,881	16,322,766	27,551,668	(39,499)	-	44,259,816
Total fund net position	12,801,158	31,958,775	27,551,668	(39,499)	-	72,272,102
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION	\$ 12,801,216	\$ 35,667,236	\$ 27,856,471	\$ 163,899	\$ -	\$ 76,488,822

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2015

	Hydro Electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Economic Development Fund	Total Nonmajor Proprietary Funds
Operating revenues						
Charges for service	\$ 2,537,971	\$ 7,222,413	\$ 542,030	\$ 300,931	\$ -	\$ 10,603,345
Other operating revenue	-	300,000	450,020	-	-	750,020
Total operating revenues	2,537,971	7,522,413	992,050	300,931	-	11,353,365
Operating expenses						
Personnel services	-	2,573,024	183,186	224,767	-	2,980,977
Materials and supplies	-	223,099	1,636	48,916	-	273,651
Other services and charges	2,099,077	1,044,520	494,270	32,536	-	3,670,403
Depreciation	323,466	790,049	-	-	-	1,113,515
Bad debt expense	-	-	468,660	-	-	468,660
Total operating expenses	2,422,543	4,630,692	1,147,752	306,219	-	8,507,206
Operating income (loss)	115,428	2,891,721	(155,702)	(5,288)	-	2,846,159
Nonoperating revenues (expenses)						
Investment income (loss)	-	90,231	-	-	-	90,231
Other nonoperating revenue	500,000	-	-	-	-	500,000
Gain from sale of assets	-	11,205	88,871	-	-	100,076
Total nonoperating revenues (expenses)	500,000	101,436	88,871	-	-	690,307
Income (loss) before transfers	615,428	2,993,157	(66,831)	(5,288)	-	3,536,466
Transfers						
Transfers in	-	500,000	598,236	-	-	1,098,236
Transfers out	(500,000)	(84,076)	(240,604)	(10,750)	-	(835,430)
Total transfers	(500,000)	415,924	357,632	(10,750)	-	262,806
Change in net position	115,428	3,409,081	290,801	(16,038)	-	3,799,272
Net position - beginning as previously reported	12,685,730	31,202,273	27,459,892	135,376	-	71,483,271
Restatement (Note VII. C.)	-	(2,652,579)	(199,025)	(158,837)	-	(3,010,441)
Net position - beginning as restated	12,685,730	28,549,694	27,260,867	(23,461)	-	68,472,830
Net position - ending	\$ 12,801,158	\$ 31,958,775	\$ 27,551,668	\$ (39,499)	\$ -	\$ 72,272,102

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS**

Year Ended June 30, 2015

	Hydro Electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Economic Development Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 2,795,015	\$ 7,520,620	\$ 992,050	\$ 300,931	\$ -	\$ 11,608,616
Internal activity - payments to other funds	-	(790,826)	-	(13,663)	-	(804,489)
Payments to suppliers	(2,099,433)	(1,013,654)	(602,427)	(77,542)	-	(3,793,056)
Payments to employees	-	(2,084,675)	(177,373)	(210,050)	-	(2,472,098)
Net cash provided by (used in) operating activities	<u>695,582</u>	<u>3,631,465</u>	<u>212,250</u>	<u>(324)</u>	<u>-</u>	<u>4,538,973</u>
Cash Flows From Noncapital Financing Activities						
Advances from other funds	-	-	1,665	-	-	1,665
Advances to other funds	-	-	-	-	(7,000,000)	(7,000,000)
Transfers in	-	500,000	598,236	-	-	1,098,236
Transfers out	(500,000)	(84,076)	(240,604)	(10,750)	-	(835,430)
Net cash provided by (used in) noncapital financing activities	<u>(500,000)</u>	<u>415,924</u>	<u>359,297</u>	<u>(10,750)</u>	<u>(7,000,000)</u>	<u>(6,735,529)</u>
Cash Flows From Capital And Related Financing Activities						
Purchase of capital assets	-	(4,204,077)	-	-	-	(4,204,077)
Proceeds from sale of capital assets	-	11,205	88,871	-	-	100,076
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>(4,192,872)</u>	<u>88,871</u>	<u>-</u>	<u>-</u>	<u>(4,104,001)</u>
Cash Flows From Investing Activities						
Sale of investments	-	333,795	-	-	-	333,795
Advances of mortgage notes receivable	-	-	(3,056,979)	-	(96,915)	(3,153,894)
Collections of mortgage notes receivable	-	-	2,567,568	-	5,909,222	8,476,790
Interest received	-	89,812	-	-	-	89,812
Net cash provided by (used in) investing activities	<u>-</u>	<u>423,607</u>	<u>(489,411)</u>	<u>-</u>	<u>5,812,307</u>	<u>5,746,503</u>
Net increase (decrease) in cash and cash equivalents	195,582	278,124	171,007	(11,074)	(1,187,693)	(554,054)
Cash and cash equivalents, July 1, 2014	109,827	13,793,424	6,187,758	159,685	1,187,693	21,438,387
Cash and cash equivalents, June 30, 2015	<u>\$ 305,409</u>	<u>\$ 14,071,548</u>	<u>\$ 6,358,765</u>	<u>\$ 148,611</u>	<u>\$ -</u>	<u>\$ 20,884,333</u>

(Continued)

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (CONTINUED)**

Year Ended June 30, 2015

	Hydro Electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Economic Development Fund	Total Nonmajor Proprietary Funds
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities						
Operating income (loss)	<u>\$ 115,428</u>	<u>\$ 2,891,721</u>	<u>\$ (155,702)</u>	<u>\$ (5,288)</u>	<u>\$ -</u>	<u>\$ 2,846,159</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation	323,466	790,049	-	-	-	1,113,515
Accrued benefits related to net pension liability	-	34,745	3,452	1,359	-	39,556
Bad debt expense	-	-	468,660	-	-	468,660
Change in operating assets and liabilities						
Accounts receivable	257,044	(1,793)	-	-	-	255,251
Prepaid expenses	-	510	-	-	-	510
Accounts payable	(356)	(76,433)	(106,521)	3,910	-	(179,400)
Accrued salaries	-	(3,914)	554	(305)	-	(3,665)
Accrued compensated absences	-	(3,420)	1,807	-	-	(1,613)
Total adjustments	<u>580,154</u>	<u>739,744</u>	<u>367,952</u>	<u>4,964</u>	<u>-</u>	<u>1,692,814</u>
Net cash provided by (used in) operating activities	<u><u>\$ 695,582</u></u>	<u><u>\$ 3,631,465</u></u>	<u><u>\$ 212,250</u></u>	<u><u>\$ (324)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,538,973</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies in the City, or to other governments, on a user charge basis. These funds include:

Fleet Management accounts for the maintenance and repair of vehicles.

Support Services accounts for a decentralized governmental and enterprise inventory system, a central supply facility, procurement functions, and the City's general maintenance functions.

Risk Management accounts for the costs associated with self-funded liability plans for employee health, worker's compensation, and tort liability for all City departments.

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2015

	Fleet Management	Support Services	Risk Management	Totals Internal Service Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,866,344	\$ 69,555	\$ 63,236,789	\$ 65,172,688
Accounts receivable	60,700	-	279,602	340,302
Prepaid expenses	5,944	180,487	-	186,431
Inventory	-	686,763	-	686,763
Total current assets	<u>1,932,988</u>	<u>936,805</u>	<u>63,516,391</u>	<u>66,386,184</u>
Noncurrent Assets				
Deposits	-	-	78,745	78,745
Capital assets				
Buildings	903,586	-	-	903,586
Machinery and equipment	507,658	1,315,361	-	1,823,019
Less accumulated depreciation	(984,842)	(529,259)	-	(1,514,101)
Total capital assets (net of accumulated depreciation)	<u>426,402</u>	<u>786,102</u>	<u>-</u>	<u>1,212,504</u>
Total noncurrent assets	<u>426,402</u>	<u>786,102</u>	<u>78,745</u>	<u>1,291,249</u>
TOTAL ASSETS	<u>2,359,390</u>	<u>1,722,907</u>	<u>63,595,136</u>	<u>67,677,433</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net pension liability	<u>255,314</u>	<u>122,306</u>	<u>21,404</u>	<u>399,024</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>255,314</u>	<u>122,306</u>	<u>21,404</u>	<u>399,024</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,614,704</u>	<u>\$ 1,845,213</u>	<u>\$ 63,616,540</u>	<u>\$ 68,076,457</u>
LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION				
Current Liabilities				
Accounts payable	\$ 2,129,932	\$ 433,790	\$ 320,292	\$ 2,884,014
Accrued salaries and benefits	84,750	30,214	14,724	129,688
Accrued compensation absences	28,942	11,311	8,240	48,493
Due to other funds	-	1,202,351	-	1,202,351
Accrued liability for claims	-	-	16,225,389	16,225,389
Total current liabilities	<u>2,243,624</u>	<u>1,677,666</u>	<u>16,568,645</u>	<u>20,489,935</u>
Noncurrent Liabilities				
OPEB liability	-	-	52,098,105	52,098,105
Net pension liability	2,674,342	1,281,122	224,196	4,179,660
Accrued compensated absences	115,765	45,243	32,958	193,966
Total noncurrent liabilities	<u>2,790,107</u>	<u>1,326,365</u>	<u>52,355,259</u>	<u>56,471,731</u>
Total liabilities	<u>5,033,731</u>	<u>3,004,031</u>	<u>68,923,904</u>	<u>76,961,666</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	<u>256,253</u>	<u>122,756</u>	<u>21,482</u>	<u>400,491</u>
FUND NET POSITION				
Net investment in capital assets	426,402	786,102	-	1,212,504
Unrestricted	(3,101,682)	(2,067,676)	(5,328,846)	(10,498,204)
Total net position (deficit)	<u>(2,675,280)</u>	<u>(1,281,574)</u>	<u>(5,328,846)</u>	<u>(9,285,700)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION	<u>\$ 2,614,704</u>	<u>\$ 1,845,213</u>	<u>\$ 63,616,540</u>	<u>\$ 68,076,457</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

Year Ended June 30, 2015

	Fleet Management	Support Services	Risk Management	Total Internal Service Funds
Operating revenues				
Charges for service	\$ 10,100,293	\$ 1,783,996	\$ 34,000,850	\$ 45,885,139
Total operating revenue	<u>10,100,293</u>	<u>1,783,996</u>	<u>34,000,850</u>	<u>45,885,139</u>
Operating expenses				
Personnel services	2,477,740	936,180	395,275	3,809,195
Materials and supplies	7,812,655	774,378	122,784	8,709,817
Heat, light and power	51,462	-	-	51,462
Other services and charges	173,657	1,520,369	3,622,072	5,316,098
Claims and premiums	-	-	36,076,912	36,076,912
Depreciation	94,500	160,101	-	254,601
Total operating expenses	<u>10,610,014</u>	<u>3,391,028</u>	<u>40,217,043</u>	<u>54,218,085</u>
Operating income (loss)	<u>(509,721)</u>	<u>(1,607,032)</u>	<u>(6,216,193)</u>	<u>(8,332,946)</u>
Nonoperating revenues				
Gain from sale of assets	7,490	-	-	7,490
Total nonoperating revenues	<u>7,490</u>	<u>-</u>	<u>-</u>	<u>7,490</u>
Loss before transfers	<u>(502,231)</u>	<u>(1,607,032)</u>	<u>(6,216,193)</u>	<u>(8,325,456)</u>
Transfers				
Transfers in	479,531	1,645,695	6,989,528	9,114,754
Transfers out	-	(49,540)	(775,239)	(824,779)
Total transfers	<u>479,531</u>	<u>1,596,155</u>	<u>6,214,289</u>	<u>8,289,975</u>
Change in net position	<u>(22,700)</u>	<u>(10,877)</u>	<u>(1,904)</u>	<u>(35,481)</u>
Net position - beginning as previously reported	-	-	(5,104,570)	(5,104,570)
Restatement (Note VII. C.)	(2,652,580)	(1,270,697)	(222,372)	(4,145,649)
Net position - beginning as restated	<u>(2,652,580)</u>	<u>(1,270,697)</u>	<u>(5,326,942)</u>	<u>(9,250,219)</u>
Net position (deficit) - ending	<u><u>\$ (2,675,280)</u></u>	<u><u>\$ (1,281,574)</u></u>	<u><u>\$ (5,328,846)</u></u>	<u><u>\$ (9,285,700)</u></u>

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

Year Ended June 30, 2015

	Fleet Management	Support Services	Risk Management	Total Internal Service Funds
Cash Flows From Operating Activities				
Internal activity - receipts from other funds	\$ 8,235,208	\$ 1,783,996	\$ 33,979,917	\$ 43,999,121
Receipts from customers and users	1,855,629	-	-	1,855,629
Internal activity - payments to other funds	(517,109)	(69,403)	(24,905)	(611,417)
Payments to suppliers	(6,963,817)	(2,924,523)	(580,467)	(10,468,807)
Claims paid	-	-	(35,258,588)	(35,258,588)
Payments to employees	(1,890,541)	(148,751)	(359,881)	(2,399,173)
Net cash provided by (used in) operating activities	<u>719,370</u>	<u>(1,358,681)</u>	<u>(2,243,924)</u>	<u>(2,883,235)</u>
Cash Flows From Noncapital Financing Activities				
Advances from other funds	-	-	7,000,000	7,000,000
Advances to other funds	-	(177,087)	-	(177,087)
Transfers in	479,531	1,645,695	6,989,528	9,114,754
Transfers out	-	(49,540)	(775,239)	(824,779)
Net cash provided by (used in) noncapital financing activities	<u>479,531</u>	<u>1,419,068</u>	<u>13,214,289</u>	<u>15,112,888</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of capital assets	7,490	-	-	7,490
Purchase of capital assets	-	(14,614)	-	(14,614)
Net cash provided by (used in) capital and related financing activities	<u>7,490</u>	<u>(14,614)</u>	<u>-</u>	<u>(7,124)</u>
Net increase (decrease) in cash and cash equivalents	1,206,391	45,773	10,970,365	12,222,529
Cash and cash equivalents, July 1, 2014	<u>659,953</u>	<u>23,782</u>	<u>52,266,424</u>	<u>52,950,159</u>
Cash and cash equivalents, June 30, 2015	<u>\$ 1,866,344</u>	<u>\$ 69,555</u>	<u>\$ 63,236,789</u>	<u>\$ 65,172,688</u>
Reconciliation Of Operating Loss To Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	<u>\$ (509,721)</u>	<u>\$ (1,607,032)</u>	<u>\$ (6,216,193)</u>	<u>\$ (8,332,946)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	94,500	160,101	-	254,601
Accrued benefits related to net pension liability	22,701	10,875	1,902	35,478
Change in operating assets and liabilities				
Accounts receivable	(9,456)	-	(20,933)	(30,389)
Inventory	-	(13,736)	-	(13,736)
Prepaid expenses	(4,347)	(74,783)	-	(79,130)
Accounts payable	1,078,304	170,156	(321,012)	927,448
Accrued salaries	3,543	(2,285)	1,252	2,510
Accrued compensated absences	43,846	(1,977)	7,335	49,204
OPEB liability	-	-	3,485,401	3,485,401
Accrued liability for claims	-	-	818,324	818,324
Total adjustments	<u>1,229,091</u>	<u>248,351</u>	<u>3,972,269</u>	<u>5,449,711</u>
Net cash provided by (used in) operating activities	<u>\$ 719,370</u>	<u>\$ (1,358,681)</u>	<u>\$ (2,243,924)</u>	<u>\$ (2,883,235)</u>

FIDUCIARY FUNDS

Private-Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Breast Cancer Awareness fund – accounts for contributions made and revenue raised on behalf of breast cancer awareness in the Midlands region.

Police Canteen fund – to account for revenue raised to support police activities.

Inspections Education Program fund – accounts for contributions made and revenue raised to promote the United Way of the Midlands.

Employee Special Activity fund –accounts for contributions made and revenue raised to support educational activities and benevolent events.

Mayor's Commission Employ People with Disabilities fund – accounts for contributions made to help individuals with disabilities find jobs.

Agency Funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

Agency fund - to account for contributions collected by the City on behalf of other entities.

**CITY OF COLUMBIA, SOUTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS**

June 30, 2015

	Private-Purpose Trust Funds					
	Breast Cancer Awareness	Police Canteen	Inspections Education Program	Employee Special Activity	Mayor's Commission Employ People with Disabilities	Total Private- Purpose Trust Funds
ASSETS						
Cash and cash equivalents	\$ 1,580	\$ 1,005	\$ -	\$ 10,800	\$ 2,714	\$ 16,099
Total assets	1,580	1,005	-	10,800	2,714	16,099
NET POSITION						
Held in trust - other purposes	\$ 1,580	\$ 1,005	\$ -	\$ 10,800	\$ 2,714	\$ 16,099

**CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS**

Year Ended June 30, 2015

	Private-Purpose Trust Funds					
	Breast Cancer Awareness	Police Canteen	Inspections Education Program	Employee Special Activity	Mayor's Commission Employ People with Disabilities	Total Private- Purpose Trust Funds
ADDITIONS						
Contributions:						
Private donations	\$ 17,114	\$ -	\$ -	\$ 13,785	\$ -	\$ 30,899
Total contributions	<u>17,114</u>	<u>-</u>	<u>-</u>	<u>13,785</u>	<u>-</u>	<u>30,899</u>
DEDUCTIONS						
Administrative expenses	17,056	40	100	9,777	260	27,233
Total deductions	<u>17,056</u>	<u>40</u>	<u>100</u>	<u>9,777</u>	<u>260</u>	<u>27,233</u>
Change in net position	58	(40)	(100)	4,008	(260)	3,666
Net position - beginning	1,522	1,045	100	6,792	2,974	12,433
Net position - ending	<u>\$ 1,580</u>	<u>\$ 1,005</u>	<u>\$ -</u>	<u>\$ 10,800</u>	<u>\$ 2,714</u>	<u>\$ 16,099</u>

**CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND**

Year Ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
ASSETS				
Cash and cash equivalents	\$ 33,484	\$ 136,733	\$ 136,489	\$ 33,728
Total assets	<u>33,484</u>	<u>136,733</u>	<u>136,489</u>	<u>33,728</u>
LIABILITIES				
Accounts payable	33,484	136,733	136,489	33,728
Total liabilities	<u>\$ 33,484</u>	<u>\$ 136,733</u>	<u>\$ 136,489</u>	<u>\$ 33,728</u>

OTHER SCHEDULE

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
YEAR ENDED JUNE 30, 2015**

Court Fines and Assessments	
Fines Collected	\$ 1,020,052
Assessments	1,125,034
Surcharges	<u>459,494</u>
Total Court Fines and Assessments Collected	<u><u>\$ 2,604,580</u></u>
Surcharges and Assessments Remitted to State Treasurer	
Fines, Fees and Filing Fee / Assessment	
Municipal Conditional Discharge Fee	\$ 18,300
DUI/DUS/BUI	
Municipal DUS DPS Pullout	30,976
Municipal DUI Assessment	1,207
Municipal DUI Surcharge	10,156
DUS DPS Pullout - DUIHP	10,056
DUI/DUAC Breathalyzer Test Conviction Fee - SLED	2,539
Surcharges	
Municipal Drug Surcharge	22,756
Municipal Law Enforcement Surcharge	322,495
Criminal Justice Academy Surcharge	64,494
Other Assessments - State Shared	<u>953,415</u>
Total Revenue Remitted to State Treasurer	<u><u>\$ 1,436,394</u></u>
Fines, Surcharges, and Assessments Retained by City	
Fines	\$ 1,020,052
Assessments	119,804
Surcharges	<u>28,330</u>
Total Revenue Retained by City	<u><u>\$ 1,168,186</u></u>
Funds Allocated to Victims Assistance	
Carryover Funds from Prior Year	\$ 30,187
Assessments Retained	119,804
Surcharges Retained	28,330
Expenditures	(178,660)
Transfers from General Fund	<u>82</u>
Total Due From General Fund	<u><u>\$ (257)</u></u>

STATISTICAL SECTION
(UNAUDITED)

**City of Columbia, South Carolina
Statistical Section**

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

Contents

Financial Trends (Schedule 1 through 4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Schedule 5 through 8)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Schedule 9 through 15)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Schedule 16 through 18)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Schedule 19 through 20)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources

Unless otherwise noted the information in these schedules is derived from the comprehensive annual reports for the relevant year.

**Schedule 1
CITY OF COLUMBIA, SOUTH CAROLINA
Net Position by Component (unaudited)**

**Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets ¹	\$ 97,571,357	\$ 170,666,468	\$ 133,392,515	\$ 150,922,216	\$ 141,865,590	\$ 142,944,260	\$ 155,989,971	\$ 155,118,428	\$ 156,454,488	\$ 162,102,481
Restricted for:										
Public safety	6,982	7,270	5,435	5,528	5,575	701,466	386,158	2,294,259	4,233,960	231,622
Community development	-	-	-	-	-	-	-	209,030	107,259	1,051,042
Tourism	-	-	-	-	-	5,323,341	5,187,200	5,149,465	3,155,058	6,127,487
Debt service	-	-	-	-	-	4,940,501	3,480,333	3,512,035	3,339,548	3,978,932
Capital projects	-	-	-	-	-	16,940,012	17,701,662	15,264,573	19,833,612	42,264,148
Unrestricted ²	74,054,519	23,619,914	45,278,383	36,636,210	44,723,202	20,963,118	18,967,653	25,840,430	26,906,641	(109,340,207)
Total governmental activities net position	\$ 171,632,858	\$ 194,293,652	\$ 178,676,333	\$ 187,563,954	\$ 186,594,367	\$ 191,812,698	\$ 201,712,977	\$ 207,388,220	\$ 214,030,566	\$ 106,415,505
Business-type activities										
Net investment in capital assets ¹	\$ 412,723,624	\$ 441,526,920	\$ 402,973,904	\$ 445,685,893	\$ 438,133,821	\$ 414,942,578	\$ 389,423,595	\$ 373,649,773	\$ 375,763,776	\$ 368,742,602
Restricted for debt service	-	-	-	-	9,231,571	9,231,571	9,292,810	9,315,421	9,330,640	9,352,281
Unrestricted	92,520,653	84,719,370	156,426,859	144,213,396	145,389,137	168,441,129	195,789,983	237,703,681	252,831,152	224,972,741
Total business-type activities net position	\$ 505,244,277	\$ 526,246,290	\$ 559,400,763	\$ 589,899,289	\$ 592,754,529	\$ 592,615,278	\$ 594,506,388	\$ 620,668,875	\$ 637,925,568	\$ 603,067,624
Primary government										
Net investment in capital assets ¹	\$ 510,294,981	\$ 612,193,388	\$ 536,366,419	\$ 596,608,109	\$ 579,999,411	\$ 557,886,838	\$ 545,413,566	\$ 528,768,201	\$ 532,218,264	\$ 530,845,083
Restricted for:										
Public safety	6,982	7,270	5,435	5,528	5,575	701,466	386,158	2,294,259	4,233,960	231,622
Community development	-	-	-	-	-	-	-	209,030	107,259	1,051,042
Tourism related expenditures	-	-	-	-	-	5,323,341	5,187,200	5,149,465	3,155,058	6,127,487
Debt service	-	-	-	-	9,231,571	14,172,072	12,773,143	12,827,456	12,670,188	13,331,213
Capital projects	-	-	-	-	-	16,940,012	17,701,662	15,264,573	19,833,612	42,264,148
Unrestricted ²	166,575,172	108,339,284	201,705,242	180,849,606	190,112,339	189,404,247	214,757,636	263,544,111	279,737,793	115,632,534
Total primary government net position	\$ 676,877,135	\$ 720,539,942	\$ 738,077,096	\$ 777,463,243	\$ 779,348,896	\$ 784,427,976	\$ 796,219,365	\$ 828,057,095	\$ 851,956,134	\$ 709,483,129

¹ Net of related debt

² Years 2006 through 2013 have been restated to reflect the adoption of GASB Statement 65

Schedule 2
CITY OF COLUMBIA, SOUTH CAROLINA
Changes in Net Position (unaudited)

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General government	\$ 51,296,220	\$ 35,358,581	\$ 37,178,955	\$ 41,427,388	\$ 53,883,052	\$ 35,131,885	\$ 10,877,738	\$ 17,577,215	\$ 8,049,816	\$ 8,050,355
Judicial	2,044,037	2,167,922	2,131,608	2,364,353	2,360,125	2,697,932	2,447,105	2,601,919	2,615,194	2,749,136
Finance	1,360,869	1,982,964	2,474,302	2,647,689	1,986,467	2,235,981	2,348,922	2,051,555	1,726,481	1,886,778
Community development	3,396,497	3,904,174	4,012,966	4,192,966	4,017,482	4,365,542	4,760,642	5,855,023	5,787,850	5,791,062
Public safety	41,619,178	50,306,710	55,514,924	57,138,835	50,615,722	58,762,428	75,783,788	73,682,870	84,053,096	87,251,472
Parks and recreation	7,853,425	11,053,830	11,544,030	11,142,423	8,681,126	11,445,882	9,912,910	11,329,817	12,290,401	13,081,872
Public services	22,868,279	24,014,241	20,835,435	20,798,283	17,884,065	21,229,705	24,168,009	23,483,659	21,960,858	24,282,518
General services	5,791,988	3,382,092	4,018,322	3,919,228	3,598,839	3,924,144	4,193,394	4,540,814	4,933,285	5,269,511
Community promotions	7,946,764	9,926,673	9,744,750	8,321,723	8,990,842	7,843,093	11,899,487	11,915,733	12,872,657	10,660,364
Interest and other charges	2,275,464	4,081,910	4,459,396	3,824,725	3,413,317	3,763,963	2,366,916	3,027,411	2,955,994	4,491,254
Non departmental	1,147,254	3,433,419	11,904,001	1,694,525	1,936,148	2,644,113	2,401,408	2,455,260	2,515,184	2,141,310
Total governmental activities expense	147,599,975	149,612,516	163,818,689	157,472,138	157,367,185	154,044,668	151,160,319	158,521,276	159,760,816	165,655,632
Business-type Activities:										
Water and sewer facilities	80,189,801	83,849,936	85,963,177	85,747,245	103,530,941	107,934,251	106,594,059	107,410,948	100,389,819	113,273,814
Hydro-electric plant	1,010,483	1,020,132	3,037,803	5,989,066	3,310,407	1,615,222	1,547,093	1,544,804	3,012,376	2,422,544
Stormwater	1,683,476	3,382,264	3,383,853	3,148,296	4,117,396	5,169,916	4,595,847	4,692,223	5,668,819	4,814,419
Parking facilities	6,149,446	5,139,583	5,213,105	5,740,304	6,959,024	7,234,418	6,336,721	6,330,524	6,162,449	7,678,876
Transportation	31,363	30,320	433,773	-	-	-	-	-	-	-
Redevelopment programs	901,209	774,935	3,611,769	960,872	4,704,419	606,265	1,966,452	734,283	848,141	835,812
Parks and recreation camps	-	-	-	-	248,705	268,639	305,939	271,271	324,209	306,219
Total business-type expenses	89,965,778	94,197,170	101,643,480	101,585,783	122,870,892	122,828,711	121,346,111	120,984,053	116,405,813	129,331,684
Total primary government expenses	\$ 237,565,753	\$ 243,809,686	\$ 265,462,169	\$ 259,057,921	\$ 280,238,077	\$ 276,873,379	\$ 272,506,430	\$ 279,505,329	\$ 276,166,629	\$ 294,987,316
Program revenues										
Governmental Activities										
Charges for services										
General government	\$ 10,872,952	\$ 8,853,475	\$ 10,150,599	\$ 7,900,830	\$ 6,461,975	\$ 9,042,002	\$ 771,459	\$ 940,028	\$ 758,177	\$ 726,487
Finance	24,697,055	29,319,287	28,351,828	28,850,804	26,306,361	27,706,315	28,328,937	30,505,679	31,467,056	37,837,666
Community development	2,079,932	2,138,058	1,623,669	1,478,580	1,112,332	1,052,569	721,425	793,431	832,159	799,663
Public safety	10,345,365	12,874,328	12,384,856	12,926,072	13,953,062	14,123,994	16,154,103	21,387,115	22,040,936	22,811,461
Parks and recreation	457,103	608,728	718,288	656,535	629,982	644,895	583,471	728,247	818,304	822,319
Public services	1,123,926	297,809	1,038,433	1,060,884	860,914	762,632	350,100	247,570	344,718	258,211
Non departmental	2,367,405	2,492,238	3,091,810	440,682	154,783	170,256	-	-	-	-
Operating grants and contributions	30,208,259	30,413,604	27,663,920	29,022,624	34,616,143	35,000,087	33,702,068	33,701,772	34,448,202	34,980,295
Capital grants and contributions	2,165,766	8,291,673	5,649,457	11,318,774	5,851,833	3,618,198	4,112,450	1,295,665	766,837	3,069,436
Total Governmental Activities Program Revenue	84,317,763	95,289,200	90,672,860	93,655,785	89,947,385	92,120,948	84,724,013	89,599,507	91,476,389	101,305,538
Business-type Activities										
Charges for services										
Water and sewer facilities	88,919,453	98,386,267	112,790,238	106,434,644	109,044,457	107,976,683	112,750,717	121,723,711	116,644,423	119,716,789
Hydro-electric plant	662,924	493,290	784,235	4,094,441	1,346,041	851,431	2,622,234	2,731,475	4,843,922	3,037,971
Stormwater	3,921,119	3,983,590	3,980,323	4,725,468	4,800,452	4,778,442	4,861,153	6,685,838	6,958,281	7,521,149
Parking facilities	6,165,672	6,135,182	6,916,956	6,265,683	5,765,996	6,441,140	6,520,866	6,864,323	6,495,064	7,145,520
Transportation	-	-	-	-	-	-	-	-	-	-
Redevelopment programs	3,603,824	495,150	934,614	918,809	881,876	646,954	599,950	921,759	564,456	680,111
Parks and recreation camps	-	-	-	-	207,707	226,238	262,582	275,182	253,150	300,931
Capital grants and contributions	13,738,679	12,161,089	12,847,905	8,358,175	5,154,530	4,038,585	4,066,060	5,831,240	5,431,910	3,872,664
Total Business-type Activities Revenues	117,011,671	121,654,568	138,254,271	130,797,220	127,201,059	124,959,471	131,683,562	145,011,496	141,213,238	142,275,135
Total Primary Government Revenues	\$ 201,329,434	\$ 216,943,768	\$ 228,927,131	\$ 224,453,005	\$ 217,148,444	\$ 217,080,421	\$ 216,407,575	\$ 234,611,003	\$ 232,689,627	\$ 243,580,673
Net (expense) revenue										
Governmental activities	\$ (63,282,212)	\$ (54,323,316)	\$ (73,145,829)	\$ (63,816,353)	\$ (67,419,800)	\$ (61,923,720)	\$ (66,436,306)	\$ (68,921,769)	\$ (68,284,427)	\$ (64,350,094)
Business-type activities	27,045,893	27,457,398	36,610,791	29,211,437	4,330,167	2,130,762	10,337,451	24,027,443	24,807,425	12,943,451
Total Primary Government Net Expense	\$ (36,236,319)	\$ (26,865,918)	\$ (36,535,038)	\$ (34,604,916)	\$ (63,089,633)	\$ (59,792,958)	\$ (56,098,855)	\$ (44,894,326)	\$ (43,477,002)	\$ (51,406,643)

(Continued)

Schedule 2 (Continued)
CITY OF COLUMBIA, SOUTH CAROLINA
Changes in Net Position (unaudited)

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes levied for general purposes	\$ 27,134,829	\$ 32,028,856	\$ 30,888,940	\$ 35,042,668	\$ 34,096,781	\$ 35,775,181	\$ 35,831,679	\$ 34,462,835	\$ 34,353,070	\$ 34,178,067
Local Option Sales Tax	14,241,132	14,988,418	14,988,418	13,616,717	15,722,327	13,947,099	14,874,049	15,781,749	16,465,463	16,385,254
Sales tax	-	-	8,061,364	8,070,790	7,941,705	8,359,028	14,216,318	11,498,370	12,072,024	12,626,419
Alcoholic beverages	3,204,139	3,435,403	254,562	323,644	261,200	-	-	-	-	-
Motor fuel	9,241	7,715	1,275	1,059	11,024	4,976	3,436	3,566	1,381	3,348
Miscellaneous	10,383	-	-	-	-	-	-	-	-	-
State shared revenue	-	-	3,796,780	3,622,407	3,037,888	2,604,423	2,363,791	2,788,097	2,805,133	2,829,726
Investment income	2,478,194	4,670,483	3,481,543	1,282,669	417,459	1,068,106	537,702	26,022	89,001	163,175
Other	(2,950,480)	(7,426,558)	(1,159,745)	1,891,037	-	-	156,323	188,511	109,361	254,447
Transfers	5,832,436	8,736,903	2,788,348	8,580,988	4,838,083	6,126,263	7,826,063	9,739,875	9,031,340	8,889,857
Total Governmental Activities	<u>49,959,874</u>	<u>56,441,220</u>	<u>63,101,485</u>	<u>72,431,979</u>	<u>66,326,467</u>	<u>67,885,076</u>	<u>75,809,361</u>	<u>74,489,025</u>	<u>74,926,773</u>	<u>75,330,293</u>
Business-type Activities										
Investment income	5,536,084	6,715,293	8,194,017	5,589,423	5,146,089	3,389,883	2,899,062	231,513	1,158,475	1,226,558
Gain (loss) on sale of capital assets	22,080	(116,006)	(228,140)	3,843,432	17,476	143,088	(2,609,759)	10,922,099	322,133	103,766
Transfers	(5,832,436)	(8,736,903)	(2,788,348)	(8,580,988)	(4,838,083)	(6,126,263)	(7,826,063)	(9,739,875)	(9,031,340)	(8,889,857)
Total Business-type Activities	<u>(274,272)</u>	<u>(2,137,616)</u>	<u>5,177,529</u>	<u>851,867</u>	<u>325,482</u>	<u>(2,593,292)</u>	<u>(7,536,760)</u>	<u>1,413,737</u>	<u>(7,550,732)</u>	<u>(7,559,533)</u>
Total Primary Government	<u>\$ 49,685,602</u>	<u>\$ 54,303,604</u>	<u>\$ 68,279,014</u>	<u>\$ 73,283,846</u>	<u>\$ 66,651,949</u>	<u>\$ 65,291,784</u>	<u>\$ 68,272,601</u>	<u>\$ 75,902,762</u>	<u>\$ 67,376,041</u>	<u>\$ 67,770,760</u>
Change in Net Position										
Governmental activities	\$ (13,322,338)	\$ 2,117,904	\$ (10,044,344)	\$ 8,615,626	\$ (1,093,333)	\$ 5,961,356	\$ 9,373,055	\$ 5,567,256	\$ 6,642,346	\$ 10,980,199
Business-type activities	26,771,621	25,319,782	41,788,320	30,063,304	4,655,649	(462,530)	2,800,691	25,441,180	17,256,693	5,383,918
Total Primary Government	<u>\$ 13,449,283</u>	<u>\$ 27,437,686</u>	<u>\$ 31,743,976</u>	<u>\$ 38,678,930</u>	<u>\$ 3,562,316</u>	<u>\$ 5,498,826</u>	<u>\$ 12,173,746</u>	<u>\$ 31,008,436</u>	<u>\$ 23,899,039</u>	<u>\$ 16,364,117</u>

Schedule 3
 CITY OF COLUMBIA, SOUTH CAROLINA
 Fund Balances - Governmental Funds (unaudited)

Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010 ***	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,126,443	\$ 2,037,950	\$ 2,083,436	\$ 1,523,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	22,394,019	21,687,149	10,463,453	5,300,625	-	-	-	-	-	-
Nonspendable	-	-	-	-	246,160	493,807	280,272	298,252	233,945	696,389
Restricted	-	-	-	-	-	-	-	-	-	4,880,662
Committed	-	-	-	-	-	2,126,479	-	-	72,975	4,810,356
Assigned	-	-	-	-	1,538,430	-	190,599	2,159,860	3,627,442	3,654,109
Unassigned	-	-	-	-	13,668,226	11,424,065	14,972,196	22,380,727	25,059,965	22,352,224
Total general fund	<u>\$ 23,520,462</u>	<u>\$ 23,725,099</u>	<u>\$ 12,546,889</u>	<u>\$ 6,823,895</u>	<u>\$ 15,452,816</u>	<u>\$ 14,044,351</u>	<u>\$ 15,443,067</u>	<u>\$ 24,838,839</u>	<u>\$ 28,994,327</u>	<u>\$ 36,393,740</u>
County Services Fund *										
Reserved	\$ -	\$ 445,261	\$ -	\$ 445,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,046,348	(1,039,064)	(862,306)	(445,261)	-	-	-	-	-	-
Nonspendable	-	-	-	-	35,374	4,378	14,536	71,775	56,905	64,376
Assigned	-	-	-	-	303,617	481,073	735,023	1,704,488	2,089,901	-
Unassigned	-	-	-	-	-	-	-	-	-	(1,016,105)
Total county services fund	<u>\$ 1,046,348</u>	<u>\$ (593,803)</u>	<u>\$ (862,306)</u>	<u>\$ -</u>	<u>\$ 338,991</u>	<u>\$ 485,451</u>	<u>\$ 749,559</u>	<u>\$ 1,776,263</u>	<u>\$ 2,146,806</u>	<u>\$ (951,729)</u>
Columbia Parking Facilities Corporation Fund **										
Unreserved	\$ -	\$ 4,784,113	\$ 176,310	\$ 1,068,371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds										
Reserved	\$ 22,490,311	\$ 17,534,858	\$ 7,670,827	\$ 16,065,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	26,824,717	24,688,537	40,903,607	27,174,124	-	-	-	-	-	-
Nonspendable	-	-	-	-	6,943	19,080	16,433	5,000	5,000	5,000
Restricted	-	-	-	-	5,575	27,900,320	26,750,353	24,724,874	28,565,017	48,767,569
Committed	-	-	-	-	-	3,864,378	-	-	-	-
Assigned	-	-	-	-	39,198,661	16,417,601	17,744,836	12,603,593	12,668,482	16,570,606
Unassigned	-	-	-	-	(31,068)	(14,080)	(225,792)	(152,559)	-	-
Total all other governmental funds	<u>\$ 49,315,028</u>	<u>\$ 42,223,395</u>	<u>\$ 48,574,434</u>	<u>\$ 43,239,977</u>	<u>\$ 39,180,111</u>	<u>\$ 48,187,299</u>	<u>\$ 44,285,830</u>	<u>\$ 37,180,908</u>	<u>\$ 41,238,499</u>	<u>\$ 65,343,175</u>

* The County Services Fund is considered a major fund, however, prior to fiscal year 2006 it had no fund balance.

** The Columbia Parking Facilities Fund became a major fund in fiscal year 2007 and was considered not to be a major fund in fiscal year 2010 and thereafter and was therefore included with the General Fund.

*** Beginning in fiscal year 2010, GASB 54 was implemented and the Governmental Fund balances are presented accordingly.

Schedule 4
CITY OF COLUMBIA, SOUTH CAROLINA
Changes in Fund Balances - Governmental Funds (unaudited)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
General property taxes	\$ 41,546,505	\$ 46,684,713	\$ 45,540,299	\$ 48,292,387	\$ 48,930,564	\$ 49,728,075	\$ 50,496,237	\$ 50,644,107	\$ 50,884,644	\$ 50,563,321
Sales, hospitality and admission taxes	-	-	8,061,364	8,070,790	7,941,705	8,359,028	14,216,318	11,498,370	12,072,024	12,626,419
License and permits	27,911,017	31,162,106	29,961,967	29,591,085	27,418,693	28,758,883	28,329,064	30,505,429	31,466,856	37,837,446
Intergovernmental revenue	8,884,739	9,879,961	11,401,560	11,689,903	11,961,868	11,734,994	12,974,392	13,540,185	14,380,520	15,682,389
Charges for services	7,708,719	8,412,727	7,200,753	7,166,064	7,004,163	6,945,737	6,915,049	11,983,172	12,692,387	12,622,954
Fines and forfeitures	788,374	786,187	910,061	922,675	864,112	889,048	1,139,209	1,230,219	1,334,420	1,237,153
Federal revenues	7,364,346	6,296,982	8,143,042	15,391,313	16,205,021	12,019,998	7,905,552	5,452,069	3,942,851	3,434,392
State revenues	2,501,419	1,630,152	2,988,092	2,002,864	1,634,625	1,971,391	417,851	380,553	1,010,674	3,381,680
County revenues	20,548,995	27,546,699	18,674,699	20,093,357	21,084,511	21,626,422	25,013,335	26,530,590	27,742,117	25,652,150
Promotions	60,177	188,563	148,073	192,721	144,639	220,148	392,947	89,314	78,047	121,928
Confiscated funds	143,818	44,057	192,623	291,003	74,057	671,961	403,311	533,541	267,863	279,147
Cost recovery fees	3,200,000	3,200,000	2,735,000	2,270,000	2,270,000	-	-	-	-	-
Interest	1,869,260	3,512,130	3,451,240	1,282,669	417,458	1,068,106	539,145	26,386	89,104	163,266
Other revenues	6,999,423	4,991,201	5,158,653	4,789,277	3,355,276	8,279,105	2,970,687	1,688,232	1,415,305	1,738,208
Total revenues	129,526,792	144,335,478	144,567,426	152,046,108	149,306,692	152,272,896	151,713,097	154,102,167	157,376,812	165,340,453
Expenditures:										
Current:										
General government	46,732,884	30,136,559	30,673,629	32,129,878	32,931,032	33,091,576	6,222,202	6,644,937	7,109,837	7,184,601
Judicial	1,833,635	1,874,399	2,276,204	2,279,449	2,264,446	2,267,244	2,387,018	2,494,267	2,481,917	2,539,958
Finance	1,252,432	1,747,050	2,583,820	2,601,962	1,953,988	1,974,835	1,978,427	1,978,474	1,668,970	1,779,283
Planning and development	3,093,611	3,249,126	4,311,401	4,027,245	3,898,247	3,635,412	3,939,862	4,041,701	4,013,337	3,228,917
Public safety	37,555,878	42,204,031	56,694,907	54,665,050	48,782,688	52,391,812	73,865,581	73,409,740	76,120,091	78,340,960
Parks and recreation	6,857,319	8,959,135	11,172,199	9,889,048	9,133,653	9,135,419	9,349,169	9,486,586	10,075,127	10,525,782
Public services	21,433,541	20,907,423	21,341,887	19,926,127	17,257,530	19,094,868	20,637,713	20,561,911	17,476,210	16,958,389
General services	5,181,242	3,221,626	3,873,214	3,847,700	3,537,722	3,644,002	4,109,575	4,476,134	4,757,553	4,680,453
Community promotion	7,946,764	8,028,392	9,744,750	8,321,723	8,990,842	7,843,093	12,745,631	14,114,668	15,149,073	13,409,862
Nondepartmental	656,597	1,994,232	5,348,207	1,395,676	1,066,644	1,666,009	2,388,824	2,475,304	2,835,449	2,279,518
Other charges	483,367	1,567,941	6,464,433	8,357	729,482	825,212	-	11,079	-	-
Debt service:										
Principal payment on bonds	8,168,439	7,559,169	16,741,585	9,144,966	5,205,034	5,655,000	7,205,000	8,260,000	8,989,992	9,326,791
Interest payments on bonds	1,626,467	3,804,084	4,838,956	3,899,408	3,444,234	3,776,747	4,069,181	2,778,884	2,909,808	3,172,846
Fiscal agent charges	5,208	87,360	4,072	27,424	8,040	9,040	8,913	4,975	4,587	5,461
Debt issuance costs	-	-	-	-	-	276,774	2,122,842	550,421	243,479	904,310
Capital outlay:										
Capital outlay:	6,027,774	25,409,592	11,293,382	16,773,619	9,410,916	6,081,858	13,338,436	11,293,853	8,425,531	20,507,125
Total expenditures	148,855,158	160,750,119	187,362,646	168,937,632	148,614,498	151,368,901	164,368,374	162,582,934	162,260,961	174,844,256
Excess of revenues over (under) expenditures	(19,328,366)	(16,414,641)	(42,795,220)	(16,891,524)	692,194	903,995	(12,655,277)	(8,480,767)	(4,884,149)	(9,503,803)
Other financing sources (uses):										
Transfers in	25,167,313	23,252,127	57,336,108	25,317,909	22,801,863	28,197,309	31,021,933	28,738,040	26,160,749	30,526,833
Transfers out	(19,334,877)	(31,432,694)	(46,409,322)	(22,775,520)	(19,811,164)	(31,220,308)	(27,084,972)	(24,286,578)	(21,206,734)	(29,926,951)
Issuance of debt	1,500,000	22,014,258	13,143,195	2,429,249	-	9,375,000	5,575,000	6,375,000	7,315,000	26,175,000
Issuance of capital lease	-	-	-	-	-	-	-	-	-	7,000,000
Premium on debt issued	-	-	-	-	-	662,383	343,785	401,659	816,175	3,747,839
Refunding bonds issued	-	-	-	3,625,000	-	9,945,000	14,825,000	24,260,000	-	-
Payment to refunded bond escrow agent	-	-	-	(3,540,000)	-	(10,262,899)	(14,436,356)	(23,915,684)	-	-
Sales of assets	6,485,100	2,526,053	9,021,764	2,531,802	156,782	144,703	170,409	225,883	382,589	386,636
Total other financing sources (uses)	13,817,536	16,359,744	33,091,745	7,588,440	3,147,481	6,841,188	10,414,799	11,798,320	13,467,779	37,909,357
Net change in fund balance	\$ (5,510,830)	\$ (54,897)	\$ (9,703,475)	\$ (9,303,084)	\$ 3,839,675	\$ 7,745,183	\$ (2,240,478)	\$ 3,317,553	\$ 8,583,630	\$ 28,405,554
Debt service as a percentage of noncapital expenditures	7%	8%	12%	9%	6%	6%	7%	7%	8%	8%

Schedule 5
CITY OF COLUMBIA, SOUTH CAROLINA
Assessed Value and Estimated Actual Value of Taxable Property (unaudited)

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Year	Real Property		Personal Property		Total		Assessed Value as a Percentage of Actual Value	Total Direct Rate
		Assessed Value	Estimated Actual Value	Assessed Value ¹	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2006	2005	\$ 286,201,640	\$ 5,920,364,697	\$ 102,642,841	\$ 1,128,091,643	\$ 388,844,481	\$ 7,048,456,340	5.52%	83.6
2007	2006	292,337,560	6,045,640,063	108,588,202	1,178,467,212	400,925,762	7,224,107,275	5.55%	99.0
2008	2007	308,221,850	6,240,046,571	112,847,593	1,353,108,906	421,069,443	7,593,155,477	5.55%	102.5
2009	2008	344,361,680	7,060,929,803	113,237,212	1,354,280,788	457,598,892	8,415,210,591	5.44%	106.3
2010	2009	386,566,370	7,933,397,705	111,006,869	1,308,826,126	497,573,239	9,242,223,831	5.38%	98.1
2011	2010	395,897,190	8,042,557,033	101,465,789	1,231,433,192	497,362,979	9,273,990,225	5.36%	98.1
2012	2011	399,357,360	8,240,197,133	105,214,744	1,241,437,184	504,572,104	9,481,634,317	5.32%	98.1
2013	2012	400,610,960	8,131,722,177	110,571,977	1,297,785,551	511,182,937	9,429,507,728	5.42%	98.1
2014	2013	404,719,630	8,212,659,856	110,356,777	1,315,979,478	515,076,407	9,528,639,334	5.41%	98.1
2015	2014	394,221,790	7,949,097,129	117,043,195	1,709,777,055	511,264,985	9,658,874,184	5.29%	98.1

Source: Richland County and Lexington County Auditor's office

Note: Neither Richland County nor Lexington County assess tax exempt property.
Total assessed value based upon assessment ratios set by state statutes.
Reassessment took place in 2009 for Richland County and 2010 for Lexington County.

¹ The total taxable assessed value does not include Merchant's Inventory Value of \$6,667,290; however, it is included in the value used to calculate the legal debt limit.

Schedule 6
CITY OF COLUMBIA, SOUTH CAROLINA
Direct and Overlapping Property Tax Rates (unaudited)

Last Ten Fiscal Years
(Rate per \$1,000 of assessed value)

Year Ended June 30,	City Direct Millage	Overlapping Rates ¹				
		Counties		School Districts		
		Richland County	Lexington County	Richland County School District Number 1	Richland County School District Number 2	Richland/Lexington School District Number 5
2006	83.6	98.0	100.7	246.0	259.0	214.6
2007	99.0	98.3	104.1	260.8	273.5	231.1
2008	102.5	100.1	109.7	276.9	288.9	252.5
2009	106.3	104.0	114.2	283.2	301.3	261.5
2010	98.1	101.8	115.2	284.4	342.3	265.0
2011	98.1	102.8	109.7	288.4	343.3	266.3
2012	98.1	105.3	112.7	289.7	349.4	274.4
2013	98.1	84.2	118.5	296.1	367.5	274.4
2014	98.1	111.5	122.1	301.7	385.5	281.8
2015	98.1	121.2	125.0	300.9	406.0	288.3

Source: Richland County Auditor's office and Lexington County Auditor's office.

¹ Overlapping rates are those of county governments that apply to property owners with the City of Columbia. Not all overlapping rates apply to all City property owners (e.g. the rates for the counties and school districts apply only to the property owners whose property is located within the geographical boundaries of that county or school district). The majority of the property owners in the City of Columbia are within the geographical boundaries of Richland County and Richland County School District Number 1.

Schedule 7
CITY OF COLUMBIA, SOUTH CAROLINA
Principal Property Taxpayers (unaudited)

Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
South Carolina Electric and Gas	\$ 15,191,700	1	2.97%	\$ 12,211,150	1	3.14%
Bellsouth Telecommunications LLC	5,395,810	2	1.06%	9,022,470	2	2.32%
GGP Columbiana Trust	3,001,520	3	0.59%	3,025,400	3	0.78%
CW Meridian Inc.	2,700,000	4	0.53%	-		
Bottling Group LLC	2,473,640	5	0.48%	-		
Assembly Station Columbia LLC	2,234,910	6	0.44%	-		
UNUM Group	2,211,040	7	0.43%	-		
US REIF/MJW Capital Center Fee	2,181,610	8	0.43%	-		
Main & Gervais LLC	1,810,360	9	0.35%	-		
AG First Farm Credit Bank	1,769,580	10	0.35%	-		
Cingular Wireless	-			2,752,400	4	0.71%
Main Street Associates	-			2,334,900	5	0.60%
Colonial Life and Accident	-			2,067,976	6	0.53%
Baker and Baker	-			2,001,830	7	0.51%
Time Warner Entertainment-Advanced	-			1,741,620	8	0.45%
Parkway Properties LP	-			1,726,610	9	0.44%
DDR MDT Harbison Court LLC	-			1,070,880	10	0.28%
	<u>\$ 38,970,170</u>		<u>7.62%</u>	<u>\$ 37,955,236</u>		<u>9.76%</u>

Source: The assessed valuations for the taxpayers listed above were provided by either Richland or Lexington County Assessor's Office.

¹ Total assessed valuation was \$511,264,985

² Total assessed valuation was \$388,844,481

Schedule 8
CITY OF COLUMBIA, SOUTH CAROLINA
Property Tax Levies and Collections (unaudited)

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 36,175,090	\$ 34,021,898	94.05%	\$ 1,216,010	\$ 35,237,908	97.41%
2007	39,338,096	38,398,690	97.61%	1,011,744	39,410,434	100.18%
2008	43,166,262	42,270,086	97.92%	1,348,627	43,618,713	101.05%
2009	48,642,762	46,502,075	95.60%	1,322,443	47,824,518	98.32%
2010	49,514,889	46,637,386	94.19%	2,293,178	48,930,564	98.82%
2011	49,454,262	47,105,225	95.25%	2,622,850	49,728,075	100.55%
2012	50,201,476	48,564,952	96.74%	1,931,285	50,496,237	100.59%
2013	50,179,312	48,712,822	97.08%	1,058,584	49,771,406	99.19%
2014	50,554,312	49,826,060	98.56%	1,070,102	50,896,162	100.68%
2015	50,167,100	49,493,219	98.66%	-	49,493,219	98.66%

Sources: Richland County Finance Department and Lexington County Finance Department
Neither Richland County nor Lexington County report delinquent collections by tax year.

Schedule 9
CITY OF COLUMBIA, SOUTH CAROLINA
Ratios of Outstanding Debt by Type (unaudited)

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds ¹	Tax Increment Bonds ¹	Notes Payable	Capital Lease	Revenue Bonds ¹	Total Governmental Activities Debt
2006	\$ 19,663,197	\$ 14,245,754	\$ 1,500,000	\$ 2,956,233	\$ 53,337,508	\$ 91,702,692
2007	18,225,370	10,241,585	3,738,526	2,246,993	64,230,236	98,682,710
2008	28,885,543	3,760,000	4,658,191	1,518,235	61,888,539	100,710,508
2009	26,302,152	-	6,747,474	-	59,071,248	92,120,874
2010	23,688,812	-	6,009,142	-	56,324,804	86,022,758
2011	30,756,608	-	5,814,142	-	53,949,135	90,519,885
2012	32,020,777	-	5,619,142	-	50,811,284	88,451,203
2013	33,848,474	-	5,424,142	-	48,082,505	87,355,121
2014	37,494,897	-	5,229,142	-	43,580,000	86,304,039
2015	32,242,297	-	5,034,142	6,603,209	69,696,682	113,576,330

¹ 2005 through 2013 have been restated for the implementation of GASB 65

(Continued)

Schedule 9 (Continued)
CITY OF COLUMBIA, SOUTH CAROLINA
Ratios of Outstanding Debt by Type (unaudited)

Last Ten Fiscal Years

Fiscal Year	Other Business-Type Activities Debt			Total Business-type Activities	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ³
	Revenue Bonds ¹	Notes Payable	Notes Payable				
2006	\$ 209,271,100	\$ 1,140,000	\$ 3,566,640	\$ 213,977,740	\$ 305,680,432	8.06%	\$ 2,604
2007	197,038,605	520,000	2,736,055	200,294,660	298,977,370	7.98%	2,571
2008	186,593,978	-	1,866,018	188,459,996	289,170,504	6.71%	2,276
2009	175,862,492	-	933,009	176,795,501	268,916,375	6.12%	2,117
2010	357,487,401	-	-	357,487,401	443,510,159	9.84%	3,429
2011	345,878,897	-	-	345,878,897	436,398,782	9.62%	3,376
2012	444,643,320	-	-	444,643,320	533,094,523	11.51%	4,082
2013	435,639,889	-	-	435,639,889	522,995,010	11.23%	3,972
2014	505,105,688	-	-	505,105,688	591,409,727	12.50%	4,435
2015	493,735,898	-	-	493,735,898	607,312,228	12.19%	4,599

¹ 2005 through 2013 have been restated for the implementation of GASB 65

² Personal income is disclosed on Schedule 16

³ Population is disclosed on Schedule 16

Source for Personal Income: U.S Department of Commerce, Bureau of Economic Analysis
 Population Data: U.S. Census

Schedule 10
CITY OF COLUMBIA, SOUTH CAROLINA
Ratios of General Bonded Debt Outstanding (unaudited)

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt			Percentage of Estimated Actual Taxable Value of Property ²	Per Capita ³
	Governmental Activities General Obligation Bonds ¹	Less: Amount Available in Debt Service Funds	Total		
2006	\$ 19,663,197	\$ 4,073,137	\$ 15,590,060	0.22%	\$ 132.80
2007	18,225,370	1,196,198	17,029,172	0.24%	146.45
2008	28,885,543	4,687,280	24,198,263	0.32%	190.49
2009	26,302,152	1,288,755	25,013,397	0.30%	196.91
2010	23,688,812	3,013,132	20,675,680	0.22%	159.86
2011	30,756,608	4,940,502	25,816,106	0.28%	199.70
2012	32,020,777	3,481,333	28,539,444	0.30%	218.54
2013	33,848,474	3,512,035	30,336,439	0.32%	230.37
2014	37,494,897	3,339,548	34,155,349	0.36%	256.12
2015	32,242,297	3,978,932	28,263,365	0.29%	214.01

¹ 2006 through 2013 have been restated for the implementation of GASB 65

² Estimated value of property is disclosed on Schedule 5

³ Population is disclosed on Schedule 16

Schedule 11
CITY OF COLUMBIA, SOUTH CAROLINA
Direct and Overlapping Governmental Activities Debt (unaudited)

June 30, 2015

Jurisdiction	Total Assessed Value	Assessed Value Within the City	Net Governmental Activities Debt Outstanding ¹	Percentage Applicable to the City	Estimated Amount Applicable to the City
Direct:					
City of Columbia	\$ 511,264,985	\$ 511,264,985	\$ 113,576,330	100.00%	<u>\$ 113,576,330</u>
Overlapping					
Counties:					
Richland County	1,498,404,260	489,445,315	93,695,000	32.66%	30,604,943
Lexington County	1,183,327,270	21,819,670	45,590,386	1.84%	840,653
School Districts:					
Lexington Richland SD 5	182,010,350	18,606,860	226,774,000	10.22%	23,183,034
Richland School District One	798,482,136	431,033,327	482,955,000	53.98%	260,706,772
Richland School District Two	517,911,774	39,805,128	462,350,000	7.69%	35,534,819
Special Districts:					
Airport District	1,498,404,260	489,445,315	8,070,000	32.66%	2,636,020
Riverbanks Park District	2,681,731,530	511,264,985	34,760,000	19.06%	<u>6,626,902</u>
Total Overlapping Debt					<u>360,133,143</u>
Total Direct and Overlapping Debt					<u><u>\$ 473,709,473</u></u>

Source: Richland County Treasurer, Lexington County Treasurer, Richland County Auditor and Lexington County Auditor

¹ The estimated amount of overlapping debt applicable to the City is determined by computing the percentage of property for each government that lies within the City. The resulting percentage is then multiplied by the amount of governmental activities debt of each government.

Schedule 12
CITY OF COLUMBIA, SOUTH CAROLINA
Legal Debt Margin (unaudited)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Net Debt Outstanding ¹</u>	<u>Legal Debt Margin</u>	<u>Ratio of Net Debt Outstanding to the Debt Limit</u>
2006	\$ 31,640,942	\$ 18,830,000	\$ 12,810,942	59.51%
2007	32,607,444	17,430,000	15,177,444	53.45%
2008	34,218,939	28,155,000	6,063,939	82.28%
2009	37,162,628	25,695,000	11,467,628	69.14%
2010	40,339,242	23,125,000	17,214,242	57.33%
2011	40,322,422	30,055,000	10,267,422	74.54%
2012	40,899,152	31,505,000	9,394,152	77.03%
2013	41,428,018	33,515,000	7,913,018	80.90%
2014	41,564,012	35,680,000	5,884,012	85.84%
2015	41,434,582	30,665,000	10,769,582	74.01%

Source: Richland County Auditor's Office and Lexington County Auditor's Office

¹ Excludes debt not applicable to the limit.

Legal Debt Margin Calculation for the Year Ended June 30, 2015:

Assessed value in Richland County	\$ 489,445,315
Assessed value in Lexington County	21,819,670
Subtotal	<u>511,264,985</u>
Business inventory 1987 assessed value	6,667,290
Total assessed value	<u>517,932,275</u>
	8.00%
Debt Limit	<u>41,434,582</u>
Net debt outstanding subject to the debt limit	30,665,000
Legal debt margin as of June 30, 2015	<u><u>\$ 10,769,582</u></u>

Schedule 13
CITY OF COLUMBIA, SOUTH CAROLINA
Certificates of Participation Debt Coverage (unaudited)

Last Ten Fiscal Years

Fiscal Year	Allowable Revenues ¹	Debt Service Requirement			COPS Debt Coverage
		Principal	Interest	Total	
2006	\$ 11,478,171	\$ 2,411,813	\$ 2,585,435	\$ 4,997,248	2.3
2007	11,945,776	2,080,000	2,455,630	4,535,630	2.6
2008	13,375,022	2,175,000	2,365,080	4,540,080	2.9
2009	13,026,184	2,250,000	2,274,105	4,524,105	2.9
2010	12,519,790	2,335,000	2,191,986	4,526,986	2.8
2011	12,875,743	2,480,000	2,012,205	4,492,205	2.9
2012	13,760,410	2,635,000	1,976,483	4,611,483	3.0
2013	14,655,101	3,700,000	1,720,250	5,420,250	2.7
2014	15,260,239	3,225,000	848,193	4,073,193	3.7
2015	16,283,694	3,300,000	772,230	4,072,230	4.0

¹ As defined in the bond documents.

Schedule 14
CITY OF COLUMBIA, SOUTH CAROLINA
Water and Sewer Department
Schedule of Revenue Bond Coverage (unaudited)

Last Ten Fiscal Years

Fiscal Year	Allowable Revenues ¹	Current Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirement				Revenue Bond Coverage
				Principal	Interest ³	Net Swap Payments ⁴	Total	
2006	\$ 92,726,369	\$ 51,852,947	\$ 40,873,422	\$ 14,915,000	\$ 7,052,737	\$ -	\$ 21,967,737	1.9
2007	101,657,409	53,436,775	48,220,634	9,275,000	7,889,584	-	17,164,584	2.8
2008	118,014,221	61,347,698	56,666,523	9,865,000	7,419,673	-	17,284,673	3.3
2009	110,181,495	58,541,111	51,640,384	10,410,000	6,880,982	-	17,290,982	3.0
2010	113,389,385	76,393,887	36,995,498	11,295,000	7,673,174	(49,865)	18,918,309	2.0
2011	110,749,377	79,584,775	31,164,602	11,905,000	12,724,467	(56,216)	24,573,251	1.3
2012	115,271,396	80,373,777	34,897,619	12,150,000	13,873,881	(29,306)	25,994,575	1.3
2013	121,878,086	74,400,785	47,477,301	6,465,000	17,047,580	(828)	23,511,752	2.0
2014	117,924,265	66,189,697	51,734,568	8,810,000	18,790,180	(1,811)	27,598,369	1.9
2015	118,178,523	67,105,722	51,072,801	8,095,000	20,219,738	(7,406)	28,307,332	1.8

¹ Represents total operating revenues as well as all nonoperating revenues and investment income.

² Represents total operating expenses less depreciation expense.

³ Includes capitalized interest.

⁴ The City has a pay fixed interest rate swap associated with the Series 2009 revenue bond.

Schedule 15
CITY OF COLUMBIA, SOUTH CAROLINA
Parking Department
Schedule of Revenue Bond Coverage (unaudited)

Last Ten Fiscal Years

Fiscal Year	Allowable Revenues ¹	Current Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirement			Revenue Bond Coverage
				Principal	Interest ³	Total	
2006	\$ 5,091,104	\$ 404,645	\$ 4,686,459	\$ 440,000	\$ 2,455,384	\$ 2,895,384	1.6
2007	4,859,393	524,835	4,334,558	460,000	2,455,384	2,915,384	1.5
2008	5,765,193	1,046,949	4,718,244	740,000	2,429,153	3,169,153	1.5
2009	6,190,809	1,571,323	4,619,486	780,000	2,388,322	3,168,322	1.5
2010	4,549,663	1,616,796	2,932,867	825,000	2,344,732	3,169,732	0.9
2011	4,365,608	760,577	3,605,031	870,000	2,298,059	3,168,059	1.1
2012	4,487,992	863,010	3,624,982	310,000	2,152,618	2,462,618	1.5
2013	6,911,985	3,299,708	3,612,277	970,000	2,184,910	3,154,910	1.1
2014	6,592,455	3,073,503	3,518,952	1,030,000	2,128,167	3,158,167	1.1
2015	7,040,165	3,576,578	3,463,587	1,065,000	2,000,288	3,065,288	1.1

¹ Represents total operating revenues as well as all nonoperating revenues and investment income less revenues from parking fines and late fees. Definition of allowable revenues was revised during fiscal years 2006 and 2013.

² For the years 2006 and 2007 represents total operating expenses less depreciation expense less operating expenses paid with revenues from parking fines and late fees. Definition of current operating expenses was revised during fiscal years 2006 and 2013.

³ Includes capitalized interest

Schedule 16
CITY OF COLUMBIA, SOUTH CAROLINA
Demographic and Economic Statistics (unaudited)

Last Ten Fiscal Years

<u>Year</u>	<u>Population¹</u>	<u>Personal Income²</u>	<u>Per Capita Personal Income</u>	<u>Public School Enrollment³</u>	<u>Unemployment Rate⁴</u>
2006	117,394	\$ 3,792,765,352	\$ 32,308	24,060	6.20%
2007	116,278	3,748,570,164	32,238	23,658	5.10%
2008	127,029	4,311,745,347	33,943	24,179	5.80%
2009	127,029	4,395,203,400	34,600	24,590	9.80%
2010	129,333	4,506,867,051	34,847	23,119	9.20%
2011	129,272	4,536,930,112	35,096	22,898	10.50%
2012	130,591	4,632,454,543	35,473	22,475	8.50%
2013	131,686	4,655,100,100	35,350	24,166	8.00%
2014	133,358	4,730,608,334	35,473	24,171	5.50%
2015	132,067	4,980,378,637	37,711	24,320	6.30%

Source of data:

- ¹ U.S. Census Bureau
- ² U.S. Census Bureau
- ³ S.C. State Department of Education
- ⁴ S.C. Department of Employment and Workforce

Schedule 17
CITY OF COLUMBIA, SOUTH CAROLINA
Principal Employers

Current Year and Nine Years Ago

Employer	2015 ¹			2006 ²		
	Employees	Rank	Percentage to Total City Employment ³	Employees	Rank	Percentage to Total City Employment
Palmetto Health	9,400	1	7.67%	9,300	2	N/A
University of South Carolina	8,400	2	6.86%	N/A	3	
Blue Cross Blue Shield of South Carolina	6,459	3	5.27%	7,200	4	N/A
Wal-Mart	5,800	4	4.73%	4,500	5	N/A
SC Department of Transportation	4,318	5	3.52%	N/A	6	N/A
Richland County School District One	4,229	6	3.45%	N/A	7	N/A
SC Department of Mental Health	3,917	7	3.20%	N/A	8	
SC Department of Health and Environmental Control	3,500	8	2.86%	N/A	9	N/A
City of Columbia, South Carolina	2,438	9	1.99%	N/A		N/A
AT&T	2,400	10	1.96%	2,300	10	
State of South Carolina				N/A	1	N/A

Source of data:

¹ South Carolina Department of Employment and Workforce

² 2005 Central Midlands Council of Government Survey

³ 122,507 total workers were reported working in Columbia, South Carolina, per the 2010 PHC-T-40 Estimated Daytime

Population and Employment - Residence Ratios: 2000, published by the US Census Bureau

N/A Data not available

Schedule 18
CITY OF COLUMBIA, SOUTH CAROLINA
Full-Time Equivalent Employees By Function/Program

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	81.25	84.30	93.25	100.00	99.00	93.97	99.00	101.00	105.00	104.25
Judicial	40.00	42.00	41.00	36.00	35.00	36.00	37.00	36.00	37.00	37.00
Finance	50.00	54.00	58.00	57.00	56.00	51.50	53.50	51.50	71.50	79.50
Development services and planning	59.00	62.00	64.30	56.00	63.00	63.00	63.00	63.00	63.00	43.00
Public safety	689.00	735.00	743.50	757.50	757.50	747.50	757.50	770.00	770.50	792.50
Parks and recreation	131.75	155.80	155.75	156.00	149.00	149.00	149.00	149.00	149.00	149.00
Public works	296.00	295.00	301.00	303.00	275.00	269.00	270.00	269.00	268.00	269.00
General services	10.00	10.00	11.00	11.00	11.00	11.00	15.00	14.00	14.00	17.00
Fleet services	47.00	47.00	47.00	47.00	41.00	44.00	46.00	46.00	48.00	48.00
Risk Management	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
County fire	154.00	184.00	198.00	233.00	236.00	236.00	235.00	235.50	235.50	235.50
County emergency communications	36.00	36.00	35.50	35.50	38.50	38.50	38.50	45.50	45.00	45.00
Economic & Community development	48.00	46.00	53.04	51.20	43.50	44.63	39.60	36.50	41.50	44.50
Parking	37.00	41.90	41.66	46.00	42.00	41.00	41.00	42.00	43.00	44.25
Utilities & Engineering	507.00	489.00	489.00	499.80	482.50	501.90	498.90	519.00	504.00	504.50
Summer Programs	21.50	25.00	21.00	21.00	18.50	20.00	24.50	24.50	23.50	23.50
Total	2,210.50	2,310.00	2,356.00	2,413.00	2,350.50	2,349.00	2,369.50	2,404.50	2,420.50	2,438.50

Source: City's Human Resource department

Years 2006-2014 have been re-stated to reflect budgeted positions

Schedule 19
CITY OF COLUMBIA, SOUTH CAROLINA
Operating Indicators By Function/Program

Last Ten Fiscal Years

Function/Program	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police physical arrests	N/A	N/A	N/A	6,418	6,734	7,259	8,024	10,652	5,301	5,658
Citations written	25,741	N/A	N/A	34,357	29,522	25,985	30,996	33,111	37,307	32,497
911 call volume	997,111	998,628	1,021,541	1,032,664	1,171,433	1,197,141	1,102,640	1,317,008	1,222,436	1,096,117
Fire calls answered	22,860	27,025	28,982	28,746	30,208	30,629	31,265	31,240	35,785	34,500
Number of inspections	1,740	2,049	3,630	4,410	6,943	7,911	7,726	6,261	5,292	6,482
Sanitation										
Refuse collected (in tons)	99,875	97,616	96,140	90,222	63,507	57,903	N/A	43,157	51,106	43,924
Recyclables collected (in tons)	3,262	3,739	3,779	3,538	3,932	4,223	N/A	3,867	4,591	4,021
Fleet Management										
Fleet maintained	2,664	2,934	3,164	3,329	3,668	3,925	4,055	2,802	2,893	3,005
Fleet workdays	13,074	13,909	13,385	13,747	13,336	13,309	12,901	12,608	12,052	12,048
Streets and highways										
Potholes repaired	1,168	1,505	1,120	2,757	1,524	1,416	920	1,231	1,453	1,598
Water										
Number of service connections	116,857	127,196	124,414	125,846	134,910	140,721	136,220	137,701	140,009	139,990
Average daily consumption (in millions of gallons)	0.454	0.360	0.349	0.436	0.352	0.315	0.320	0.440	0.458	0.449
Sewer										
Number of service connections	61,248	65,848	67,786	68,550	74,865	69,199	69,508	67,698 ¹	60,239	59,677
Average daily treatment (in millions of gallons)	0.142	0.139	0.127	0.136	0.139	0.134	0.152	0.169	0.189	0.182
Economic development										
Permits issued	6,023	5,697	4,667	4,404	4,204	4,129	4,181	4,950	4,262	5,438
Building inspections	12,355	11,932	11,612	9,472	10,544	40,018	10,277	15,735	14,514	10,025

¹ During the year ended June 30, 2013, the City of Columbia sold a portion of its sewer system to a private contractor.

Source: Various City departments

Schedule 20
CITY OF COLUMBIA, SOUTH CAROLINA
Capital Asset Statistics By Function

Last Ten Fiscal Years

Function/Program	Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Police stations	24	24	22	14	14	14	16	10	12	13
Patrol units	N/A	N/A	N/A	N/A	N/A	N/A	N/A	205	238	296
Vehicles	138	155	206	233	244	305	371	358	395	483
Fire										
Fire stations	11	11	11	12	12	12	12	12	12	12
Vehicles	144	180	194	210	215	219	236	251	270	270
Public works										
Vehicles	376	422	457	486	518	553	603	600	600	626
Streets (miles)	219.00	219.00	219.00	219.00	219.00	220.00	220.00	275.00	275.00	275.00
Sidewalks (miles)	120.25	120.45	120.45	120.45	120.45	120.45	139.56	139.46	139.46	139.50
Traffic signals	261	261	262	262	262	262	265	364	364	331
Street lights	9,030	9,067	9,250	9,437	9,859	10,190	10,325	11,724	11,363	11,483
Parks and recreation										
Parks - acreage	597.85	597.85	597.85	600.00	600.00	600.00	600.00	600.00	600.00	600.00
Park facilities	58.00	58.00	58.00	59.00	59.00	59.00	60.00	60.00	60.00	60.00
Tennis courts	54.00	54.00	54.00	54.00	54.00	54.00	54.00	57.00	55.00	55.00
Swimming pools/splash pads	3.00	3.00	3.00	4.00	4.00	4.00	4.00	15.00	16.00	16.00
Playground	30.00	30.00	30.00	30.00	30.00	30.00	31.00	31.00	31.00	31.00
Parking										
Garages	6	7	7	8	8	8	9	9	8	8
Lots	5	5	5	5	5	5	5	5	4	5
Metered spaces	4,333	4,604	4,602	4,703	4,736	4,728	4,704	4,502	4,487	4,198
Stormwater										
Storm drains (miles)	137.00	137.00	137.00	137.00	137.00	137.00	137.00	254.00	254.00	366.00
Vehicles	N/A	54	55	55	70	67	69	63	64	68
Wastewater										
Sanitary sewer (miles)	992.70	1,002.50	1,036.90	1,047.97	1,053.75	1,100.00	1,108.50	1,059.00	1,077.00	1,109.00
Vehicles	143	161	183	200	212	278	331	300	277	278
Treatment plants	1	1	1	1	1	1	1	1	1	1
Solid Waste										
Vehicles	62	73	85	94	95	117	128	130	125	127
Water										
Water lines (miles)	1,837.70	1,887.10	1,935.69	1,954.68	1,966.58	1,966.58	1,978.45	2,250.00	2,301.00	2,356.00
Vehicles	138	178	209	228	237	256	281	291	285	298
Fire hydrants	6,189	3,063	3,307	5,200	5,300	5,300	5,350	5,450	4,300	4,390
Treatment plants	2	2	2	2	2	2	2	2	2	2

Source: Various City departments

Vehicle data includes both licensed and unlicensed vehicles



Risk Analysis-Part B2 (a) Financial Controls

**CITY OF COLUMBIA GUIDE FOR REVIEW OF
FINANCIAL MANAGEMENT CHECKLIST**

| July 22, 2016

PUBLIC LAW 114-113 Guide for Review of Financial Management for CDBG-DR Grantees	
Grantee	Name of Grantee: City of Columbia
	Staff Consulted: Gloria Saeed (Interim Director of Community Development), Janice Alonso (Director of Finance), Melisa Caughman (Director, Budget & Program Manager)
	Name and Title of Grantee Staff Completing Form: Same as above.
	Signature: <i>Gloria Saeed, Interim Director</i> Date: 7/21/16
HUD	HUD Staff Consulted:
	Name and Title of HUD Staff Completing Form:
	Signature: Date:

Instructions:

P.L. 114-113 Certifications: Each grantee must submit Risk Analysis Documentation to demonstrate in advance of signing a grant agreement that it has in place proficient controls, procedures, and management capacity. This includes demonstrating financial controls, procurement processes, and adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act. The grantee must also demonstrate that it can effectively manage the funds, ensure timely expenditure of funds, maintain a comprehensive website regarding all disaster recovery activities assisted with these funds, and ensure timely communication of application status to applicants for disaster recovery assistance. Further, the Grantee has established adequate procedures to detect and prevent fraud, waste, and abuse of funds.

In order for Grantees to demonstrate that proficient financial controls are in place, each Grantee must complete this Public Law 114-113 Guide for Review of Financial Management (the Financial Management Guide) as part of completing Part B. Financial Controls of the P.L. 114-113 Risk Analysis documentation and submit the required information to the Grantee’s designated HUD representative. A designated HUD representative from Headquarters or the Field Office (FO) must review the Grantee’s submission and complete this Financial Management Guide. When HUD CPD Specialists or Financial Analysts are not available, the CPD FO Director will designate an alternate HUD representative for the FO representative. The Headquarter representative will be assigned by the Director of the Disaster Recovery and Special Issues Division.

The Grantee’s documentation must be submitted within 30 days of the effective date of the *Federal Register* Notice 5938-N-01 which publishes the Appropriations Act awardees and the grant requirements (the Notice). Failure to submit documentation within 30 days of the effective date of the Notice may result in the cancellation of the award selection. Grantees must submit Risk Analysis documentation in advance of signing a grant agreement in order to demonstrate that grantees can adequately manage and oversee the CDBG-DR award.

This Financial Management Guide is designed to assess the proficiency of a CDBG-DR Grantee’s financial controls based on the financial requirements in Subparts D and F of 2 CFR part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Where the question pertains to a



Risk Analysis-Part B2 (a) Part A Financial Controls

**CITY OF COLUMBIA SUBRECIPIENT GRANT
ADMINISTRATION MANUAL**

| July 22, 2016



Celebrating 40 Years

BUILDING COMMUNITIES.
TRANSFORMING LIVES.

2015

CDBG Subrecipient Grant Administration Manual

CDBG Policies and Procedures Guidelines

City of Columbia
Community Development Department
1225 Lady Street, Suite 102
Columbia, South Carolina 29201
Phone (803) 545-3373
Fax (803) 988-8014
Website: www.columbiasc.net

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Introduction

This manual sets forth policies and procedures for the administration of programs funded by the City Community Development Block Grant (CDBG) program. Although some portions of these procedures are complicated and involve complex Federal regulations and policies; this manual summarizes the essential elements for proper program operation.

No handbook can address every type of administrative/accounting problem or situation that may arise during the course of the contract year; therefore the City's Community Development staff is available to respond to requests for clarification or additional information.

In the event that new procedures or policies are implemented during the contract period, Community Development staff will provide timely notification and technical assistance.

This manual is neither intended to be all-inclusive nor so restrictive that it cannot be amended.

Community Development Block Grant (CDBG) Program mailing address:

City of Columbia Community Development Department
1225 Lady Street, Ste 102
Columbia, South Carolina 29201
Phone (803) 545-3373
Fax (803) 988-8014
Website: www.columbiasc.net

I. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM START-UP AND COMPLETION

A. BACKGROUND

The Community Development Block Grant (CDBG) is funded and regulated at the federal level by the U.S. Department of Housing and Urban Development (HUD) and administered locally by the City of Columbia, under the auspices of the Community Development Department. The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The regulations implementing the CDBG Program are located in the 24 CFR, Part 570.

The City's objectives for this program are in accordance with HUD's National Objectives which seeks the development of a viable urban community through the implementation of the following goals, principally for the benefit of low-and moderate-income (LMI) persons:

Providing decent housing means helping homeless persons obtain appropriate housing and assisting those at risk of homelessness; preserving the affordable housing stock; increasing availability of permanent housing that is affordable to low- and moderate income persons without discrimination; and increasing the supply of supportive housing.

Providing a suitable living environment entails improving the safety and livability of neighborhoods; increasing access to quality facilities and services; and reducing the isolation of income groups within an area through de-concentration of low-income housing opportunities.

Expanding economic opportunities involves creating jobs that are accessible to low and moderate-income persons; making mortgage financing available for low- and moderate-income persons at reasonable rates; providing access to credit for development activities that promote long-term economic and social viability of the community; and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

The City of Columbia invites applications from qualified entities to apply for funding under a Request for Applications (RFA). The primary objective is to fund projects and activities that are consistent with locally developed CDBG Program Priorities and to address the federal/local Consolidated Plan objectives.

If an agency is unable to promptly implement the program, these lower income persons are not receiving the intended benefits. Agencies, which receive a CDBG grant, must be able to implement their program soon after the award. The City developed the standard to keep programs on track and to ensure that the specified activity is being carried out in a timely manner.

Please be aware that an Agency's performance history on past and present City of Columbia funded programs and also the agency's adherence to the Program Start-up and Completion Standard is provided to the Citizens Advisory Committee (CAC) when they review and consider proposals for future funding recommendations.

The City, as approved by HUD, provides CDBG funds for **Public Service (Including Neighborhood Improvement Grants) or Non-Public Service (Infrastructure and Economic Development)**.

Public Services: Our Public Service Partners and Subrecipients use these funds to provide services to low and moderate-income clients. HUD regulations place a 15% cap on the amount an entitlement agency may allocate towards Public Service programs. This means the City, as an entitlement agency, can only allocate that portion each year towards public services. All public services must be provided to low or moderate-income residents of the City of Columbia.

This manual will explain many of the procedures and policies relating to the CDBG program.

POLICY

Prior to contract execution, all Subrecipients must have the needed support, confirmed matching resources, sufficiently developed plans, a program site, and budget to start the proposed program after the funding approval and complete the program within one year after start up. Programs should be able to begin on July 1st; the beginning of the City's Fiscal Year. Funds are not always available on July 1st; however, the City may reimburse your agency for the funds expended after July 1st. Funds must be spent in a timely manner.

Subrecipients are expected to spend at least 15% of the funds by September 30th, 50% by December 31st and 75 % by March 31st. Unspent funds are subject to potential reprogramming to other eligible programs as approved by the Citizens Advisory Committee (CAC).

The Subrecipient agrees to comply with the requirements, policies, regulations and criteria as specified in the CDBG Program Manual concerning CDBG Programs, a copy of which the Subrecipients and acknowledges possession thereof. Subrecipient shall obtain the necessary federal, state and local permits and licenses required to execute the Program. The Subrecipient further agrees to comply with all applicable federal, state and local codes, regulations, statutes, ordinances and laws. Failure to comply with any of the above may result in forfeiture of the CDBG Funding provided to Subrecipient under the Agreement.

B. METHODS TO IMPROVE TIMELY IMPLEMENTATION AND USE OF FUNDS

Study the Program Manual and become familiar with the Pre-Contracting requirements. Submit the required documents to the Community Development Entitlement Administration and Compliance (CDEAC) representative soon after the Orientation Session.

If needed, request a follow-up one-on-one Technical Assistance so specific topics that relate to your particular program can be addressed. Other key staff from your organization may attend.

Failure to invoice the City for the CDBG activities can become a serious problem. Agencies will be expected to submit separate monthly payment requests and performance reports. Do not save up several months of payment requests and submit them in bulk. This may cause unnecessary delays in your reimbursement.

If the Agency experiences key staff changes, such as, new Executive Director, other key staff, program or

financial staff, you must contact the Community Development office in writing informing the City of the change.

The assigned representatives are important members of the team. They are available to explain the CDBG program processes, help the program get started and assist the agency to stay on track. Please contact your Community Development representative if you have any questions or need assistance.

C. SUBRECIPIENTS

In order to achieve the national objectives, the City allocates CDBG funds on an application basis each year. A ***Subrecipient*** is a public or private nonprofit agency, authority, or organization, which receives CDBG funds from the City to undertake eligible activities.

Unless otherwise noted, the term “Subrecipient” or “Agency” will be used throughout this manual to denote all entities receiving CDBG funds.

Prior to the release of CDBG funds from the City, a written agreement must be executed with the Subrecipient. The agreement remains in effect during any period that the Subrecipient is operating a program or implementing a program in which CDBG funds are being invested. City staff must complete the HUD required Environmental Review, which will begin upon receipt of the required documentation from the Subrecipient.

PRE-CONTRACT PROCEDURES Summary of Procedures and Responsibilities

General Information Any timeframes mentioned are approximate	Responsible Party
Release of Funds The U.S. Department of Housing and Urban Development approves the City's program application and releases the funds for use to the City.	HUD/City
Community Development Entitlement Administration and Compliance (CDEAC) - Each program will have an assigned Compliance Officer (CO) to work with the agency. The CO will provide ongoing technical assistance needed to support the program and to ensure timely contracting, and successful program implementation.	City
Orientation and Technical Assistance Session - A mandatory orientation is held after the City Council allocates the awards and prior to the contract year. If the agency is unable to attend, the assigned CO will arrange to conduct the orientation at another time. The orientation is to educate Subrecipient agencies about the basic rules under which all CDBG activities must operate. It provides an opportunity to establish clear expectations with respect to performance standards, policies, and procedures. The agency will find out how and when to start the program.	City/Agency
Environmental Clearance Required - Funds cannot be obligated or expended until an Environmental Clearance is completed and the contract is executed. Any expenditures for a program that take place before the execution of a contract and the completion of the Environmental Clearance cannot be reimbursed. The City is responsible for completing the HUD required Environmental Clearance.	City/Agency
Site Visit - A site visit may be conducted to review the agency's fiscal, management and operational procedures, its compliance with ADA and CDBG requirements, and to survey the program or services offered.	City
Agreement - The agreement is the central part of the Subrecipient compliance with the CDBG program. It fulfills a legal requirement by presenting a concise statement of rules of the CDBG program, the conditions under which funds are provided and delineates fiscal and program performance.	City/Agency
Procurement Requirements - If you plan to purchase materials, agency products, or services under the CDBG program, the agency must follow a free and open competitive process in securing products or services. Agencies must properly document the purchase activity and decisions. All procurement undertakings must make an effort to outreach/utilize Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) firms. Documentation must be maintained to verify the outreach efforts.	Agency
Audit Required - An audit for the agency's most recent audited year must be provided, if available, including any management letters and any responses the agency has made to the audit. If an agency does not qualify for an audit, a reviewed Financial Statement signed by the President of the Board, and the Treasurer will be required.	Agency

II. COMMUNITY DEVELOPMENT BLOCK GRANT OBJECTIVES

The primary emphasis of the CDBG grant program is to ensure that each activity meets and complies with one of HUD's three broad national objectives which are:

1. Benefit to low-and moderate-income households and/or persons
2. Prevention and/or elimination of slum and blight

3. Addressing other Community Development needs having a particular urgency

Although a Subrecipient can comply with the CDBG Program objectives by meeting any one of the three national objectives, *all of the City of Columbia' Subrecipients* have been designated under a national objective benefiting low-to moderate-income households or individuals. For this reason, program benefit criteria under this objective are more fully explained in this Manual than the other two objectives.

A. BENEFIT TO LOW-AND MODERATE-INCOME HOUSEHOLDS AND/OR INDIVIDUALS (LMI)

This national objective stipulates that Subrecipient clients who benefit from CDBG funds must have low and moderate incomes as defined by HUD (**Exhibit I**). In order to meet this benefit test, each Subrecipient must adhere to the following:

1. Every Subrecipient must serve persons of low and moderate income. Low-income is defined as a household that does not exceed 50 percent of HUD Section 8 Rental Income Limits. Moderate-income is defined as a household that has an income that does not exceed 80 percent of Section 8 Rental Income Limits. HUD updates these limits on an annual basis. It is the responsibility of the Subrecipient to adhere to all new guidelines from the date they receive them. To receive the most up to date income guidelines go to www.hud.gov.
2. Regardless of other income limits, requirements, guidelines and regulations that may govern a Subrecipient's activities, for the purpose of the City of Columbia' CDBG program, all Subrecipients must ensure that the income of the clients they serve does not exceed HUD's Annual Income Limits. The HUD income guidelines allow services to clients who are not poverty level. Subrecipients may consider using the CDBG funds to allow services for moderate-income clients that typically would only go to very low-income clients.

B. LOW-AND MODERATE-INCOME LIMITED CLIENTELE ACTIVITY CRITERIA (LMC)

A limited clientele activity is an activity that benefits a specific group of people, rather than all the residents in a particular area. The limited clientele activities addressed in this section are intended to benefit at least 51% low-and moderate-income individuals. However, housing activities and activities designed to create or retain jobs may not qualify under this category.

To qualify under this category, the activity must either:

- a. Benefit a clientele who are generally presumed to be principally low- and moderate-income (L/M) individuals. The following groups are currently presumed by HUD to meet this criterion: abused children, battered spouses, elderly, disabled, homeless persons, illiterate individuals, and migrant farm workers;
- b. Require information on family size and income so that it is evident that at least 51% of the clientele are individuals whose family income does not exceed the L/M limit;
- c. Have income eligibility requirements that limit the activity exclusively to low- and moderate-income individuals; or
- d. Be of such nature and location that it is obvious the clientele benefiting from the activity will be low-and moderate-income individuals.

C. EXAMPLE OF LIMITED CLIENTELE SERVICES

The CDBG subsidized services must be limited to individuals with low and moderate income, or who are considered presumed eligible such as: battered spouses, abused children, elderly, disabled, homeless, or

illiterate individuals, and migrant farm workers. This means that only families or individuals who qualify by income may receive CDBG subsidized services. Agencies may offer a sliding scale fee to the general population. The same principal would apply to a childcare center or any other fee based service. A clinic providing CDBG subsidized health services that are available to all individuals in a neighborhood would not qualify as a limited clientele activity.

D. RECORDS TO BE MAINTAINED

For most federally funded activities, recipients are required to keep records to show compliance with program requirements. Generally, recipients are required to keep records associated with grant transactions for five years after the final financial status report submitted for that grant. Subrecipients may be required to retain records longer than the specified time period if the records relate to audit resolution, audit appeal, or other action initiated prior to the end of the record retention period, but extending beyond that period. For each activity, the following three (3) types of documentation must be kept.

1. Records showing the activity is used by a segment of the population presumed by HUD to be low/mod individuals, e.g., disabled persons, persons with HIV/AIDS, homeless; or
2. Records describing how the nature and, if applicable, the location of the activity establishes that it is used predominantly by low-and moderate-income individuals. (Census tract data); or
3. Data showing the size and annual income of the immediate family of each individual receiving the benefit, if not in the applicable low-income census tracts.

III. ADMINISTRATIVE PROVISIONS

A. WRITTEN AGREEMENT WITH CITY

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The agreement will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the agreement binds the Subrecipient for a specified period of time, and may be revised only upon written authorization from the City. Compliance with the stipulations in this Program Manual is a requirement of the written agreement.

B. POST-AWARD RESPONSIBILITIES

Upon execution of the agreement between the City and the Subrecipient, the Subrecipient shall:

1. Immediately report all changes in its articles of incorporation, bylaws, or tax-exempt status to the City.
2. Ensure no member of the Board of Directors is a paid employee, agent or subcontractor.
3. Continue to include representation on the Board of Directors, the broadest possible cross-section of the community, including those with expertise and interest in the provided services, representatives from community organizations interested in the services, and users of the services.
4. Ensure all meetings of the Board of Directors are open to the public, except meetings, or portions thereof, dealing with personnel or litigation matters.

5. Keep minutes of all regular and special meetings of the Board of Directors, have a regular meeting at least once a year, and upon request, forward copies to the NPO assigned to your program.

C. FEDERAL REQUIREMENTS

Subrecipients and subcontractors must comply with all applicable federal regulations governing the use of CDBG funds in addition to Office of Management and Budget (OMB) Circulars. These regulations include but may not be limited to those identified on the “Conditions of Federal Funding” **Exhibit A** and the attached summaries of OMB Circulars A-122 **Appendix I** and A133 **Appendix II**, as well as HUD Regulations 24 CFR Part 570, CDBG Regulations **Appendix III** and 24 CFR Part 84, (Grants, And Agreements With Institutions Of Higher Education, Hospitals And Other Non-Profit Organizations) **Appendix IV**.

D. INSURANCE

Subrecipients shall obtain and maintain the minimum insurance coverage outlined in “Insurance Requirements” attached hereto as **Exhibit D**.

IV. SUBRECIPIENT RESPONSIBILITIES (From Playing by the Rules A Handbook)*

When agencies begin providing services and requesting reimbursement, some may not have the financial systems in place to meet Federal requirements. Below is a summary of the required elements of financial systems for managing Federal funds. Please review the following eight sets of questions to find out if there are certain areas that the agency may need help with. Below are questions Subrecipients should ask themselves from the Playing by the Rules A Handbook from HUD.

1. Internal Controls: Does the agency have a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents? Does the agency have written accounting procedures for approving and recording transactions? Are financial records periodically compared to actual assets and liabilities to check for completeness and accuracy?

2. Accounting Records: Does the agency maintain an adequate financial accounting system, the basic elements of which should include: (a) a chart of accounts; (b) a general ledger; (c) cash receipts journal; (d) cash disbursements journal; (e) a payroll journal; and (f) payable and receivable ledgers. Does the accounting system provide reliable, complete and up to date information about sources and uses of all funds? Are “trial balances” performed on a regular basis (at least quarterly)?

3. Allowable Costs: Does the agency have a clearly defined set of standards and procedures for determining the reasonableness, allowability and allocability of costs incurred that is consistent with the basic Federal rules (OMB Circular A-87 or A-122)? Does the agency know which specific types of expenditures are prohibited under the CDBG program? If approved for indirect costs, does your agency have a HUD approved indirect cost allocation plan?

4. Source Documentation: Does the agency maintain up to date files of original source documentation (receipts, invoices, cancelled checks, etc.) for all financial transactions, including those involving obligations incurred and the use of program income?

5. Budget Controls & Cash Management: Does the agency maintain an up to date (approved)

budget for all funded activities, and perform a comparison of that budget with actual expenditures for each budget category? Does the agency regularly compare progress toward the achievement of goals with the rate of expenditure of program funds? Does the agency have a regular procedure for

accurately projecting the cash needs of the organization, and for minimizing the time between the receipt of funds from the grantee and their actual disbursement? Can the agency ensure that all program income is used for permitted activities, and that such program income is used before further drawdowns are made from the grantee for the same activity?

6. Financial Reporting: Is the agency able to provide accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of the grantee and HUD?

Audits: When was the last audit conducted of the agency by either a Certified Public Accountant or a qualified accountant and what were the results? Does the agency have a copy of the management letter? Is the agency aware of the different types of audits, and is the CPA capable of conducting and completing an OMB A-133 audit if the agency qualifies for one? Has the agency completed the annual IRS form 990 report and submitted it on time? All agencies with \$25,000 and more in annual income per year must follow this IRS rule.

If the answer is “yes” to all of these questions, then the agency has established a commendable degree of control over its financial affairs. If not, then the agency must develop policies and procedures to allow for the above.

The requirements for financial management systems and reporting are found in 24 CFR Part 84, and in OMB Circular A-122, both of which are included in this manual for reference. The purpose of these requirements is to ensure that a Subrecipient receiving federal funds has a financial management system sufficient to:

- provide effective control over and accountability for all funds, property, and other assets;
- identify the source and application of funds for federally-sponsored activities, including verification of the “reasonableness, allowability, and allocability” of costs, and verification that the funds have not been used in violation of any of the restrictions or prohibitions that apply to this federal assistance;
- Permit the accurate, complete and timely disclosure of financial results, in accordance with the reporting requirements of the grantee or HUD.

The federal regulations provide specific requirements regarding the eight areas listed in the first part of this section, namely: internal controls, accounting records, allowable costs, source documentation, budget controls, cash management, financial reporting, and audits.

Following are a few of the financial terms used in this section:

Accrued – term used to show expenses incurred in a prior fiscal year that are paid in the current fiscal year, but are charged back to the year in which the expenditures pertained. For example, a Non-profit spends CDBG funds in June, the end of the fiscal year but does not bill the city until July, the first period of the new fiscal year, those funds may be charged back to the prior period, June.

Allowability – term indicating whether an expense is eligible for the program and/or funding source.

Allocability – cost may be charged to a federal award if it is a specific benefit to the program. **Budget** – A plan of action expressed in financial terms.

Expenditures – term used to describe funds spent.

Obligations – funds set aside for specific purposes and/or items.

Outlay – funds used by the agency to pay for goods and services prior to being reimbursed. **Program income** – funds earned by the agency in a CDBG funded program or facility. Typically, these funds are in the form of fees for services.

Resources – funds used by the agency.

OMB A-122 – Office of Management and Budget Circular A-122 discusses the rules for cost principals. These are the rules that non-profit agencies using federal funds must abide by when purchasing goods or services.

OMB A-133 – Office of Management and Budget Circular A-133, discusses auditing rules for all agencies using federal funds. Effective December 31, 2003, the threshold for an A-133 audit was raised to \$500,000 in federal funding expenditures.

24 CFR Part 84 – Code of Federal Regulations that govern non-profit agencies using federal funds.

24 CFR Part 570 – Code of Federal Regulations that govern CDBG funds.

1. INTERNAL CONTROLS

A good internal control system should include several basic features, regardless of the organization's size. The characteristics include:

- An organization plan that safeguards resources by segregating duties;
- A system of authorization and recording procedures that provides effective accounting control over assets, liabilities, revenues, and expenses;
- An established system of procedures followed by each organizational component in performing its duties and functions;
- Personnel capable of performing their responsibilities; and
- An effective system of internal reviews.

Internal controls can help provide assurance that operations comply with federal requirements. For example, responses to question such as those below can affect the outcome of an audit:

- Are there payroll records to support charges to federal funds and do they meet the requirements laid out in the applicable cost principals?
- Are there procedures to verify that charges are allowable under grant provisions?
- Are there adequate procedures to verify that program participants are eligible?
- Are corrective actions recommended and implemented as a result of self-monitoring activities?

The soundness of any organization's financial management structure is determined by its system of internal controls. Internal controls consist of a combination of procedures, specified job responsibilities, qualified personnel, and records which together create accountability in an organization's financial system and safeguard its cash, property, and other assets. Through its system of internal controls, an agency's management can ensure that:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
- These resources are protected against waste, mismanagement or loss;
- Reliable information on the source, amount and use of resources are secured, maintained up to date and disclosed in appropriate records and reports.

Accordingly, some of the basic elements that a Subrecipient should consider in developing a system of control include:

- An organizational chart that indicates the actual lines of responsibility of individuals involved in approving or recording financial transactions.
- Written definition of the duties of key employees

A formal system of authorization and supervision sufficient to provide accounting control over assets, liabilities, receipts, and expenditure.

This should include:

- Maintenance of a policy manual specifying approval authority for financial transactions and guidelines for controlling expenditures; and,
- Written procedures for the recording of transactions, as well as an accounting manual. The system of authorization should provide a way for management to ensure supervisory approval of transactions, and documentation of these transactions for accounting purposes. A system of authorizations can be general – as in a procedures manual which explains how accounting functions are to be performed – or very specific, as in identifying who has the authority to sign a contract on behalf of the organization or who has permission to sell a piece of equipment. **It is highly recommended that the agency adopt a two party signature process for agency checks and expenditures.**
- **Adequate separation of duties** so *no one individual* has authority over an entire financial transaction. Separation of duties specifically involves the separation of three types of functional responsibilities: (a) authorization to execute a transaction, (b) recording of the transaction, and (c) custody of the assets involved in the transaction.
- It is often beneficial to have different individuals, or even different departments handle the various steps in the processing of transactions. First, separation of functional responsibility results in cross-checking by the individuals involved, increasing the likelihood that innocent or clerical errors will be discovered and corrected. Second, fraud is more difficult to carry out if it would require the collusion of two or more people.
- In organizations with very limited staff, however, it may be difficult to achieve optimal separation of duties. In such instances, the most critical functional areas are separation between custody for cash, record-keeping for cash, and control of assets easily converted to cash.
- Hiring policies to ensure that staff qualifications are commensurate with job responsibilities.
- Control over access to assets, blank forms, and confidential documents. Physical access to records, blank forms, cash and other assets should be limited to authorized personnel only. For example, access to accounting records should be limited to only those individuals having record keeping or supervisory responsibility for them.
- Agencies should perform periodic comparison of financial records to actual assets and liabilities (reconciliation), with corrective action taken in response to any discrepancies. As with separation of duties, this is a crucial exercise to uncover and correct inadvertent record-keeping errors in a timely manner. It is also essential for identifying potential weaknesses in an organization's system for safeguarding resources, as well as possible instances of fraud or misuse of assets.

2. ACCOUNTING RECORDS

A. Accounting System

Staff with accounting skills but not necessarily with a CDBG background may often handle the agency's financial functions. To ensure proper financial record keeping and reporting, agencies should help their financial staff understand:

- What information needs to be kept and why;
- When information should be collected and how often reported;
- How the information should be acquired, organized and stored;
- How the information should be reported (format) and how long the records must be kept.

Financial record keeping is one of the primary areas subject to HUD reviews and one which if inadequate can lead to serious problems. These are the financial information and records that must be maintained by the agency:

- Chart of accounts, written accounting procedures, internal controls, administrative controls, accounting journals and ledgers;
- Payment requests and source documentation (bills, receipts, copies or cancelled checks, etc.);
- Procurement files (bids, contracts, etc.) and real property inventory;
- Bank account and payroll records;
- Financial statements, correspondence and audit files.

Subrecipients are required to have accounting records that adequately identify the source and application of CDBG funds provided to them. To meet this requirement, a Subrecipient's accounting system should include the following elements:

- A chart of accounts. This is a list of names and the numbering system for the individual accounts that contains the basic information about particular classifications of financial transactions for the organization. Accounts are created and, in turn, used to summarize the financial transaction data, according to some common characteristics. A typical chart of accounts might have, for example, separate account categories for describing assets (cash in a checking account, accounts receivable, pre-paid insurance, etc.); liabilities (loans, accounts payable, obligated funds, etc.) revenue (drawdowns from CDBG awards, cash contributions, proceeds from sales, other program income, etc.); and expenses (rent, wages, utilities, phones, etc.).
- A cash receipts journal. This journal documents (in chronological order) when funds were received, in what amounts, and from what sources. The journal is a record of transactions showing the charges to be recorded as a result of each transaction. Every transaction is initially recorded in a journal. Therefore, a journal is called a record or book of original entry. Each entry in the journal states the names of the individual accounts to be debited and credited, the dollar amount of each debit and credit, the date of the transaction, and any other necessary explanation of the transaction. Information for a journal entry can come from a variety of sources, such as checks issued, or received, invoices, cash register tapes, and time sheets.
- A cash disbursements journal. This journal documents the expenditures of the organization in chronological order (e.g., when the expense was incurred, how much was spent, to whom it was paid, and for what purpose).

- A payroll journal. This journal documents the organization’s expenses on salaries and benefits, and distinguishes different categories for regulatory purposes.
- A general ledger. After a transaction is entered in a journal, that information also should be transferred to the proper accounts contained in the general ledger. The general ledger summarizes in chronological order the activity and financial status of all the accounts of an organization. The process of transferring transaction information from a journal to a ledger is known as “posting”. The entries in the journal and ledger should be cross-indexed to permit the tracing of any recorded transaction (i.e., an “audit trail”).

Periodically, a “trial balance” is performed, to test the mathematical accuracy of the ledger, and to prepare a statement of the financial position of an organization on a particular date.

B. Sources and Uses of Funds

For the CDBG program, these accounting records must contain reliable and up-to-date information about the sources and uses of funds, including:

- Federal grant awards received by the organization;
- Current authorizations and obligations of CDBG funds;
- Unobligated balances (funds remaining available for distribution);
- Assets and liabilities;
- Program income; and,
- Actual outlays or expenditures.

C. Maintenance of Records

The internal control requirements provide for the separation of duties and the secure storage of accounting records in limited access areas. In maintaining these accounting records a Subrecipient should also ensure that:

- Journal Entries are properly approved and explained/supported;
- Posting and trial balances are performed on a regular basis; and,
- Fidelity bond coverage is obtained for responsible officials of the organization.

D. General Federal Requirements - Financial Administration

To meet the cash management requirements a Subrecipient’s financial management systems must provide for:

- A computer accounting system that records the source of income and categorizes expenses for grant activities. This system should contain income and expenses pertaining to federal grants.
- Effective control over all grant funds, property and equipment, and other assets. Subrecipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
- Comparison of actual checks written with budgeted amounts for each grant.

- Computer printouts that are supported by source documentation (i.e. original invoices marked “Paid” with dates and check number). A separate fund should be kept for all grant income and expenses.

E. Complying with Federal Requirements

Written procedures for determining what's reasonable and allowable under OMB circulars for costs and activities;

- a. Cash Management
- b. Eligibility of recipients
- c. Equipment and real property management
- d. Compliance with requirements regarding procurement, suspension and debarment
- e. Treatment of program income

F. Grants Accounting Records

For each program the agency should determine what data must be maintained in the program files and establish a system for ensuring that every file contains the necessary information. This list will vary from program to program, but each file should include the following:

- CDBG application, City Agreement, procurement information, bids and other contracts; budget, expenditure and payment information including supporting documentation;
- Characteristics and location of clients served;
- Program status, progress reports, audits, monitoring reports and correspondence.

Financial records are an integral part of the required computer accounting system. The required grants accounting records for Subrecipients are listed and discussed below.

- The computer bookkeeping/accounting system should have a general ledger type printout showing the assets, liabilities, income and expenses. The system should provide a separate report for income and expenses by fund or grant. Bank reconciliations must be performed monthly and balanced with the cash account in the general ledger. Further explanation of these required reports are as follows:
- General Ledger, or Category Report (Quicken type software), - The general ledger shall include separate accounts for all assets, liabilities, income, and expense categories, as well as an account for the cash/fund balance.
- Cash Disbursements - A computer printout of the grant expenses by category or account code must be submitted with the reimbursement request.
- Payroll Reports – The largest component of direct cost associated with most awards received by nonprofit organizations is labor. Personnel activity reports or equivalent documentation must meet certain standards. Reports must reflect an after the fact determination of the actual activity of each employee. Reports must be signed by the individual employee, and by a responsible supervisory official having first-hand knowledge of the activities performed by the employees. Further, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during periods covered by the award. Subrecipients are required to maintain payroll reports detailing gross salaries, all withholding and employer payments - Medicare, Social Security, SIIIS or Workman’s Compensation Insurance and health insurance. Non-profits are exempt from federal unemployment tax; however, they are liable for state unemployment reports.

- Hours worked on the grant must be indicated on the report and proper documentation, i.e. time cards and time to project logs are required. Employees must keep track of time spent working on CDBG related activities during the work day. CDBG funds may only be used to reimburse eligible activities which benefit moderate and low income City of Columbia residents.
- Property Register - To adhere to requirements outlined in the Revisions to 24 CFR Part 570 at subpart J, a listing of all property and/or equipment purchased with Federal grant funds in the amount of \$500 or more must be maintained. Although the OMB amount is \$5,000, the State of Nevada amount is \$500, and the most restrictive requirement must be followed.

The Community Development Department requires that all federally funded equipment purchases must be recorded on an Inventory/Property Control Form, and submitted to CDD upon request. All use and proposed dispositions of grant-funded property is governed by the provisions under the revisions to 24 CFR Part 570 at subpart J.

G. Record Retention Period

All CDBG files must be maintained for a minimum of *five* years after the final financial status report has been submitted for the grant.

H. Access to Records

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access Subrecipient agency program records. All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

Information may be provided utilizing aggregate statistics. All clients may be lumped into categories, but no personal information may be released. *For example, a report may state: 150 clients served this month, 60 Caucasian, 60 African American, 15 Native Americans, 15 Asian. Of those clients, 25 were female head of household, 30 were Veterans, 100 were very low income, and 50 were moderate income.*

J. Allowable Costs

The standards for determining the reasonableness, allowability, and allocability of costs incurred as part of CDBG-financed activities are found in OMB Circular A-122 for non-profits Subrecipients.

According to basic guidelines contained within the OMB Circulars, a cost is allowable under the CDBG program if:

- *The expenditure is necessary, reasonable and directly related to the grant.*
- This standard applies equally to such items as salaries and administrative services contracts, as well as to real property and equipment purchases or leases, travel, and other administrative expenditures. In determining the reasonableness of a given cost, consideration shall be given
- The expenditure has been authorized by the grantee (the city in this case), generally through approval of the budget for the activity and is not prohibited under Federal, state or local laws or regulations. CDBG is a reimbursement grant, meaning that agencies spend the funds and then ask to be reimbursed by the city. It is very important that if there are any questions as to eligibility of an expense that agencies contact their Programs Officer. If the expense is not allowed, the agency will have to pay for it from another funding source.

- The cost must be allocable to the CDBG program. A cost is allocable to a particular cost objective (e.g. grant, program or activity) in proportion to the relative benefits received by that objective. This means that:
- If an office is utilized by two programs during the same hours, the costs of the office should be allocated between the two programs equally.
- The same expense cannot be claimed against more than one grant.
- In addition, a cost originally allocable to a particular federal grant program cannot be shifted to another federal grant program in order to overcome funding deficiencies, to avoid restrictions imposed by grant or by law, or for other reasons.

K. Source Documentation

The general standard is that all accounting records must be supported by source documentation. This is necessary to show that the costs charged against CDBG funds were incurred during the effective period of the Subrecipient's agreement with the grantee, were actually paid out, were expended on allowable items, and had been approved by the responsible officials in the Subrecipient organization.

The source documentation must explain the basis of the costs incurred, as well as showing the actual dates and amount of expenditures.

For example: Payroll source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors' meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc. For staff time charged to the CDBG program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, payroll service provider, etc., or evidence of direct deposits will document the actual outlay of funds.

Rental or lease agreements, and bills from the respective companies must support space and utilities costs. Both types of expenses will be supported by canceled checks. If the cost is split between CDBG and other sources, there must be a reasonable method in place to allocate the charges equitably among the sources.

Supplies, should be supported by purchase orders, or requisition forms initiated by an authorized representative of the Subrecipient, an invoice from the vendor, (which has been signed off by the Subrecipient to indicate the goods have been received), the canceled check to the vendor demonstrating payment was made, and information regarding where the supplies are stored and for what cost objectives they are being used. (See Section V Fiscal Management)

All source documentation does not have to be located in the CDBG project files, but it must be readily available for review by the grantee, HUD or other authorized representatives at all times. Please be aware that by accepting CDBG funds your organization records as a whole are open for review. Develop and maintain a central filing system. This will ensure that audits and monitoring visits go smoothly, and documentation is readily accessible.

In the simplest terms, financial transactions involve writing checks, and receiving reimbursement for eligible activities. Every grant related financial transaction must be recorded immediately into the accounting system.

Source documents, such as invoices or time cards, should provide all details of each transaction or activity. The information contained in the source documents is necessary for accounting purposes, and is recorded in the computer accounting/accounts payable system. The source documents must be readily accessible during monitoring visits.

A variety of source documents and records are needed to properly account for grant transactions. These documents include but are not limited to the following:

Invoices – All Subrecipients are required to retain original invoices or sales receipts for all purchases. All invoices must be marked "PAID" with the check number, and date paid included. A stamp is recommended for this.

If any original document for an expense cannot be located during a monitoring visit, the amount may be deducted from the next reimbursement request, or may be required to be repaid.

Payroll Records – All Subrecipients will maintain concise documentation for both the time worked and tasks undertaken. The employee and his/her immediate supervisor must sign employee time cards.

Service Contracts – All grant funded service contracts (accounting, leases, janitorial, etc.) must be a written agreement between the Subrecipient and the firm/individual.

The City of Columbia, Community Development Department must have copies of all service contracts that are to be reimbursed with City CDBG grant funds. The City has developed a standard subcontract form for your use, attached as Exhibit L.

L. Budget Controls

All Subrecipients are required to submit a proposed program budget when making an application for funding. Once the application process has been completed, an up to date and accurate program budget must be created and submitted to the Community Development Department for approval and inclusion in the Subrecipient Agreement.

Budgets are tools of the financial management system used for two main management functions: decision making (planning) and monitoring and controlling. A budget is a plan of action expressed in financial terms. In the course of planning, an organization defines its purpose, mission, goals, objectives, strategies and activities. Through the budget process, decision-makers look at the financial implications of their plan: how much will a program cost and what are the anticipated revenues.

Budgets are also tools for monitoring and controlling ongoing organization activities. Once a plan has been developed, the organization needs information to see whether it is keeping to its plan. If the organization has gone "off track", various responses can be considered. Since the budget describes the plan in terms of dollars, it provides a basis for monitoring progress.

Since budgets are planning documents, effective budgets are those that accurately anticipate and project the interplay between program and fiscal activity. An effective budget serves as a guideline, which reflects the best estimate by an organization's decision-makers of the anticipated income and the costs

of operating various program activities. In summary, an organization needs to prepare annual budgets because budgets assist organizations to:

Define goals for a given period of time

- Monitor progress throughout that period of time
- Point out significant variances between the financial goals and how resources are actually being used
- Point out problems when they arise, so that corrective action can be taken on a timely manner
- Predict and monitor cash flow, and
- Illustrate need to funding sources

Subrecipients must have procedures in place to monitor obligations and expenditures against their approved budget(s) for CDBG funded activities. Depending on the language of the Subrecipient agreement, the grantee may be under no obligation to reimburse a Subrecipient for expenditures which exceed approved budget line items or the overall budget for CDBG assisted activities. Therefore, the Subrecipient needs to have an ongoing system to compare actual receipts, encumbrances, and expenditures with the CDBG budget in order to ascertain in a timely fashion whether it will be necessary to initiate a formal budget revision. In addition, since the budget reflects the Subrecipient's best estimate of the resources necessary to accomplish the CDBG project scope of services, any pattern of line item overruns should prompt a careful re-assessment of whether the available resources will still be sufficient to achieve the agreed-upon objectives.

In order to compare and control expenditures against approved budgets a Subrecipient must:

- Maintain in its accounting records the amounts budgeted for eligible activities;
- Include unexpended/unobligated balances for budgeted categories, as well as obligations and expenditures; and,
- Periodically compare actual obligations and expenditures to date against planned obligations and expenditures, and against projected accomplishments for such outlays.

These comparisons should be made on an ongoing basis. In addition, it is critical that Subrecipients maintain a close watch over the progress achieved for the amount of funds expended.

M. Financial Reporting

Financial reports prepared by a Subrecipient must be accurate, timely, current, and represent a complete disclosure of the financial activity and status in each federal grant program under which assistance is received.

Although the format and frequency of the financial reports required of Subrecipients may differ from locality to locality, a Subrecipient must have the capacity to provide at a minimum the following information for each CDBG activity:

- Amount budgeted;
- Reimbursements received to date;
- Program income and other miscellaneous receipts in the current period and to date;
- Actual expenditures/disbursements in the current period and cumulatively to date, for both program income and regular CDBG grant funds;
- Current encumbrances/obligations in addition to disbursements;
- Unpaid requests for payment previously submitted at time of latest drawdown.

In addition, a Subrecipient's accounting and record-keeping system must be able to support the data in (a) its drawdown requests, (b) its other financial and progress reports, and (c) any submissions necessary for the grantee's annual report to HUD.

The City of Columbia is responsible for ensuring that Subrecipient activities are carried out in compliance with all applicable program requirements and that the program goals are on track with the objectives outlined in the Subrecipient contract. Accurate record keeping is crucial to the successful management of CDBG funded programs. Insufficient documentation can lead to delayed payments or monitoring findings, both of which can be difficult to resolve if records are missing, inadequate or inaccurate.

While the agency may not qualify for an A-133 Audit, it is extremely helpful if financial statements contain a grants reporting summary page, which lists all the grants and amounts the agency received during the fiscal year by Catalog of Federal Domestic Assistance (CFDA) number and the amount. Providing this information with the year end audit or financial statement, allows the city to determine if the agency conducted the proper type of audit based on the funds expended. The CFDA number for CDBG funds is 14.218. Use this website <http://www.cfda.gov/> to look up other CFDA numbers by grant name and type.

N. General Responsibilities

Recipients of federal funds are required to comply with all applicable federal requirements. Subrecipients must safeguard these resources by segregating duties. The Subrecipient's Director must be responsible for reviewing and approving all transactions involving the grant funds, before the Subrecipient's financial officer or accountant processes them.

The Subrecipient's responsibilities include:

- Ensure that all expenditures involving the use of federal funds are eligible under the federal and local requirements of the grant
- Approval of purchase orders and contracts to be reimbursed through HUD grant funds
- Receipt and approval of invoices
- Review and approval of requests for payments involving HUD grant funds are coded properly
- Compliance with all HUD regulations, the City Grant Agreement and Subrecipient Informational Program Manual
- Implementation of an internal control system

O. Finance Officer Responsibilities

The finance officer or accountant is responsible for maintaining a computer accounting/ bookkeeping system. The finance officer's or accountant's responsibilities include, but are not limited to:

- Control of accounting documents for processing by the Subrecipient
- Preparation of financial reports based on accounting records
- Preparation of requests for reimbursement, subject to review by the agency's Director
- Execution and oversight of all financial procedures designed to avoid or eliminate waste, fraud, or abuse of grant funds. Should the City determine that the Subrecipient's accountant is not maintaining proper financial records, or processing accurate information, the City has the right to request the Subrecipient to remove that individual from grants responsibility.

P. Audits

The agreement with the City is subject to an OMB A-133 Audit pursuant to the Single Audit Act and is also subject to other requirements of OMB Circular No. A-110 "Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations" and its relevant attachments "A" through "O"; and Circular A-122, entitled "Cost Principles for Non-Profit Organizations." *Has a recent audit been conducted and what were the results?*

An audit is both a financial and program audit. It encompasses auditing of expenses as well as the program. In other words, ensure that grant funds were expended for allowable costs and accomplished the program objectives according to the Scope of Services.

The United States General Accounting Office (GAO) states that Subrecipient agencies must ensure that federal program resources are applied "efficiently", economically and effectively to accomplish the program objectives. The financial and performance audits are designed to assure that Subrecipient agencies are accountable to HUD, the City and the public. In particular:

1. *Financial audits* are designed to provide an independent opinion on the agency's financial statements, internal central structures, cash flow, and compliance with specific financial systems and procedural requirements.
2. *Performance audits* provide an independent point of view on the extent to which the agency has efficiently and effectively carried out its operations, and achieved the intended program results and benefit.

The primary goal of the audit is to determine whether an agency has adequate systems in place to assure that:

1. goals and objectives are met;
2. resources are safe-guarded;
3. laws and regulations are followed; and
4. reliable data is obtained, maintained and accurately disclosed.

Subrecipients are responsible to ensure their auditors conduct the proper type of audit. Not all Certified Public Accountants (CPA's) are qualified to perform an A-133 audit.

Please note: Effective December 31, 2003, the Office of Management and Budget requires that grant recipients who expend \$500,000 or more in federal funds in one fiscal year, must conduct an A-133 audit.

Please note: On July 1, 2005, the City implemented the following audit policy: Any agency that expends between \$200,000 - \$499,999 in federal funds will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. If allowable by program regulations, the City may only pay for the portion of the audit, which represents the percentage of City federal funds in the program budget.

Subrecipients who do not qualify for an A-133 or Audited Financial Statement must submit a Certified Annual Financial Statement (CFA). This is the lowest audit criteria and will only be accepted from those non-profits who can document that they did not qualify for an A-133 or a CPA audited financial statement. The Treasurer and the Board President must sign a statement certifying the CFA. The statement should read as follows: ***We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this***

organization.

Q. Audit Due Date

Audits have different due dates depending on the type the agency qualifies to conduct. Certified Annual Financial Statements are due three (3) months after the end of the fiscal year; CPA conducted audits are due six (6) months after the end of the fiscal year, and A-133 Audits are due nine (9) months after the end of the fiscal year.

In order for the agency to understand the financial requirements, the following section covers financial statements. The Subrecipient is responsible for the work and reports created by their staff and/or accountant.

All Subrecipients who fall under the requirements of OMB A-133 Auditing rules must submit a full and complete copy of such audits to the Community Development Department. It is the responsibility of the Subrecipient to ensure that audits are completed in a proper and timely manner. Failure to submit copies of the A-133 Audit will render the Subrecipient as noncompliant. This means that no funds may be drawn until the City of Columbia Community Development Department has received and reviewed the copy of the audit.

V. FISCAL MANAGEMENT

Reimbursement will only be provided for allowable costs as approved by the City of Columbia and must be directly related to the Grant. Reimbursements should be submitted on a monthly basis. Please use the Request for Funds Form provided by CDD. When your requests are submitted they must include copies of receipts, check registers, payroll reports, and paid invoices.

The City of Columbia will only reimburse the Subrecipient for expenditures actually incurred.

(Please see Section VI-Monthly Reimbursements for further information.)

All Subrecipient requests for reimbursement must be made by accurately completing the Request for Reimbursement Form, **Exhibit F**, with an accounts payable, general ledger or category printout attached which ties to the expenses. Proper documentation including invoices and check copies must be attached to the submission of a Request for Funds.

A. GENERAL BUDGET INFORMATION

There are typically three cost categories within a general budget:

1. Personnel Costs

1. Personnel - Costs associated with the positions identified on the Staffing Plan. Costs should reflect the actual amount of time each position spends on the program.
2. Fringe Benefits - Eligible payroll-related costs of health insurance, retirement fund contributions, FICA, Worker's Compensation, and other payments made on the behalf of the employee.
3. Federal funds cannot be used to pay for 100% of an Executive Director's salary. Please ensure that when receiving multiple funding sources this threshold is not exceeded. IRS

employee rules must be applied before determining an employee's status or non-status. People who work for the agency are employees, people who provide training, consulting or are officers of the non-profit are not and cannot be employees of the agency. This is considered a conflict of interest. Employees must have all the pertinent federal deductions and taxes paid.

NOTE: Non-profit agencies are exempt from paying federal unemployment tax, although State unemployment tax applies. You will not be reimbursed for any federal unemployment taxes you pay.

2. General Non-Personnel Costs

1. Supplies - Consumable commodities that have a useful life of one year or less and which are valued under \$500, except for computer equipment, which must be inventoried and accounted for separately.
2. Direct Client Services – Work Cards, Sheriff Cards, rent, bus tokens, food, utilities, child care, and other program costs paid on behalf of clients.
3. Communication - Costs of telephone, telephone installation, leasing of phone equipment, and postage.
4. Printing - Cost of copying and printing, whether done in-house or through an outside printer; supplies such as paper or fluids for copy machine owned or leased for program use.
5. Utilities - Costs associated with gas, electricity, water, and trash removal. 5) Rent - Rental charges for real property; office space for program. 6) Travel (local) - Costs for mileage reimbursement and conference expenses within Clark County. Mileage reimbursement includes only travel by staff or volunteers for conducting the business of the Subrecipient. No personal mileage will be reimbursed. Mileage from home to work is also not an allowable expense.
6. Travel (other) - All travel and conference expenses outside of Clark County to employees and volunteers for actual mileage. Out of state travel requires prior City approval.
7. Insurance - Insurance-related costs required for the operation of the program.
8. Miscellaneous - For eligible expenses not noted above. Should not exceed 1% of CDBG grant.
9. Food/snacks – Eligible only for clients, and must be an integral part of the program such as afterschool snacks for children in Safekey or lunch for preschool. Please contact your NPO for guidance.
10. **No costs which may be considered as entertainment in nature will be reimbursed with CDBG funds.** Awards ceremonies, banquets, holiday events, trophies, plaques, amusement park field trips, etc. are not an allowable expense. Please contact the assigned NPO for further guidance on this issue prior to planning or expending CDBG funds.

3. Specific Non-Personnel Costs

1. Equipment Rental - Costs for the rental of equipment, which is essential for the operation of the program.
2. Equipment Purchase - Purchase of equipment essential for the operation of the program in those instances where it is more cost effective to purchase equipment rather than rent it. Includes any item with a useful life of more than one year and a cost greater than \$500. Purchase of equipment requires prior City approval.
3. Contracted Services - Professional and technical services not performed by staff.
4. Audit Fees – City CDBG funds may pay for audits, but only to the extent of the total City federal funds in the budget. For example, if the audit cost is \$5,000, and only 20% of the

program's overall budget is from the City, only \$1,000, or 20% of the bill will be allowed. Bookkeeping fees or payroll services are eligible expenses.

B. BUDGET REVISIONS

Modifications to approved budgets line items are allowable but must be directly related to changes in program services and activities and may not increase the budget total.

To implement a budget modification the Subrecipient must submit a written request, which identifies the reasons for the adjustment. The request must be specific as to which line items are to be increased and which are to be reduced and must be specifically approved by the City in writing as a change to the written agreement or contract between the City and the Subrecipient.

The Director of the City of Columbia Community Development Division Manager has the authority to grant or deny requests for budget revisions. The City will issue a written decision within seven business days of receiving the request.

C. RECORDS

Organizations receiving CDBG funds must keep the following fiscal records:

1. Bookkeeping Journals and Ledgers

Provide accurate accounting for cash receipts, cash disbursements and cash balances. All cash, revenues and expenses must be reconciled to the general ledger. Back-up documentation for journal entries must be kept and properly filed. Documentation must include: invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other verification as applicable.

2. Payroll Records

Payroll records will show actual gross earnings; net payroll and payroll deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal will need to reflect the distribution of time and money against each fund or program.

Back-up documentation must include:

- a. *Conceled/Canceled paychecks;*
- b. Tax records;
- c. Worker's compensation records;
- d. Individual time sheets.

3. Petty Cash Record

A petty cash fund may be set up to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be an eligible expense. The size of the fund is left to the discretion of the Subrecipient. Backup source documentation for expenditures must be provided when submitting for reimbursement.

4. Time Records

Time records should be kept indicating actual time worked, including types of time, such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

Agencies using volunteer hours for in-kind match must keep signed time records by the day indicating actual time donated.

Time sheets showing labor distribution and a time to project log, which documents time spent on the project/program, must be kept for all grant funded employees. Copies of these must be submitted with reimbursement requests in addition to cancelled checks, payroll reports and general ledgers.

D. EXPENDITURES

All expenditures associated with an approved activity or program must comply with the following criteria:

1. Limitation of Expenditures

- a. The Subrecipient shall not expend funds provided under the contract prior to the commencement of the contract or subsequent to the suspension or termination of the contract.
- b. Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- c. Expenditures shall be in direct support of the program that is the subject of the contract. The Subrecipient shall notify the City in writing of any expenditure for items jointly used for any other program(s) and the expenditures shall be apportioned according to the percentage of direct use in the program.
- d. The City will not reimburse sales tax charged on an invoice. Subrecipient must obtain an exemption from the South Carolina Department of Revenue.

2. Eligible Costs

To be eligible for payment, costs must be in compliance with Office of Management and Budget Circular (OMB) A-122 **Appendix I** and with the principles set forth below:

- a. Be necessary and reasonable for the proper and efficient performance of the contract and in accordance with the approved budget. The City shall have final authority to determine in good faith whether expenditure is "necessary and reasonable".
- b. Conform to the limitations within the agreement, this manual and to any governing statutes, regulations and ordinances.
- c. Be fully documented and determined in accordance with approved accounting procedures.
- d. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or a prior period.
- e. Be the net amount of all applicable credits such as purchase discounts, rebates, sales or other income or refunds.
- f. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.
- g. Submit to the City, within fifteenth (15) working days of the end of the preceding month, requests

for reimbursement together with a summary of expenses on a form approved by the City supporting documentation.

- h. Submit to HUD or City at such times and in such forms as HUD or, City may require, statements, records, reports, data, and information pertaining to matters covered by the agreement or contract.

3. Ineligible Costs:

- a. Bad debts: any losses arising from uncollectable accounts and other claims, and related costs.
- b. Contingencies: contributions to a contingency reserve or any similar provisions for unforeseen events.
- c. Contributions and donations.
- d. Entertainment: costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity.
- e. Fines and penalties: costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations.
- f. Interest and other financial costs: interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith.
- g. Membership expenses: costs of membership in any organization, which devotes a substantial part of its activities to influencing legislation.
- h. Non-competitive subcontracts: payments under a subcontract not obtained under competitive bidding procedure, unless the City specifically waives the requirement for such a procedure.
- i. Taxes.

4. Close out Documentation:

The Subrecipient shall maintain a system of internal control in accordance with generally accepted accounting practices. Internal control consists of a plan or procedure to safeguard assets, check the adequacy and reliability of accounting data, promote operating efficiency, and assures compliance with appropriate laws and regulations. On or before 90 calendar days after termination of the agreement, the project coordinator should submit to the City an annual inventory update and a closeout financial report. All property, documents, data, studies, reports and records purchased or prepared by the Subrecipient under contract should be disposed of according to contract.

In the event the program terminates, copies of all records relating to the program or activity that are the subject of the contract shall be furnished to the City. Financial statements submitted by the Subrecipient to the City shall be accurate and correct in all respects. Should inaccurate reports be

submitted to the City, the City may elect to have the Subrecipient secure the services of a licensed accounting firm. Cost of such accounting services are to be borne by the Subrecipient

Please see Section VI and Exhibit G for examples of how to submit backup for reimbursements.

E. Program Income

Interest earned on federal grant funds must be reported to the City monthly as Program Income; and must be used in the operation of the specific grant program.

Organizations providing services funded through a City of Columbia CDBG grant may charge fees to clients to reduce the costs of service delivery. Such fees, or any other earnings generated through the use of CDBG funds, are considered to be program income (PI). PI includes, but is not limited to, fees charged for services, proceeds from the sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties.

Program income shall be recorded separately and returned to the City for disposition. Upon approval by the City, income from the Project may be retained by Subrecipient provided that written notification is given to the Community Development Director and that the income is to be used for the exclusive benefit of the Program. Such income will be subject to guidelines for use of such income in accordance with HUD regulations. All PI must be reported. A total amount under \$100 may be reported quarterly rather than in the month in which it is collected.

Donations are defined as free will offerings to an organization not related to receiving a service or benefit. Donations are not PI and do not have to be reported. PI does not reduce the size of the organization's CDBG grant if the PI is spent on eligible items. However, any PI not spent will result in a reduction in the amount of funds reimbursed. Housing development agencies which use CDBG funds for administration only, do not report funds received from the construction of affordable housing units as PI.

VI. MONTHLY REIMBURSEMENTS

City Community Development staff will review each request for reimbursement submitted by the Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient will be requested to submit clarifications, corrections, or additional information.

If any original document for an expense cannot be provided upon immediate request, the amount will be deducted from the next reimbursement request if previously paid or deducted from the current request if not. If no funds remain to be drawn, the agency must reimburse the city directly.

A. General Programs and Public Services

Requests for reimbursement for eligible expenses should be submitted on a monthly basis. A Monthly Request for Funds (RFF) and a Line Item Expense Detail (if needed) must be submitted on City forms, (**Exhibit F**) and must be certified by the organization's Director or Financial Officer. Reimbursement requests received by the 15th working day of the month will, in most cases, be paid no later than the end of the month.

Please review the request documentation and amounts prior to submission, the city cannot reimburse for taxes, or items or services paid for prior to the beginning of the program year, or after the end of the program year. The Line Item Expense form must be submitted along with the Request for Funds.

B. Spending Requirements

CDBG funds must be spent in a timely manner. Unless an alternative spending plan has been approved in writing by Community Development, funds must be expended in the following manner:

- 10% by September 30
- 50% by December 31
- 75% by March 31
- All funds must be expended by June 30th of the program year, with Request for Reimbursement and Monthly Client Reports submitted by July 15th for the fiscal year the funds are awarded.
- **Unspent funds cannot be carried forward and are forfeited.**

C. Request for Reimbursement Form (RFR)

The RFR, attached as **Exhibit F**, itemizes the grant expenses by eligible expense category. The total on this form should equal the total of the backup submitted for all CDBG eligible expenses. An Excel type spreadsheet noting expenses by category may also be included. Reimbursement requests will not be processed without this computer printout attached.

The Subrecipient should send or bring the original reimbursement form, with accompanying copies to justify expenses, to the City of Columbia.

The address is:
 City of Columbia Community Development Department
 1225 Lady Street, Ste 102
 Columbia, SC 29201
 Attn: CDBG Compliance Officer

The City's Finance Department processes payments twice a week and mails checks every Tuesday and Thursday. From the time documents are received and are complete, it will take approximately fifteen (15) to thirty (30) days to process the expense report if there are no issues or concerns with the payment request.

D. Backup Documentation Required for Reimbursement Requests

CDBG funds are paid to agencies on a **reimbursement** basis. Therefore, it is extremely important to verify the eligibility of an expense prior to expending your funds. Accuracy of submittals is important as errors slow down the process. In addition to the Request for Funds Form, **Exhibit F**, and the Line Item Expense Form, **Exhibit G**, copies of one of the following must be included: both the front and back of cancelled checks, the front of the cancelled check with the check register to document it was paid, or copies from the internet banking account, in addition to a paid invoice. When at all possible, do not use cash, as this does not provide a proper audit trail. Reminder: Sales tax will not be reimbursed.

When submitting a large payment request, please highlight the portions requested to be paid by the city in addition to utilizing either an excel spreadsheet or adding machine tape.

The Request for Funds has several sections that must be filled out.

Section I: Request #'s should be sequential, Amount of Request should match the Request amount at the bottom of the form, and the Period Covered should reflect the month in which the funds were spent. Please use the beginning of the month through the end of the month, ie. 1/1/10 – 1/31/10.

Section II: Please make and highlight any corrections to the Agency information contained in this area; it is important that our information is current.

Section III: Budgeted Amount, please do not change the amounts in the columns without an approved budget amendment from the CD Office. The Request Amount should match the receipts and/or other documentation submitted. Previous Drawdowns should match the last request and subsequent payment submitted to the city. Remaining Funds should be the total after subtracting the Request Amount and Previous Drawdowns.

Section IV: Signature and Date line. Please sign and date the Request for Funds for submittal.

E. Documentation

In order for the city to reimburse the agency, documentation must be submitted to show who, what, when, and how the invoice was paid. Only copies of paid invoices which must be marked paid will be accepted. A quote or order form will not be accepted. In addition to the paid invoice, proof of payment must be submitted. For invoices paid by credit card, submit a copy of the statement showing the invoice was paid.

Please highlight the amount paid on the receipt, and the reimbursable portion. Keep in mind when charging a percentage, the percentage of participants who are low-income City of Columbia residents must be documented. To do this, provide a copy of the client roster, with their addresses and highlight the city residents. This permits verification of the percentage.

Copies must be legible, please do not send the originals, as they are needed for your files. Receipts cannot be dated prior to the beginning of the program year July 1st or after the end of the program year June 30th. If requesting payroll reimbursement, copies of time sheets must be included. The time sheets must include documentation of time spent with city CDBG eligible participants. Many agencies use tracking codes or work authorization codes, please use whatever method works best. Please highlight the code assigned to CLV CDBG or the hours worked on the time sheet.

F. Line Item Expense Form

Use the Line Item Expense Detail form attached hereto as **Exhibit G**, to document CDBG expenses when multiple staff and/or supplies and expenses are being charged to the grant. Please list expenses in the General Non Personnel Section. Please make sure that the columns add up correctly, and that the totals match.

G. Mileage and Travel

Per the IRS allowances found at IRS.gov, the CDBG program will reimburse those reasonable mileage and travel costs that are necessary to carry out the services identified in the Subrecipient's Agreement with the City. Mileage and travel expenses not necessary for the program, or of a personal nature, are not eligible for reimbursement. Volunteers authorized by the program to be reimbursed for mileage relating to services for the program must provide proof of automobile insurance, copies of which must be kept at the Subrecipient's office.

1. **Mileage:** The Subrecipient shall submit written mileage records identifying the driver of the vehicle, the number of miles driven on each day, and the purpose of the trip. The Subrecipient shall certify the accuracy of the information reported. Travel to and from work is not an eligible expense for mileage reimbursement.
2. **Travel:** Reimbursable costs include conferences, lodging, food, and other non-mileage costs. Community Development policy requires that all travel costs be kept to a minimum. Supporting documentation must be provided with all requests for travel reimbursement.
 - a) Local Travel: Defined as travel within Richland County.
 - b) Non-Local Travel: Non-local travel is travel to a location outside of Richland County, but within South Carolina. No prior approval is required for these trips.
 - c) Out-of-State Travel: Approval for out-of-state travel must be requested in writing from the City's Community Development Manager 10 working days prior to the trip. The Community Development Manager will review the request and provide a response within five (5) working days.

H. Telephone Expenses

- A. Reimbursable Expenses: The CDBG program will reimburse only those reasonable costs for local and non-local telephone calls necessary to carry out the services identified in the Subrecipient's Agreement with the City. Actual costs of phone calls and the monthly cost of supporting the phone system are eligible for reimbursement. Such expenses include equipment rental or lease and monthly service charges. All out-of-state calls must be documented with a description of the purpose of the call and its relationship to program activities. The City will not reimburse personal calls.
- B. Exceptions: Personal phone calls are not reimbursable. In addition, calls made for the purpose of raising funds are not eligible for reimbursement.
- C. Pro-rating of Expenses: If the program receives funding from several sources, only those telephone expenses solely related to the that portion of the activity which is funded out of the Subrecipient's CDBG grant are reimbursable. All such costs must be specifically identified to the City's satisfaction.
- D. Additionally, if the amount of the Subrecipient's CDBG grant is less than the program total budget, phone costs are reimbursable at a percentage equal to the level of CDBG funding as compared to total program funding.

VII. MONTHLY STATUS/CLIENT & ACCOMPLISHMENT REPORTS

Monthly client reports, attached as **Exhibit H** are due no later than the 15th of each month even if a request for reimbursement has not been submitted. The monthly status report explains the progress the program has made in relation to the goals and performance indicators outlined in the Agreement Scope of Work.

The monthly report must be submitted on the form provided by Community Development, unless approved in writing, in advance. No other format will be accepted. Monthly reports may be emailed to the Compliance Officer. Failure to submit monthly reports may result in delayed reimbursements.

Please change the information on page two of the report and use the agency's program information. Page two as shown, is a sample, and demonstrates how we expect the program information to be reported.

HUD has implemented a ten category race and ethnicity reporting system, page one is used to document client's race and ethnicity. Please use the form that documents these categories as provided to the agency. The submitted monthly reports must have the Total of all Categories completed for each section.

The number of overall monthly clients should equal the number of male and female in addition to the combined totals of the three income categories. For example, if 42 clients were served, all these totals should equal 42 for the month. The exception is Female Head of Household, as not all of clients will fit this category. Further, do not break out monthly/year to date male and female numbers and female head of household for Hispanic clients, as they have been counted in Columns B and D respectively.

There are 4 Race/Ethnicity columns in the report form that you must fill out:

1. Monthly Client Total (Column B): documents the number clients served that month and their race.
2. Monthly Hispanic Total (Column C): documents whether the clients claim the Hispanic Ethnicity. This area sometimes causes confusion, as HUD does not consider Hispanic to be a separate race category. Therefore, a client may be White and Hispanic, Black and Hispanic, or any Other Multi Racial and Hispanic.
3. Year to Date (YTD) Client Total (Column D): documents the number of clients served from program start date to the month the clients are reported. If the program started in July, and the report is for December, there should be six months of clients included in this column. Please ensure that the clients reported in month five plus clients in month six equal the year to date total.
4. Year to Date Hispanic Total (Column E): documents the number of Hispanic clients served from program start date to month the clients are reported. The instructions are the same as Year to Date Client Total.
5. The client income is reported in one of three categories – Extremely Low (EL), Very Low (EL) and Moderate (M). The income breakdowns are based on the HUD Income Guidelines which are included as **Exhibit I**.

There are 3 columns and 2 rows in the client income reporting area that must be filled out. The first row is for monthly clients, and when totaled across, should equal the total of clients served for the month reported. The second row is the year to date total, which when totaled across should equal the YTD total reported above. For example: if the monthly total served is 45, the three lines added together should equal 42. (EL 17 – VL 22 – M 6) The YTD income totals would follow the example above. For example,

ABC non-profit served 25 clients in July, 35 clients in August and in September, the reporting month served 45. The YTD should be 105.

A	B	C	D	E
Race Category	Monthly Client Total	Monthly Hispanic Total*	Year To Date Client Total	Year to Date Hispanic Total
White	18	6	38	33
Black/African American	14		43	6
Asian				
American Indian/Alaskan	3		10	
Native Hawaiian/Other Pac. Islander				
American Indian Alaskan Native & White				
Asian & White				
Black & White	5		8	
American Indian/Alaskan Native & Black				
Asian/Pacific Islander				
Other Multi Racial	5	2	6	9
TOTAL All Categories	45	8	105	48
Female	29		63	
Male	16		42	
Female Head of Household	11		42	

0-30% Extremely-Low	31-50% Very Low	51-80% Moderate	Total	
18	22	5	45	Monthly Total
49	43	13	105	Year to Date Total

VIII. PROCUREMENT, AND CONTRACTING - PROCEDURES AND REQUIREMENTS

A. Equipment Procurement

1. Equipment v. Supplies

Equipment is defined as tangible property costing more than \$500 and having a useful life of more than one year. The purchase of equipment is generally ineligible, because equipment can be rented at a lesser cost for a short period of time.

Items which cost less than \$500 and which have a useful life of less than one year are considered to be supplies and are to be purchased under the General Non-Personnel Costs

(Supplies) cost category, except for computer equipment, which must be inventoried and accounted for.

2. **Limitation on Purchase of Equipment**

Under HUD regulations, the purchase of equipment, fixtures, or furnishings that are not an integral structural fixture is ineligible except when necessary for use by the City or a Subrecipient in the administration of the overall City CDBG grant or as part of the administration of a public service program. The City does not allow for purchase of vehicles with CDBG funds.

3. **Notification Requirements**

All purchases of equipment require prior City approval. Requests to purchase equipment are to be sent to the City 45 days prior to the purchase order date. The request is to include the cost of the item, where it will be purchased, a detailed explanation of why it should be bought rather than leased or rented, and where the funds for the purchase will come from. If City CDBG funds will only be paying a portion of the purchase, list other funding sources and the respective amounts. The City will review the request and issue a decision within 10 working days. Rationale for a negative decision will be included in the response.

4. **Reversion to City**

Under HUD regulations, the City has the option to obtain the equipment from the program when funding stops for the program. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipient to retain the equipment at the time the funding ends. All other personal property, supplies and equipment purchased pursuant to this agreement and not consumed shall become property of the City.

B. Inventory Instructions

1. Agency - Name of Agency receiving grant.
2. Description - A brief description of the item of property.
3. Manufacturer's Serial Number - Provide the manufacturer's serial number for all items.
4. Title or Owner - Name of Agency on property's title.
5. Acquisition Date - Date of Purchase.
6. Percentage of Federal Participation - Portion paid by CDBG funds.
7. Cost - Supply the actual purchase price.
8. Disposal Date - Date sold or disposed of.

C. Procurement Definitions

Price and Cost Analysis: A price or cost analysis must be made in connection with every procurement action. Price analysis involves comparing the bottom line price quoted, with typical prices paid for the same or similar materials or services (does not apply to sole source contracts). Cost analysis means you obtain the best price with the best service.

Sole Source: Procurement by noncompetitive process is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is determined inadequate. Extensive documentation and justification is required to establish the audit trail.

The agency may make the determination that competition is not feasible if one of the following circumstances exists:

- The item is unique and available only from a single source.
- There is a public urgency or emergency that exists that will not permit a delay resulting from a competitive solicitation.

Please use Exhibit K to document your purchasing methods.

Equipment and or Services purchasing methods are as follows:

0 - \$ 500	Direct reimbursement with an invoice copy.
\$500 - \$ 10,000	Two or more verbal quotes; written quotes if labor or detailed product or service specifications.
\$10,000 - \$ 25,000	Two written quotes obtained by Subrecipient agency or the City's Purchasing staff. May use "Request For Quotes", advertise, and/or use pre-bid conference.
Over \$ 25,000	Formal bid process with pre-bid conferences and formal bid openings.

D. Subcontracts

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. A standard subcontract form has been developed by the City and is available for your review, **Exhibit L**

1. Provisions Required in Subcontracts

- a. Name, address, phone number and social security number of subcontractor.
- b. A termination clause requiring twenty days' notice by which either party may terminate the agreement.
- c. A City un-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
- d. A scope of services.
- e. The total dollar amount of the subcontract.
- f. A termination date no later than the end of the current CDBG program year.
- g. A clause requiring the contractor to comply with stated "Conditions of Federal Funding".
- h. An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipient. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
- i. Signature of person authorized by Subrecipient's Board of Directors to execute agreements.
- j. Signature of person authorized by subcontractor to execute agreements.

2. Review of Subcontracts by City

All Subrecipients in their first year of receiving CDBG funds from the City must submit all subcontracts valued at more than \$500 to the City for review and approval prior to execution. Subrecipients in the second year of CDBG funding are required to obtain prior review and city approval only when the value of the subcontract exceeds 10% of its CDBG grant or \$10,000, whichever is less.

All subcontracts requiring review and approval by the City must be submitted at least 10 business days prior to an effective date. The CDD will respond to the request for approval within 7 working days. Subcontracts must be approved prior to execution by any of the parties.

3. Required Subcontract Documentation

The Subrecipient shall maintain the following documentation in its files:

- a. Summary of bids and proposals received.
- b. Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor.
- c. Justification for the selection of other than the lowest bidder in a competitive procurement.
- d. Section 3 compliance documentation, if required.

4. Types of Subcontracts Covered Under This Section

- a. Bookkeepers and auditors.
- b. Contractual personnel services (those not on the Subrecipient's payroll).
- c. Office equipment rental.
- d. Office space rental.
- e. Rental of vehicle (van, bus, etc.) to be used on a regular basis for carrying clients of the Subrecipient.

5. Types of Subcontracts Not Covered Under This Section

- a. Extension of above contracts if dollars per hour/month/year do not change.
- b. Vehicle rental to take program's clients to a particular event. (Requests for travel related to trips outside of Richland County are required under the agreement with the City).
- c. Maintenance agreements for office equipment.
- d. Janitorial services for office space.

E. 24 CFR PART 84.42 CODES OF CONDUCT

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal Funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

F. Conflict of Interest

The general rule is that no employee, board member, officer, agent, consultant, Subrecipients which are receiving funds under a CDBG assisted program who have responsibilities with respect to the CDBG activities or who participate in decision making process or have access to inside information with regard to the activities can obtain a personal or financial interest or benefit from a CDBG assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611).

Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, services and awarding and administering Subrecipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create real, or the appearance of a conflict of interest. The agency personnel should:

1. Be familiar with the agency's code of ethics and potential conflict of interest issues.
2. Not take gifts or gratuities from persons or organizations associated with the procurement process.
3. Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies.

IX. MONITORING AND DOCUMENTATION

A. Monitoring Reviews

The City of Columbia is responsible for ensuring that Subrecipients comply with all regulations and requirements governing their administrative, financial and programmatic operations. This includes assuring that performance goals are achieved within the scheduled time frame, budget and when necessary taking appropriate actions when performance problems arise. Monitoring is not a "one-time-event".

The five basic steps to the formal monitoring visit include:

- a. Notification Call or Letter -Explains the purpose of the visit, confirms date, scope of monitoring and outlines the information that will be needed to conduct the review.
- b. Entrance Conference - Introduces monitoring visit purpose, scope and schedule.
- c. Documentation and Data Gathering - The City will review and collect data and document conversations held with staff, which will serve as the basis for conclusions drawn from the visit. This includes reviewing client files, financial records, and agency procedures.
- d. Exit Conference - At the end of the visit the City will meet again with the key agency representatives to present preliminary results, provide an opportunity for the agency to correct misconceptions and report any corrective actions already in the works.
- e. Follow-Up Letter - The City will forward a formal written notification of the results of the monitoring visit pointing out problem areas and recognizing successes. The agency will be required to respond in writing to any problems or concerns noted.

B. Monitoring Process

1. Purpose

City Community Development staff will conduct an on-going monitoring process in order to review the programmatic and financial aspects of the Subrecipient's activities. COMMUNITY DEVELOPMENT staff will review monthly reports submitted by the Subrecipient for compliance with federal regulations regarding the use of federal funds and the implementation of the program.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of programs. To this end COMMUNITY DEVELOPMENT staff may require corrective actions of the Subrecipient. Following are examples of significant problems, which will trigger corrective action by the Subrecipient:

- a. Services are not documented;
- b. Goals are not being met;
- c. Program files not in order;
- d. Complaints by clients;
- e. Required reports not being submitted in a timely manner,
- f. Funding not spent correctly.

2. Monthly Programmatic Monitoring

- a. Subrecipients will submit a monthly report detailing the implementation and administration of the activity or program. The monthly programmatic report shall include the following:
 - 1) Progress in meeting stated goals and objectives; 2) Changes in staff or Board of Directors;
 - 2) Problems encountered and steps taken to resolve them;
 - 3) Other general information as appropriate;
 - 4) A “Monthly Subrecipient Client Summary” attached hereto as **Exhibit J**. This report shall identify the income, ethnicity, and household status of clients receiving CDBG-funded assistance within the reporting period.
- b. This report is due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided.

3. Monthly Financial Monitoring

- a. Subrecipients will submit a monthly report concerning the financial and accounting status of the activity or program. The Request For Release Of Funds, **Exhibit F** and Line Item Expense Detail, **Exhibit G** will suffice. The monthly financial report shall include the following:
 - 1) Summary of all disbursements of CDBG funds.
 - 2) Summary of all requests for reimbursement of CDBG funds.
 - 3) Report on percentage of CDBG funds expended and remaining by cost category.
- b. This report is due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided.

4. On-Site Visits

Based on monitoring results and other criteria, City Community Development staff may hold discussions with Subrecipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement. An on-site visit may occur to discuss the service activity shortfall. On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program was intended are being served and that in the event of an audit; the required client information is being maintained.

5. Monthly Reports to City Council

Based on the information received from the Subrecipient, City Community Development staff will submit monthly reports to the City Management, which provide updates on the Subrecipient’s goals and achievements. Staff may recommend corrective action to be taken should other efforts at obtaining compliance be ineffective.

C. Client Documentation by Subrecipient

Each Subrecipient is required to maintain documentation on clients benefiting from activities and programs funded through the City's CDBG program. As a condition of receiving the HUD grant, the City, and in turn the Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires information on the race and ethnic background of the clients, how many are female heads of households, their residency in the City, and how many are very- low income. City Community Development staff and HUD must also have access to the names and addresses of the clients. Any information regarding applicants for services funded through federal monies shall be held in strict confidence.

1. Required Documentation

All Subrecipients must obtain and maintain at their local offices, the following information on each client served:

- a. Client name and address
- b. Gender
- c. Ethnicity/race
- d. Head of household status
- e. Income

Subrecipients should use the "Client Certification of Household Composition and Income" form attached hereto as **Exhibit J** to collect this information from assisted households in addition to verifying client income.

2. Exceptions to Maintaining Required Income Documentation

Income documentation is not required for the following client types:

- a. Clients of a battered women's shelter.
- b. Seniors 62 years of age and older.
- c. Persons with recognized disabilities.

All other documentation is required.

3. File Organization and Maintenance

Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following may be helpful:

Program file should contain:

- a. Original executed copy of the agreement with the city
- b. Any amendments to the application and agreement
- c. Notice of award (letter from Community Development Department)
- d. Correspondence relating to the grant award
- e. Copies of Requests for Reimbursement
- f. Budget Amendment
- g. Any other information pertinent to the CDBG Grant
- h. Program measurable goals and expectations

Client files should contain:

- a. An application for assistance, if applicable
- b. Client Income Certification Form
- c. Documentation as to services provided to the client and any outcomes of service, for example, if a client is referred to another agency for services, a follow up contact is required to document the services the client received
- d. Copies of any program requirements
- e. Pre and post program evaluations, if applicable

X. PROJECT CLOSE OUT

A. Programmatic Close-out

Programmatic close-out will consist of, but will not be limited to, the following:

1. Review and verification of annual client statistical and narrative report due 15 days after the end of the program year - July 15th. Your June report with year-to-date client totals, along with a program narrative will suffice.
2. Review of Subrecipient record keeping system, including, but not limited to:
 - a) Activity documentation
 - b) Personnel files
 - c) Inventory control files
3. Evaluation of activity and program accomplishment

B. Financial Closeout

Financial close-out will consist of, but will not be limited to the following:

1. Review and verification of information submitted in the final drawdown request.
2. Review of Subrecipient record keeping system:
 - a) Accounting records and ledgers
 - b) Source documentation (invoices, time cards, canceled checks, etc.)
 - c) Budget documentation (modifications, etc.)
 - d) Equipment purchases
3. Evaluation of activity financial accomplishment

C. Equipment Disposition

All equipment with a cost of \$500 or more purchased with HUD grant funds shall revert to the City at the close of the activity. If a Subrecipient wishes to continue utilizing the equipment, and is **not** funded the following year, a letter must be submitted to the CDD requesting approval and describing how, through the continued use of the equipment, the grant objectives will be met. The City reserves the right to refuse any request.

Equipment shall be depreciated on a 5-year, straight-line basis, as is the accounting standard used for the City in its financial management. A Subrecipient is required to maintain records of the HUD funded equipment purchases and report to the City during the 5 year depreciation period. If the property is disposed of prior to the 5-year depreciation period, the City shall provide the Subrecipient with disposition instructions upon request. If the property is disposed of for cash during this period it

constitutes Program Income, which must be reported.

When equipment has been fully depreciated, and the equipment is sold, the Subrecipient may retain such funds provided that the City is notified in writing and the funds are used for the exclusive benefit of the previously HUD funded program.

D. Real Property Disposition

Real property is defined as land, including land improvements and buildings. Any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 must continue to meet the National Objective of the program for a minimum of 5 years after expiration of the contract, or for a period of time as deemed appropriate by the City.

If not used as stated above, the Subrecipient must sell the real property in a manner that result in the reimbursement of the federal grant funds that were expended for the project.

E. Record Retention

To adhere to HUD's legal requirement as contained in 24 CFR Part 570 Subpart J, HUD funded records must be retained for **five** years after the completion of the program, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the five years. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

F. City Internal Audit Reviews

The City reserves the right to have its Internal Audit Division review all Subrecipient records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Subrecipient's non-federal funded resources. City Internal Auditors review CDD'S Subrecipient monitoring/account reviews to begin their single audit reviews. Reports containing findings are then sent to both the Community Development and the Subrecipient for compliance. Progress on the compliance is also monitored. Failure to rectify findings within the given time frame may result in suspension, termination of grant agreement, and/or disbarment from future grant funding.

G. External Audit Reviews

All Subrecipients must submit an A-133 Audit, Audited Financials, or an Annual Certified Financial Statement. The City reserves the right to request a Subrecipient to hire a Certified Public Accountant to review and report on the agency financial and programmatic records.

The City has implemented the following audit policy: Any agency that expends between \$200,000 – \$499,999 in federal funds during the calendar year will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. If allowable by program regulations, the City may only pay for the portion of the audit, which represents the percentage of City federal funds in the program budget.

There are three types of audits:

A-133: Organizations that expend \$500,000 or more in one year in federal awards shall have a single or program specific audit (**A-133**) conducted for that year.

Audited Financials:** This means that a CPA has audited your records in accordance with generally accepted accounting practices and procedures, and provided a hard copy.

Annual Certified Financial Statement: This is the lowest threshold criteria and will only be accepted from those non-profits who can document that they did not qualify for an A-133 or regular audit. Annual Certified Financial Statements (ACFS) must be certified (signed and dated) by the Treasurer and the Board President. They must also have the following certification statement: We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.

IRS Form 990 filing – All agencies with revenue of \$25,000 or more must complete and submit this annual tax report. Contact the IRS for more information.



Risk Analysis-Part B2 (a) Part A Financial Controls

**CITY OF COLUMBIA GRANT ADMINISTRATION
MANUAL**

| July 22, 2016



2016

CDBG Subrecipient Grant Administration Manual

CDBG Policies and Procedures Guidelines

City of Columbia
Community Development Department
1225 Lady Street, Suite 102
Columbia, South Carolina 29201
Phone (803) 545-3373
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Introduction

This manual sets forth policies and procedures for the administration of programs funded by the City Community Development Block Grant (CDBG) program. Although some portions of these procedures are complicated and involve complex Federal regulations and policies; this manual summarizes the essential elements for proper program operation.

No handbook can address every type of administrative/accounting problem or situation that may arise during the course of the contract year; therefore the City's Community Development staff is available to respond to requests for clarification or additional information.

In the event that new procedures or policies are implemented during the contract period, Community Development staff will provide timely notification via email and technical assistance per your request.

This manual is neither intended to be all-inclusive nor so restrictive that it cannot be amended.

Community Development Block Grant (CDBG) Program mailing address:

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I. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM START-UP AND COMPLETION

A. BACKGROUND

The Community Development Block Grant (CDBG) is funded and regulated at the federal level by the U.S. Department of Housing and Urban Development (HUD) and administered locally by the City of Columbia, under the auspices of the Community Development Department. The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The regulations implementing the CDBG Program are located in the 24 CFR, Part 570.

The City's objectives for this program are in accordance with HUD's National Objectives which seeks the development of a viable urban community through the implementation of the following goals, principally for the benefit of low-and moderate-income (LMI) persons:

Providing decent housing means helping homeless persons obtain appropriate housing and assisting those at risk of homelessness; preserving the affordable housing stock; increasing availability of permanent housing that is affordable to low- and moderate income persons without discrimination; and increasing the supply of supportive housing.

Providing a suitable living environment entails improving the safety and livability of neighborhoods; increasing access to quality facilities and services; and reducing the isolation of income groups within an area through de-concentration of low-income housing opportunities.

Expanding economic opportunities involves creating jobs that are accessible to low and moderate-income persons; making mortgage financing available for low- and moderate-income persons at reasonable rates; providing access to credit for development activities that promote long-term economic and social viability of the community; and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

The City of Columbia invites applications from qualified entities to apply for funding under through a Notice of Funds Available (NOFA) process. The primary objective is to fund projects and activities that are consistent with locally developed CDBG Program Priorities and to address the federal/local Consolidated Plan objectives.

If an agency is unable to promptly implement the program, these lower income persons are not receiving the intended benefits. Agencies which receive a CDBG grant must be able to implement their program soon after funding approval. The City has developed the standard to keep programs on track and to ensure that the specified activity is being carried out in a timely manner.

Please be aware that an Agency's performance history on past and present City of Columbia funded programs and also the agency's adherence to the Program Start-up and Completion Standard is provided to the Citizens Advisory Committee (CAC) when they review and consider proposals for future funding recommendations.

The City, as approved by HUD, provides CDBG funds for **Public Service (Including Neighborhood Improvement Grants) or Non-Public Service (Infrastructure and Economic Development).**

Public Services: Our Public Service Partners and Subrecipients use these funds to provide services to low and moderate-income clients. HUD regulations place a 15% cap on the amount an entitlement agency may allocate towards Public Service programs. This means the City, as an entitlement agency, can only allocate that portion each year towards public services. All public services must be provided to low or moderate-income residents of the City of Columbia.

This manual will explain many of the procedures and policies relating to the CDBG program.

POLICY

Prior to contract execution, all Subrecipients must have the needed support, confirmed matching resources, sufficiently developed plans, a program site, and budget to start the proposed program after the funding approval and complete the program within one year after start up. Programs should be able to begin on July 1st; the beginning of the City's Fiscal Year. Funds are not always available on July

1st; however, the City may reimburse your agency for the funds expended after July 1st. Funds must be spent in a timely manner.

Subrecipients are expected to spend at least 50% of the allocated funds prior to December 31st and 75% by March 31st. Unspent funds are subject to potential reprogramming to other eligible programs as approved by the Citizens Advisory Committee (CAC).

The Subrecipient agrees to comply with the requirements, policies, regulations and criteria as specified in the City of Columbia CDBG 2016 Subrecipient Grant Administration Manual (hereafter referred to as "2016 CDBG Program Manual"), a copy of which the Subrecipients acknowledges possession thereof. ***Subrecipient shall obtain the necessary federal, state and local permits and licenses required to execute the Program. The Subrecipient further agrees to comply with all applicable federal, state and local codes, regulations, statutes, ordinances and laws. Failure to comply with any of the above may result in forfeiture of the CDBG Funding provided to Subrecipient under the Agreement.***

B. METHODS TO IMPROVE TIMELY IMPLEMENTATION AND USE OF FUNDS

Study the Program Manual and become familiar with the Pre-Contracting requirements. Submit the required documents to the Community Development Entitlement and Administration (CDEA) representative soon after the Orientation Session.

A start-up one-on-one technical assistance meeting will be scheduled by your compliance specialist, in order to address specific requirements and benchmarks. Additional technical assistance if available upon request.

Failure to invoice the City for the CDBG activities can become a serious problem. Agencies will be expected to submit **Reimbursement Request Cover Sheet and Monthly Activity Report (Exhibit A)**. *Please note that your CDBG Activity Budget is also a part of Exhibit A, however it is a locked screen in the Excel workbook that is only included for informational purposes. You have submitted your budget to CoC and that budget has been approved as your 2016 – 2017 CDBG Activity Budget.*

Do not save up several months of payment requests and submit them in bulk. This may cause unnecessary delays in your reimbursement.

If the Agency experiences key staff changes, such as, new Executive Director, other key staff, program or financial staff, you must contact the Community Development office in writing informing the City of the change within 30 days.

Your assigned Compliance Specialists are important members of your team. They are available to explain the CDBG program processes, help the program get started and assist the agency to stay on track. Please contact your Community Development representative if you have any questions or need assistance.

C. SUBRECIPIENTS

In order to achieve the national objectives, the City allocates CDBG funds on an application basis each year. A **Subrecipient** is a public or private nonprofit agency, authority, or organization, which receives CDBG funds from the City to undertake eligible activities.

Unless otherwise noted, the term “Subrecipient” or “Agency” will be used throughout this manual to denote all entities receiving CDBG funds.

Prior to the release of CDBG funds from the City, a written agreement must be executed with the Subrecipient. The agreement remains in effect during any period that the Subrecipient is operating a program or implementing a program in which CDBG funds are being invested. City staff must complete the Environmental Review Record ERR, which will begin upon receipt of the required documentation from the Subrecipient.

PRE-CONTRACT PROCEDURES Summary of Procedures and Responsibilities

General Information Any timeframes mentioned are approximate	Responsible Party
Release of Funds The U.S. Department of Housing and Urban Development approves the City’s program application and releases the funds for use to the City.	HUD/City
Community Development Entitlement and Administration (CDEA) – Each program will have an assigned Compliance Specialist (CO) to work with the agency. The CO will provide ongoing technical assistance needed to support the program and to ensure timely contracting, and successful program implementation.	City
Orientation and Technical Assistance Session – A mandatory orientation is held after the City Council allocates the awards and prior to the start of the contract year (July 1). The orientation is to educate Subrecipient agencies about the basic rules under which all CDBG activities must operate. It provides an opportunity to establish clear expectations with respect to performance standards, policies, and procedures. The agency will find out how and when to start the program.	City/Agency
Environmental Clearance Required – Funds cannot be obligated or expended until an Environmental Clearance is completed and the contract is executed. Any expenditures for a program that take place before the execution of a contract and the completion of the Environmental Clearance cannot be reimbursed.	City/Agency
Site Visit – A site visit may be conducted to review the agency’s fiscal, management and operational procedures, its compliance with ADA and CDBG requirements, and to survey the program or services offered.	City
Agreement – The agreement is the central part of the Subrecipient compliance with the CDBG program. It fulfills a legal requirement by presenting a concise statement of rules of the CDBG program, the conditions under which funds are provided and delineates fiscal and program performance.	City/Agency
Procurement Requirements – If you plan to purchase materials, agency products, or services under the CDBG program, the agency must follow a free and open competitive process in securing products or services. Agencies must properly document the purchase activity and decisions. All procurement undertakings must make an effort to outreach/utilize Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) firms. Documentation must be maintained to verify the outreach efforts.	Agency
Audit Required – An audit for the agency’s most recent audited year must be provided, if available, including any management letters and any responses the agency has made to the audit. If an agency does not qualify for an audit, a reviewed Financial Statement signed by the President of the Board, and the Treasurer will be required.	Agency

II. COMMUNITY DEVELOPMENT BLOCK GRANT OBJECTIVES

The primary emphasis of the CDBG grant program is to ensure that each activity meets and complies with one of HUD's three broad national objectives which are:

1. Benefit to low-and moderate-income households and/or persons
2. Prevention and/or elimination of slum and blight
3. Addressing an eminent threat or urgent need

Although a Subrecipient can comply with the CDBG Program objectives by meeting any one of the three

national objectives, *all of the City of Columbia' Subrecipients* have been designated under a national objective benefiting low-to moderate-income households or individuals. For this reason, program benefit criteria under this objective are more fully explained in this Manual than the other two objectives.

A. BENEFIT TO LOW-AND MODERATE-INCOME HOUSEHOLDS AND/OR INDIVIDUALS (LMI)

This national objective stipulates that Subrecipient clients who benefit from CDBG funds must have low and moderate incomes as defined by HUD (**please refer to the CDBG Income Limits [Exhibit B]**). In order to meet this benefit test, each Subrecipient must adhere to the following:

1. Every Subrecipient must serve persons of low and moderate income. Low-income is defined as a household that does not exceed 50 percent of HUD Income Limits. Moderate-income is defined as a household that has an income that does not exceed 80 percent of Area Median Incomes. HUD updates these limits on an annual basis. It is the responsibility of the Subrecipient to adhere to all new guidelines from the date they receive them. To receive the most up to date income guidelines go to www.hud.gov.
2. Regardless of other income limits, requirements, guidelines and regulations that may govern a Subrecipient's activities, for the purpose of the City of Columbia's CDBG program, all Subrecipients must ensure that the income of the clients they serve does not exceed HUD's Annual Income Limits.

B. LOW-AND MODERATE-INCOME LIMITED CLIENTELE ACTIVITY CRITERIA (LMC)

A limited clientele activity is an activity that benefits a specific group of people, rather than all the residents in a particular area. The limited clientele activities addressed in this section are intended to benefit at least 51% low-and moderate-income individuals. However, housing activities and activities designed to create or retain jobs may not qualify under this category.

To qualify under this category, the activity must either:

- a. Benefit a clientele who are generally presumed to be principally low- and moderate-income (L/M) individuals. The following groups are currently presumed by HUD to meet this criterion: abused children, battered spouses, elderly, disabled, homeless persons, illiterate individuals, and migrant farm workers;
- b. Require information on family size and income so that it is evident that at least 51% of the clientele are individuals whose family income does not exceed the L/M limit;
- c. Have income eligibility requirements that limit the activity exclusively to low- and moderate-income individuals; or
- d. Be of such nature and location that it is obvious the clientele benefiting from the activity will be low-and moderate-income individuals.

C. RECORDS TO BE MAINTAINED

For federally funded activities, recipients are required to keep records to show compliance with program requirements. Generally, recipients are required to keep records associated with grant transactions for five (5) years after the final **Monthly Activity Report** is submitted for that grant. Subrecipients may be required to retain records longer than the specified time period if the records relate to audit resolution, audit appeal, or other action initiated prior to the end of the record retention period, but extending beyond that period. For each activity, the following three (3) types of documentation must be kept.

1. Records showing the activity is used by a segment of the population presumed by HUD to be low/mod individuals, e.g., disabled persons, persons with HIV/AIDS, homeless; or
2. Records describing how the nature and, if applicable, the location of the activity establishes that it is used predominantly by low-and moderate-income individuals. (Census tract data); or
3. Data showing the size and annual income of the immediate family of each individual receiving the benefit, if not in the applicable low-income census tracts.

III. ADMINISTRATIVE PROVISIONS

A. WRITTEN AGREEMENT WITH CITY

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The agreement will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the agreement binds the Subrecipient for a specified period of time, and may be revised only upon written authorization from the City. Compliance with the stipulations in this 2016 CDBG Program Manual is a requirement of the written agreement.

B. POST-AWARD RESPONSIBILITIES

Upon execution of the agreement between the City and the Subrecipient, the Subrecipient shall:

1. Immediately report all changes in its articles of incorporation, bylaws, or tax-exempt status to the City within 30 days.
2. Ensure no member of the Board of Directors is a paid employee, agent or subcontractor.
3. Continue to include representation on the Board of Directors, the broadest possible cross-section of the community, including those with expertise and interest in the provided services, representatives from community organizations interested in the services, and users of the services.
4. Ensure all meetings of the Board of Directors are open to the public, except meetings, or portions thereof, dealing with personnel or litigation matters.
5. Keep minutes of all regular and special meetings of the Board of Directors, have a regular meeting at least once a year, and upon request, forward copies to the NPO assigned to your program.

C. FEDERAL REQUIREMENTS

Subrecipients and subcontractors must comply with all applicable federal regulations governing the use of CDBG funds in addition to Office of Management and Budget (OMB) Circular 2 CFR Part 200. The new regulations combined a diverse group of regulations into one Super Circular (**Appendix II**), as well as HUD Regulations – **24 CFR Part 570 – CDBG Code of Federal Regulations (Appendix I)**.

D. INSURANCE

Subrecipients shall obtain and maintain the minimum insurance coverage outlined in **Exhibit D “Insurance Requirements”**.

IV. SUBRECIPIENT RESPONSIBILITIES (From [Exhibit E.] HUD's Playing by the Rules - A Handbook for CDBG)

When agencies begin providing services and requesting reimbursement, some may not have the financial systems in place to meet Federal requirements. Below is a summary of the required elements of financial systems for managing Federal funds. Please review the following eight sets of questions to find out if there are certain areas that the agency may need help with. Below are questions Subrecipients should ask themselves from the Playing by the Rules A Handbook from HUD.

1. Internal Controls: Does the agency have a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents? Does the agency have written accounting procedures for approving and recording transactions? Are financial records periodically compared to actual assets and liabilities to check for completeness and accuracy?

2. Accounting Records: Does the agency maintain an adequate financial accounting system, the basic elements of which should include: (a) a chart of accounts; (b) a general ledger; (c) cash receipts journal; (d) cash disbursements journal; (e) a payroll journal; and (f) payable and receivable ledgers. Does the accounting system provide reliable, complete and up to date information about sources and uses of all funds? Are "trial balances" performed on a regular basis (at least quarterly)?

3. Allowable Costs: Does the agency have a clearly defined set of standards and procedures for determining the reasonableness, allowability and allocability of costs incurred that is consistent with the basic Federal rules (OMB Circular 2 CFR Part 200)? Does the agency know which specific types of expenditures are prohibited under the CDBG program? If approved for indirect costs, does your agency have a HUD approved indirect cost allocation plan?

4. Source Documentation: Does the agency maintain up to date files of original source documentation (receipts, invoices, cancelled checks, etc.) for all financial transactions, including those involving obligations incurred and the use of program income?

5. Budget Controls & Cash Management: Does the agency maintain an up to date (approved) budget for all funded activities, and perform a comparison of that budget with actual expenditures for each budget category? Does the agency regularly compare progress toward the achievement of goals with the rate of expenditure of program funds? Does the agency have a regular procedure for accurately projecting the cash needs of the organization, and for minimizing the time between the receipt of funds from the grantee and their actual disbursement? Can the agency ensure that all program income is used for permitted activities, and that such program income is used before further drawdowns are made from the grantee for the same activity?

6. Financial Reporting: Is the agency able to provide accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of the grantee and HUD?

Audits: When was the last audit conducted of the agency by either a Certified Public Accountant or a qualified accountant and what were the results? Does the agency have a copy of the management letter? Is the agency aware of the different types of audits, and is the CPA capable of conducting and completing a 2 CFR Part 200 single audit if the agency qualifies for one? Has the agency completed the annual IRS form 990 report and submitted it on time? All agencies with \$25,000 and more in annual income per year must follow this IRS rule.

If the answer is “yes” to all of these questions, then the agency has established a commendable degree of control over its financial affairs. If not, then the agency must develop policies and procedures to allow for the above.

The requirements for financial management systems and reporting are found in 2 CFR Part 200 and 24 CFR Part 570, both of which are attached to this manual for reference. The purpose of these requirements is to ensure that a Subrecipient receiving federal funds has a financial management system sufficient to:

- provide effective control over and accountability for all funds, property, and other assets;
- identify the source and application of funds for federally-sponsored activities, including verification of the “reasonableness, allowability, and allocability” of costs, and verification that the funds have not been used in violation of any of the restrictions or prohibitions that apply to this federal assistance;
- Permit the accurate, complete and timely disclosure of financial results, in accordance with the reporting requirements of the grantee or HUD.

The federal regulations provide specific requirements regarding the eight areas listed in the first part of this section, namely: internal controls, accounting records, allowable costs, source documentation, budget controls, cash management, financial reporting, and audits.

Following are a few of the financial terms used in this section:

Accrued – term used to show expenses incurred in a prior fiscal year that are paid in the current fiscal year, but are charged back to the year in which the expenditures pertained. For example, a Non-profit spends CDBG funds in June, the end of the fiscal year but does not bill the city until July, the first period of the new fiscal year, those funds may be charged back to the prior period, June.

Allowability – term indicating whether an expense is eligible for the program and/or funding source.

Allocability – cost may be charged to a federal award if it is a specific benefit to the program. **Budget** – A plan of action expressed in financial terms.

Expenditures – term used to describe funds spent.

Obligations – funds set aside for specific purposes and/or items.

Outlay – funds used by the agency to pay for goods and services prior to being reimbursed. **Program income** – funds earned by the agency in a CDBG funded program or facility. Typically, these funds are in the form of fees for services.

Resources – funds used by the agency.

2 CFR Part 200 - The new regulations combined a diverse group of regulations into one Super Circular
24 CFR Part 570 – Code of Federal Regulations that govern CDBG funds.

1. INTERNAL CONTROLS

A good internal control system should include several basic features, regardless of the organization’s size. The characteristics include:

- An organization plan that safeguards resources by segregating duties;
- A system of authorization and recording procedures that provides effective accounting control over assets, liabilities, revenues, and expenses;
- An established system of procedures followed by each organizational component in performing

- its duties and functions;
- Personnel capable of performing their responsibilities; and
- An effective system of internal reviews.

Internal controls can help provide assurance that operations comply with federal requirements. For example, responses to question such as those below can affect the outcome of an audit:

- Are there payroll records to support charges to federal funds and do they meet the requirements laid out in the applicable cost principals?
- Are there procedures to verify that charges are allowable under grant provisions?
- Are there adequate procedures to verify that program participants are eligible?
- Are corrective actions recommended and implemented as a result of self-monitoring activities?

The soundness of any organization's financial management structure is determined by its system of internal controls. Internal controls consist of a combination of procedures, specified job responsibilities, qualified personnel, and records which together create accountability in an organization's financial system and safeguard its cash, property, and other assets. Through its system of internal controls, an agency's management can ensure that:

- Resources are used for authorized purposes and in a manner consistent with applicable laws, regulations, and policies;
- These resources are protected against waste, mismanagement or loss;
- Reliable information on the source, amount and use of resources are secured, maintained up to date and disclosed in appropriate records and reports.

Accordingly, some of the basic elements that a Subrecipient should consider in developing a system of control include:

- An organizational chart that indicates the actual lines of responsibility of individuals involved in approving or recording financial transactions.
- Written definition of the duties of key employees

A formal system of authorization and supervision sufficient to provide accounting control over assets, liabilities, receipts, and expenditure.

This should include:

- Maintenance of a policy manual specifying approval authority for financial transactions and guidelines for controlling expenditures; and,
- Written procedures for the recording of transactions, as well as an accounting manual. The system of authorization should provide a way for management to ensure supervisory approval of transactions, and documentation of these transactions for accounting purposes. A system of authorizations can be general – as in a procedures manual which explains how accounting functions are to be performed – or very specific, as in identifying who has the authority to sign a contract on behalf of the organization or who has permission to sell a piece of equipment. **It is highly recommended that the agency adopt a two party signature process for agency checks and expenditures.**
- **Adequate separation of duties** so *no one individual* has authority over an entire financial transaction. Separation of duties specifically involves the separation of three types of functional responsibilities: (a) authorization to execute a transaction, (b) recording of the transaction, and (c) custody of the assets involved in the transaction.
- It is often beneficial to have different individuals, or even different departments handle the various steps in the processing of transactions. First, separation of functional responsibility

results in cross-checking by the individuals involved, increasing the likelihood that innocent or clerical errors will be discovered and corrected. Second, fraud is more difficult to carry out if it would require the collusion of two or more people.

- In organizations with very limited staff, however, it may be difficult to achieve optimal separation of duties. In such instances, the most critical functional areas are separation between custody for cash, record-keeping for cash, and control of assets easily converted to cash.
- Hiring policies to ensure that staff qualifications are commensurate with job responsibilities.
- Control over access to assets, blank forms, and confidential documents. Physical access to records, blank forms, cash and other assets should be limited to authorized personnel only. For example, access to accounting records should be limited to only those individuals having record keeping or supervisory responsibility for them.
- Agencies should perform periodic comparison of financial records to actual assets and liabilities (reconciliation), with corrective action taken in response to any discrepancies. As with separation of duties, this is a crucial exercise to uncover and correct inadvertent record-keeping errors in a timely manner. It is also essential for identifying potential weaknesses in an organization's system for safeguarding resources, as well as possible instances of fraud or misuse of assets.

2. ACCOUNTING RECORDS

A. Accounting System

Staff with accounting skills but not necessarily with a CDBG background may often handle the agency's financial functions. To ensure proper financial record keeping and reporting, agencies should help their financial staff understand:

- What information needs to be kept and why;
- When information should be collected and how often reported;
- How the information should be acquired, organized and stored;
- How the information should be reported (format) and how long the records must be kept.

Financial record keeping is one of the primary areas subject to HUD reviews and one which if inadequate can lead to serious problems. These are the financial information and records that must be maintained by the agency:

- Chart of accounts, written accounting procedures, internal controls, administrative controls, accounting journals and ledgers;
- Payment requests and source documentation (bills, receipts, copies or cancelled checks, etc.);
- Procurement files (bids, contracts, etc.) and real property inventory;
- Bank account and payroll records;
- Financial statements, correspondence and audit files.

Subrecipients are required to have accounting records that adequately identify the source and application of CDBG funds provided to them. To meet this requirement, a Subrecipient's accounting system should include the following elements:

- A chart of accounts. This is a list of names and the numbering system for the individual accounts that contains the basic information about particular classifications of financial transactions for the organization. Accounts are created and, in turn, used to summarize the financial transaction data, according to some common characteristics. A typical chart of accounts might have, for example, separate account categories for describing assets (cash in a checking account, accounts receivable, pre-paid insurance, etc.); liabilities (loans, accounts payable, obligated funds, etc.)

revenue (drawdowns from CDBG awards, cash contributions, proceeds from sales, other program income, etc.); and expenses (rent, wages, utilities, phones, etc.).

- A cash receipts journal. This journal documents (in chronological order) when funds were received, in what amounts, and from what sources. The journal is a record of transactions showing the charges to be recorded as a result of each transaction. Every transaction is initially recorded in a journal. Therefore, a journal is called a record or book of original entry. Each entry in the journal states the names of the individual accounts to be debited and credited, the dollar amount of each debit and credit, the date of the transaction, and any other necessary explanation of the transaction. Information for a journal entry can come from a variety of sources, such as checks issued, or received, invoices, cash register tapes, and time sheets.
- A cash disbursements journal. This journal documents the expenditures of the organization in chronological order (e.g., when the expense was incurred, how much was spent, to whom it was paid, and for what purpose).
- A payroll journal. This journal documents the organization's expenses on salaries and benefits, and distinguishes different categories for regulatory purposes.
- A general ledger. After a transaction is entered in a journal, that information also should be transferred to the proper accounts contained in the general ledger. The general ledger summarizes in chronological order the activity and financial status of all the accounts of an organization. The process of transferring transaction information from a journal to a ledger is known as "posting". The entries in the journal and ledger should be cross-indexed to permit the tracing of any recorded transaction (i.e., an "audit trail").

Periodically, a "trial balance" is performed, to test the mathematical accuracy of the ledger, and to prepare a statement of the financial position of an organization on a particular date.

B. Sources and Uses of Funds

For the CDBG program, these accounting records must contain reliable and up-to-date information about the sources and uses of funds, including:

- Federal grant awards received by the organization;
- Current authorizations and obligations of CDBG funds;
- Unobligated balances (funds remaining available for distribution);
- Assets and liabilities;
- Program income; and,
- Actual outlays or expenditures.

C. Maintenance of Records

The internal control requirements provide for the separation of duties and the secure storage of accounting records in limited access areas. In maintaining these accounting records a Subrecipient should also ensure that:

- Journal Entries are properly approved and explained/supported;
- Posting and trial balances are performed on a regular basis; and,
- Fidelity bond coverage is obtained for responsible officials of the organization.

D. General Federal Requirements - Financial Administration

To meet the cash management requirements a Subrecipient's financial management systems must provide for:

- A computer accounting system that records the source of income and categorizes expenses for grant activities. This system should contain income and expenses pertaining to federal grants.

- Effective control over all grant funds, property and equipment, and other assets. Subrecipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
- Comparison of actual checks written with budgeted amounts for each grant.
- Computer printouts that are supported by source documentation (i.e. original invoices marked "Paid" with dates and check number). A separate fund should be kept for all grant income and expenses.

E. Complying with Federal Requirements

Written procedures for determining what's reasonable and allowable under OMB circulars for costs and activities;

- a. Cash Management
- b. Eligibility of recipients
- c. Equipment and real property management
- d. Compliance with requirements regarding procurement, suspension and debarment
- e. Treatment of program income

F. Grants Accounting Records

For each program the agency should determine what data must be maintained in the program files and establish a system for ensuring that every file contains the necessary information. This list will vary from program to program, but each file should include the following:

- CDBG application, City Agreement, procurement information, bids and other contracts; budget, expenditure and payment information including supporting documentation;
- Characteristics and location of clients served;
- Program status, progress reports, audits, monitoring reports and correspondence.

Financial records are an integral part of the required computer accounting system. The required grants accounting records for Subrecipients are listed and discussed below.

- The computer bookkeeping/accounting system should have a general ledger type printout showing the assets, liabilities, income and expenses. The system should provide a separate report for income and expenses by fund or grant. Bank reconciliations must be performed monthly and balanced with the cash account in the general ledger. Further explanation of these required reports are as follows:
- General Ledger, or Category Report (Quicken type software), - The general ledger shall include separate accounts for all assets, liabilities, income, and expense categories, as well as an account for the cash/fund balance.
- Cash Disbursements - A computer printout of the grant expenses by category or account code must be submitted with the reimbursement request.
- Payroll Reports - The largest component of direct cost associated with most awards received by nonprofit organizations is labor. Personnel activity reports or equivalent documentation must meet certain standards. Reports must reflect an after the fact determination of the actual activity of each employee. Reports must be signed by the individual employee, and by a responsible supervisory official having first-hand knowledge of the activities performed by the employees. Further, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during periods covered by the award. Subrecipients are required to maintain payroll reports detailing gross salaries, all withholding and employer payments - Medicare, Social Security, SIIIS or Workman's Compensation Insurance and health

insurance. Non-profits are exempt from federal unemployment tax; however, they are liable for state unemployment reports.

- Hours worked on the grant must be indicated on the report and proper documentation, i.e. time cards and time to project logs are required. Employees must keep track of time spent working on CDBG related activities during the work day. CDBG funds may only be used to reimburse eligible activities which benefit moderate and low income City of Columbia residents.
- Property Register - To adhere to requirements outlined in 2 CFR Part 200.329, a listing of all property and/or equipment purchased with Federal grant funds in the amount of \$500 or more must be maintained.

The Community Development Department requires that all federally funded equipment purchases must be recorded on **Exhibit F – CDBG Inventory/Property Control Form**, and submitted to CDD upon request. All use and proposed dispositions of grant-funded property is governed by the provisions under the 2 CFR Part 200.329.

G. Record Retention Period

All CDBG files must be maintained for a minimum of five (5) years after the final financial status report has been submitted for the grant.

H. Access to Records

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access Subrecipient agency program records. All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

Information may be provided utilizing aggregate statistics. All clients may be lumped into categories, but no personal information may be released. *For example, a report may state: 150 clients served this month, 60 Caucasian, 60 African American, 15 Native Americans, 15 Asian. Of those clients, 25 were female head of household, 30 were Veterans, 100 were very low income, and 50 were moderate income.*

J. Allowable Costs

The standards for determining the reasonableness, allowability, and allocability of costs incurred as part of CDBG-financed activities are found in 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

According to basic guidelines contained within the OMB Circular, a cost is allowable under the CDBG program if:

- *The expenditure is necessary, reasonable and directly related to the grant.*
- This standard applies equally to such items as salaries and administrative services contracts, as well as to real property and equipment purchases or leases, travel, and other administrative expenditures. In determining the reasonableness of a given cost, consideration shall be given
- The expenditure has been authorized by the grantee (the city in this case), generally through approval of the budget for the activity and is not prohibited under Federal, state or local laws or regulations. CDBG is a reimbursement grant, meaning that agencies spend the funds and then ask to be reimbursed by the city. It is very important that if there are any questions as to eligibility of an expense that agencies contact their Compliance Specialist. If the expense is not allowed, the agency will have to pay for it from another funding source.

- The cost must be allocable to the CDBG program. A cost is allocable to a particular cost objective (e.g. grant, program or activity) in proportion to the relative benefits received by that objective. This means that:
- If an office is utilized by two programs during the same hours, the costs of the office should be allocated between the two programs equally.
- The same expense cannot be claimed against more than one grant.
- In addition, a cost originally allocable to a particular federal grant program cannot be shifted to another federal grant program in order to overcome funding deficiencies, to avoid restrictions imposed by grant or by law, or for other reasons.

K. Source Documentation

The general standard is that all accounting records must be supported by source documentation. This is necessary to show that the costs charged against CDBG funds were incurred during the effective period of the Subrecipient's agreement with the grantee, were actually paid out, were expended on allowable items, and had been approved by the responsible officials in the Subrecipient organization.

The source documentation must explain the basis of the costs incurred, as well as showing the actual dates and amount of expenditures.

For example: Payroll source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. Such documentation might include union agreements or minutes from board of directors' meetings where salary schedules and benefit packages are established, copies of written personnel policies, W-4 forms, etc. For staff time charged to the CDBG program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, payroll service provider, etc., or evidence of direct deposits will document the actual outlay of funds.

Rental or lease agreements, and bills from the respective companies must support space and utilities costs. Both types of expenses will be supported by canceled checks. If the cost is split between CDBG and other sources, there must be a reasonable method in place to allocate the charges equitably among the sources.

Supplies, should be supported by purchase orders, or requisition forms initiated by an authorized representative of the Subrecipient, an invoice from the vendor, (which has been signed off by the Subrecipient to indicate the goods have been received), the canceled check to the vendor demonstrating payment was made, and information regarding where the supplies are stored and for what cost objectives they are being used. (See Section V Fiscal Management)

All source documentation does not have to be located in the CDBG project files, but it must be readily available for review by the grantee, HUD or other authorized representatives at all times. Please be aware that by accepting CDBG funds your organization records as a whole are open for review. Develop and maintain a central filing system. This will ensure that audits and monitoring visits go smoothly, and documentation is readily accessible.

In the simplest terms, financial transactions involve writing checks, and receiving reimbursement for eligible activities. Every grant related financial transaction must be recorded immediately into the accounting system.

Source documents, such as invoices or time cards, should provide all details of each transaction or activity. The information contained in the source documents is necessary for accounting purposes, and is recorded in the computer accounting/accounts payable system. The source documents must be readily accessible during monitoring visits.

A variety of source documents and records are needed to properly account for grant transactions. These documents include but are not limited to the following:

Invoices – All Subrecipients are required to retain original invoices or sales receipts for all purchases. All invoices must be marked "PAID" with the check number, and date paid included. A stamp is recommended for this.

If any original document for an expense cannot be located during a monitoring visit, the amount may be deducted from the next reimbursement request, or may be required to be repaid.

Payroll Records – All Subrecipients will maintain concise documentation for both the time worked and tasks undertaken. The employee and his/her immediate supervisor must sign employee time cards.

Service Contracts – All grant funded service contracts (accounting, leases, janitorial, etc.) must be a written agreement between the Subrecipient and the firm/individual.

The City of Columbia, Community Development Department must have copies of all service contracts that are to be reimbursed with City CDBG grant funds. The City has developed a Standard Agreement for the Provision of Subcontracted Services Form for your use, attached as Exhibit G.

L. Budget Controls

All Subrecipients are required to submit a proposed program budget when making an application for funding. Once the application process has been completed, an up to date and accurate program budget must be created and submitted to the Community Development Department for approval and inclusion in the Subrecipient Agreement.

Budgets are tools of the financial management system used for two main management functions: decision making (planning) and monitoring and controlling. A budget is a plan of action expressed in financial terms. In the course of planning, an organization defines its purpose, mission, goals, objectives, strategies and activities. Through the budget process, decision-makers look at the financial implications of their plan: how much will a program cost and what are the anticipated revenues.

Budgets are also tools for monitoring and controlling ongoing organization activities. Once a plan has been developed, the organization needs information to see whether it is keeping to its plan. If the organization has gone "off track", various responses can be considered. Since the budget describes the plan in terms of dollars, it provides a basis for monitoring progress.

Since budgets are planning documents, effective budgets are those that accurately anticipate and project the interplay between program and fiscal activity. An effective budget serves as a guideline, which reflects the best estimate by an organization's decision-makers of the anticipated income and the costs of operating various program activities. In summary, an organization needs to prepare annual budgets because budgets assist organizations to:

Define goals for a given period of time

- Monitor progress throughout that period of time
- Point out significant variances between the financial goals and how resources are actually being used
- Point out problems when they arise, so that corrective action can be taken on a timely manner
- Predict and monitor cash flow, and
- Illustrate need to funding sources

Subrecipients must have procedures in place to monitor obligations and expenditures against their approved budget(s) for CDBG funded activities. Depending on the language of the Subrecipient agreement, the grantee may be under no obligation to reimburse a Subrecipient for expenditures which exceed approved budget line items or the overall budget for CDBG assisted activities. Therefore, the Subrecipient needs to have an ongoing system to compare actual receipts, encumbrances, and expenditures with the CDBG budget in order to ascertain in a timely fashion whether it will be necessary to initiate a formal budget revision. In addition, since the budget reflects the Subrecipient's best estimate of the resources necessary to accomplish the CDBG project scope of services, any pattern of line item overruns should prompt a careful re-assessment of whether the available resources will still be sufficient to achieve the agreed-upon objectives.

In order to compare and control expenditures against approved budgets a Subrecipient must:

- Maintain in its accounting records the amounts budgeted for eligible activities;
- Include unexpended/unobligated balances for budgeted categories, as well as obligations and expenditures; and,
- Periodically compare actual obligations and expenditures to date against planned obligations and expenditures, and against projected accomplishments for such outlays.

These comparisons should be made on an ongoing basis. In addition, it is critical that Subrecipients maintain a close watch over the progress achieved for the amount of funds expended.

M. Financial Reporting

Financial reports prepared by a Subrecipient must be accurate, timely, current, and represent a complete disclosure of the financial activity and status in each federal grant program under which assistance is received.

The City of Columbia requires monthly financial reporting. A Subrecipient must have the capacity to provide, at a minimum, the following information for each CDBG activity:

- Amount budgeted;
- Reimbursements received to date;
- Program income and other miscellaneous receipts in the current period and to date;
- Actual expenditures/disbursements in the current period and cumulatively to date, for both program income and regular CDBG grant funds;
- Current encumbrances/obligations in addition to disbursements;
- Unpaid requests for payment previously submitted at time of latest drawdown.

In addition, a Subrecipient's accounting and record-keeping system must be able to support the data in (a) its drawdown requests, (b) its other financial and progress reports, and (c) any submissions necessary for the grantee's annual report to HUD.

The City of Columbia is responsible for ensuring that Subrecipient activities are carried out in compliance with all applicable program requirements and that the program goals are on track with the objectives outlined in the Subrecipient contract. Accurate record keeping is crucial to the successful management of CDBG funded programs. Insufficient documentation can lead to delayed payments or monitoring findings, both of which can be difficult to resolve if records are missing, inadequate or inaccurate.

While the agency may not qualify for a single audit, it is extremely helpful if financial statements contain a grants reporting summary page, which lists all the grants and amounts the agency received during the fiscal year by Catalog of Federal Domestic Assistance (CFDA) number and the amount. Providing this information with the year end audit or financial statement, allows the city to determine if the agency conducted the proper type of audit based on the funds expended. The CFDA number for CDBG funds is 14.218. Use this website <http://www.cfda.gov/> to look up other CFDA numbers by grant name and type.

N. General Responsibilities

Recipients of federal funds are required to comply with all applicable federal requirements. Subrecipients must safeguard these resources by segregating duties. The Subrecipient's Director must be responsible for reviewing and approving all transactions involving the grant funds, before the Subrecipient's financial officer or accountant processes them.

The Subrecipient's responsibilities include:

- Ensure that all expenditures involving the use of federal funds are eligible under the federal and local requirements of the grant
- Approval of purchase orders and contracts to be reimbursed through HUD grant funds
- Receipt and approval of invoices
- Review and approval of requests for payments involving HUD grant funds are coded properly
- Compliance with all HUD regulations, the City Grant Agreement and 2016 CDBG Program Manual
- Implementation of an internal control system

O. Finance Officer Responsibilities

The finance officer or accountant is responsible for maintaining a computer accounting/ bookkeeping system. The finance officer's or accountant's responsibilities include, but are not limited to:

- Control of accounting documents for processing by the Subrecipient
- Preparation of financial reports based on accounting records
- Preparation of requests for reimbursement, subject to review by the agency's Director
- Execution and oversight of all financial procedures designed to avoid or eliminate waste, fraud, or abuse of grant funds. Should the City determine that the Subrecipient's accountant is not maintaining proper financial records, or processing accurate information, the City has the right to request the Subrecipient to remove that individual from grants responsibility.

P. Audits

The agreement with the City is subject to a 2 CFR Part 200 audit pursuant to the Single Audit Act and is also subject to other requirements of OMB Circular.

An audit is both a financial and program audit. It encompasses auditing of expenses as well as the program. In other words, ensure that grant funds were expended for allowable costs and accomplished

the program objectives according to the Scope of Services.

The United States General Accounting Office (GAO) states that Subrecipient agencies must ensure that federal program resources are applied "efficiently", economically and effectively to accomplish the program objectives. The financial and performance audits are designed to assure that Subrecipient agencies are accountable to HUD, the City and the public. In particular:

1. *Financial audits* are designed to provide an independent opinion on the agency's financial statements, internal central structures, cash flow, and compliance with specific financial systems and procedural requirements.
2. *Performance audits* provide an independent point of view on the extent to which the agency has efficiently and effectively carried out its operations, and achieved the intended program results and benefit.

The primary goal of the audit is to determine whether an agency has adequate systems in place to assure that:

1. goals and objectives are met;
2. resources are safe-guarded;
3. laws and regulations are followed; and
4. reliable data is obtained, maintained and accurately disclosed.

Subrecipients are responsible to ensure their auditors conduct the proper type of audit. Not all Certified Public Accountants (CPA's) are qualified to perform a single audit.

Please note: The Office of Management and Budget requires that grant recipients who expend \$750,000 or more in federal funds in one fiscal year, must conduct a single audit.

Please note: On July 1, 2005, the City implemented the following audit policy: Any agency that expends between \$200,000 - \$499,999 in federal funds will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. If allowable by program regulations, the City may only pay for the portion of the audit, which represents the percentage of City federal funds in the program budget.

Subrecipients who do not qualify for a single or Audited Financial Statement must submit a Certified Annual Financial Statement (CFA). This is the lowest audit criteria and will only be accepted from those non-profits who can document that they did not qualify for a single or a CPA audited financial statement. The Treasurer and the Board President must sign a statement certifying the CFA. The statement should read as follows: ***We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.***

Q. Audit Due Date

Audits have different due dates depending on the type the agency qualifies to conduct. Certified Annual Financial Statements are due three (3) months after the end of the fiscal year; CPA conducted audits are due six (6) months after the end of the fiscal year, and Single Audits are due nine (9) months after the end of the fiscal year.

In order for the agency to understand the financial requirements, the following section covers financial statements. The Subrecipient is responsible for the work and reports created by their staff and/or accountant.

All Subrecipients who fall under the requirements of 2 CFR Part 200 Auditing rules must submit a full and complete copy of such audits to the Community Development Department. It is the responsibility of the Subrecipient to ensure that audits are completed in a proper and timely manner. Failure to submit copies of the Audit will render the Subrecipient as noncompliant. This means that no funds may be drawn until the City of Columbia Community Development Department has received and reviewed the copy of the audit.

V. FISCAL MANAGEMENT

Reimbursement will only be provided for allowable costs as approved by the City of Columbia and must be directly related to the Grant. Reimbursements should be submitted on a monthly basis. Please use the CDBG Reimbursement Request Cover Sheet and CDBG Monthly Activity Report forms (Exhibit A) provided by CDD. When your requests are submitted they must include copies of receipts, check registers, payroll reports, paid invoices, accounts payable, general ledger and/or category printout.

The City of Columbia will only reimburse the Subrecipient for expenditures actually incurred.

(Please see Section VI-Monthly Reimbursements for further information.)

A. GENERAL BUDGET INFORMATION

There are typically four cost categories within a general budget (please note that Operating Costs and Program Delivery are grouped together in this manual):

1. Personnel Costs

1. Personnel - Costs associated with the positions identified on the Staffing Plan. Costs should reflect the actual amount of time each position spends on the program.
2. Fringe Benefits - Eligible payroll-related costs of health insurance, retirement fund contributions, FICA, Worker's Compensation, and other payments made on the behalf of the employee.
3. Federal funds cannot be used to pay for 100% of an Executive Director's salary. Please ensure that when receiving multiple funding sources this threshold is not exceeded. IRS employee rules must be applied before determining an employee's status or non-status. People who work for the agency are employees, people who provide training, consulting or are officers of the non-profit are not and cannot be employees of the agency. This is considered a conflict of interest. Employees must have all the pertinent federal deductions and taxes paid.

NOTE: Non-profit agencies are exempt from paying federal unemployment tax, although State unemployment tax applies. You will not be reimbursed for any federal unemployment taxes you pay.

2. Operating Costs/Program Delivery

1. Supplies - Consumable commodities that have a useful life of one year or less and which are valued under \$500, except for computer equipment, which must be inventoried and accounted for separately.

2. Direct Client Services – Work Cards, Sheriff Cards, rent, bus tokens, food, utilities, child care, and other program costs paid on behalf of clients.
3. Communication - Costs of telephone, telephone installation, leasing of phone equipment, and postage.
4. Printing -Cost of copying and printing, whether done in-house or through an outside printer; supplies such as paper or fluids for copy machine owned or leased for program use.
5. Utilities - Costs associated with gas, electricity, water, and trash removal. 5) Rent - Rental charges for real property; office space for program. 6) Travel (local) - Costs for mileage reimbursement and conference expenses within Clark County. Mileage reimbursement includes only travel by staff or volunteers for conducting the business of the Subrecipient. No personal mileage will be reimbursed. Mileage from home to work is also not an allowable expense.
6. Travel (other) - All travel and conference expenses outside of Clark County to employees and volunteers for actual mileage. Out of state travel requires prior City approval.
7. Insurance - Insurance-related costs required for the operation of the program.
8. Miscellaneous - For eligible expenses not noted above. Should not exceed 1% of CDBG grant.
9. Food/snacks – Eligible only for clients, and must be an integral part of the program such as afterschool snacks for children in Safekey or lunch for preschool. Please contact your NPO for guidance.
10. **No costs which may be considered as entertainment in nature will be reimbursed with CDBG funds.** Awards ceremonies, banquets, holiday events, trophies, plaques, amusement park field trips, etc. are not an allowable expense. Please contact the assigned NPO for further guidance on this issue prior to planning or expending CDBG funds.

3. Contract Services

1. Equipment Rental - Costs for the rental of equipment, which is essential for the operation of the program.
2. Equipment Purchase - Purchase of equipment essential for the operation of the program in those instances where it is more cost effective to purchase equipment rather than rent it. Includes any item with a useful life of more than one year and a cost greater than \$500. Purchase of equipment requires prior City approval.
3. Contracted Services - Professional and technical services not performed by staff.
4. Audit Fees – City CDBG funds may pay for audits, but only to the extent of the total City federal funds in the budget. For example, if the audit cost is \$5,000, and only 20% of the program’s overall budget is from the City, only \$1,000, or 20% of the bill will be allowed. Bookkeeping fees or payroll services are eligible expenses.

B. BUDGET REVISIONS

Modifications to approved budgets line items are allowable but must be directly related to changes in program services and activities and may not increase the budget total.

To implement a budget modification the Subrecipient **must** submit a written request (**Exhibit L**), which identifies the reasons for the adjustment. The request must be specific as to which line items are to be increased and which are to be reduced and must be specifically approved by the City in writing as a change to the written agreement or contract between the City and the Subrecipient.

The Director of the City of Columbia Community Development Department has the authority to grant

or deny requests for budget revisions. The City will issue a written decision within seven business days of receiving the request.

C. RECORDS

Organizations receiving CDBG funds must keep the following fiscal records:

1. Bookkeeping Journals and Ledgers

Provide accurate accounting for cash receipts, cash disbursements and cash balances. All cash, revenues and expenses must be reconciled to the general ledger. Back-up documentation for journal entries must be kept and properly filed. Documentation must include: invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other verification as applicable.

2. Payroll Records

Payroll records will show actual gross earnings; net payroll and payroll deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal will need to reflect the distribution of time and money against each fund or program.

Back-up documentation must include:

- a. *Canceled/Canceled paychecks;*
- b. Tax records;
- c. Worker's compensation records;
- d. Individual time sheets.

3. Petty Cash Record

A petty cash fund may be set up to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be an eligible expense. The size of the fund is left to the discretion of the Subrecipient. Backup source documentation for expenditures must be provided when submitting for reimbursement.

4. Time Records

Time records should be kept indicating actual time worked, including types of time, such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

Agencies using volunteer hours for in-kind match must keep signed time records by the day indicating actual time donated.

Time sheets showing labor distribution and a time to project log, which documents time spent on the project/program, must be kept for all grant funded employees. Copies of these must be submitted with reimbursement requests in addition to cancelled checks, payroll reports and general ledgers.

D. EXPENDITURES

All expenditures associated with an approved activity or program must comply with the following criteria:

1. Limitation of Expenditures

- a. The Subrecipient shall not expend funds provided under the contract prior to the commencement of the contract or subsequent to the suspension or termination of the contract.
- b. Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
- c. Expenditures shall be in direct support of the program that is the subject of the contract. The Subrecipient shall notify the City in writing of any expenditure for items jointly used for any other program(s) and the expenditures shall be apportioned according to the percentage of direct use in the program.

2. Eligible Costs

To be eligible for payment, costs must be in compliance with Office of Management and Budget Circular (OMB) 2 CFR Part 200 (**Appendix II**) and with the principles set forth below:

- a. Be necessary and reasonable for the proper and efficient performance of the contract and in accordance with the approved budget. The City shall have final authority to determine in good faith whether expenditure is "necessary and reasonable".
- b. Conform to the limitations within the agreement, this manual and to any governing statutes, regulations and ordinances.
- c. Be fully documented and determined in accordance with approved accounting procedures.
- d. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or a prior period.
- e. Be the net amount of all applicable credits such as purchase discounts, rebates, sales or other income or refunds.
- f. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.
- g. Submit to the City, within fifteenth (15) working days of the end of the preceding month, Reimbursement Request Cover Sheet together with the appropriate supporting documentation.
- h. Submit to HUD or City at such times and in such forms as HUD or, City may require, statements, records, reports, data, and information pertaining to matters covered by the agreement or contract.

3. Ineligible Costs:

- a. Bad debts: any losses arising from uncollectable accounts and other claims, and related costs.
- b. Contingencies: contributions to a contingency reserve or any similar provisions for unforeseen events.
- c. Contributions and donations.
- d. Entertainment: costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity.
- e. Fines and penalties: costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations.
- f. Interest and other financial costs: interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith.
- g. Membership expenses: costs of membership in any organization, which devotes a substantial part of its activities to influencing legislation.

- h. Non-competitive subcontracts: payments under a subcontract not obtained under competitive bidding procedure, unless the City specifically waives the requirement for such a procedure.
- i. Taxes.

4. Close out Documentation:

The Subrecipient shall maintain a system of internal control in accordance with generally accepted accounting practices. Internal control consists of a plan or procedure to safeguard assets, check the adequacy and reliability of accounting data, promote operating efficiency, and assures compliance with appropriate laws and regulations. On or before 90 calendar days after termination of the agreement, the project coordinator should submit to the City an annual inventory update and a closeout financial report. All property, documents, data, studies, reports and records purchased or prepared by the Subrecipient under contract should be disposed of according to contract.

In the event the program terminates, copies of all records relating to the program or activity that are the subject of the contract shall be furnished to the City. Financial statements submitted by the Subrecipient to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may elect to have the Subrecipient secure the services of a licensed accounting firm. Cost of such accounting services are to be borne by the Subrecipient.

E. Program Income

Interest earned on federal grant funds must be reported to the City monthly as Program Income; and must be used in the operation of the specific grant program.

Organizations providing services funded through a City of Columbia CDBG grant may charge fees to clients to reduce the costs of service delivery. Such fees, or any other earnings generated through the use of CDBG funds, are considered to be program income (PI). PI includes, but is not limited to, fees charged for services, proceeds from the sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties.

Program income shall be recorded separately and returned to the City for disposition. Upon approval by the City, income from the Project may be retained by Subrecipient provided that written notification is given to the Community Development Director and that the income is to be used for the exclusive benefit of the Program. Such income will be subject to guidelines for use of such income in accordance with HUD regulations. All PI must be reported. A total amount under \$100 may be reported quarterly rather than in the month in which it is collected.

Donations are defined as free will offerings to an organization not related to receiving a service or benefit. Donations are not PI and do not have to be reported. PI does not reduce the size of the organization's CDBG grant if the PI is spent on eligible items. However, any PI not spent will result in a reduction in the amount of funds reimbursed. Housing development agencies which use CDBG funds for administration only, do not report funds received from the construction of affordable housing units as PI.

VI. MONTHLY REIMBURSEMENTS

City Community Development staff will review each request for reimbursement submitted by the Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient will be requested to submit clarifications, corrections, or additional information.

If any original document for an expense cannot be provided upon immediate request, the amount will be deducted from the next reimbursement request if previously paid or deducted from the current request if not. If no funds remain to be drawn, the agency must reimburse the city directly.

A. General Programs and Public Services

Reimbursement Requests for eligible expenses should be submitted on a monthly basis. A Monthly Activity Report should accompany the Reimbursement Request Cover Sheet and appropriate documentation. Reimbursement requests received by the 15th working day of the month will, in most cases, be paid no later than the end of the month.

Please review the request documentation and amounts prior to submission, the city cannot reimburse for taxes, or items or services paid for prior to the beginning of the program year, or after the end of the program year. The Line Item Budget form must be submitted along with the Reimbursement Request.

B. Spending Requirements

CDBG funds must be spent in a timely manner. Unless an alternative spending plan has been approved in writing by Community Development, funds must be expended in the following manner:

- 50% by December 31st
- 75% by March 31st
- All funds must be expended by June 30th of the program year, with Reimbursement Requests and Monthly Client Reports submitted by July 15th for the fiscal year the funds are awarded.
- **Unspent funds cannot be carried forward and are forfeited.**

C. Reimbursement Request Cover Sheet and Monthly Activity Report (RRF)

The RRF, attached as **Exhibit A**, itemizes the grant expenses by eligible expense category. The total on this form should equal the total of the backup submitted for all CDBG eligible expenses. An Excel type spreadsheet noting expenses by category may also be included. Reimbursement requests will not be processed without this computer printout attached.

The Subrecipient should send or bring the reimbursement form, with accompanying copies to justify expenses, to the City of Columbia.

The address is:
City of Columbia Community Development Department
1225 Lady Street, Ste 102
Columbia, SC 29201
Attn: CDBG Compliance Specialist

The City's Finance Department processes payments twice a week and mails checks every Tuesday and Thursday. From the time documents are received and are complete, it will take approximately fifteen (15) to thirty (30) days to process the expense report if there are no issues or concerns with the payment request.

D. Backup Documentation Required for Reimbursement Requests

CDBG funds are paid to agencies on a **reimbursement** basis. Therefore, it is extremely important to verify the eligibility of an expense prior to expending your funds. Accuracy of submittals is important as errors slow down the process. In addition to the Reimbursement Request Form, **Exhibit A**, copies of one of the following must be included: front and back of cancelled checks, the front of the cancelled check with the check register to document it was paid, or copies from the internet banking account, in addition to a paid invoice. When at all possible, do not use cash, as this does not provide a proper audit trail. Reminder: Sales tax will not be reimbursed.

When submitting a large payment request, please highlight the portions requested to be paid by the city in addition to utilizing either an excel spreadsheet or adding machine tape.

The Reimbursement Request cover sheet has eight items that you need to complete.

- CDBG Grant Year – Year that the Grant Award will cover (i.e. 2016 – 2017)
- Date of Request – Date that you submitted your request to City of Columbia CD Staff
- Reimbursement Period From – 1st day that your Reimbursement Request covers
- Reimbursement Period To – Last day that your Reimbursement Request covers

- Current Expense/Personnel – The amount of CDBG Funds requested for the current reimbursement period under the Personnel category.

- Current Expense/Operating Costs – The amount of CDBG Funds requested for the current reimbursement period under the Operating Costs category.

- Current Expense/Contract Services – The amount of CDBG Funds requested for the current reimbursement period under the Contract Services category.

- Current Expenses/Program Delivery Costs – The amount of CDBG Funds requested for the current reimbursement period under the Program Delivery category.

After you input the fields as specified above, the remaining information will auto-populate.

Please remember to print the form and complete the bottom portion, to include the signature and date.

Do not unlock fields in this workbook.

E. Documentation

In order for the city to reimburse the agency, documentation must be submitted to show who, what, when, and how the invoice was paid. Only copies of paid invoices which must be marked paid will be accepted. A quote or order form will not be accepted. In addition to the paid invoice, proof of payment must be submitted. For invoices paid by credit card, submit a copy of the statement showing the invoice was paid.

Please highlight the amount paid on the receipt, and the reimbursable portion. Keep in mind when

charging a percentage, the percentage of participants who are low-income City of Columbia residents must be documented. To do this, provide a copy of the client roster, with their addresses and highlight the city residents. This permits verification of the percentage.

Copies must be legible, please do not send the originals, as they are needed for your files. Receipts cannot be dated prior to the beginning of the program year July 1st or after the end of the program year June 30th. If requesting payroll reimbursement, copies of time sheets must be included. The time sheets must include documentation of time spent with city CDBG eligible participants. Many agencies use tracking codes or work authorization codes, please use whatever method works best. Please highlight the code assigned to CLV CDBG or the hours worked on the time sheet.

F. Mileage and Travel

Per the IRS allowances found at IRS.gov, the CDBG program will reimburse those reasonable mileage and travel costs that are necessary to carry out the services identified in the Subrecipient's Agreement with the City. Mileage and travel expenses not necessary for the program, or of a personal nature, are not eligible for reimbursement. Volunteers authorized by the program to be reimbursed for mileage relating to services for the program must provide proof of automobile insurance, copies of which must be kept at the Subrecipient's office.

1. **Mileage:** The Subrecipient shall submit written mileage records identifying the driver of the vehicle, the number of miles driven on each day, and the purpose of the trip. The Subrecipient shall certify the accuracy of the information reported. Travel to and from work is not an eligible expense for mileage reimbursement.
2. **Travel:** Reimbursable costs include conferences, lodging, food, and other non-mileage costs. Community Development policy requires that all travel costs be kept to a minimum. Supporting documentation must be provided with all requests for travel reimbursement.
 - a) Local Travel: Defined as travel within Richland County.
 - b) Non-Local Travel: Non-local travel is travel to a location outside of Richland County, but within South Carolina. No prior approval is required for these trips.
 - c) Out-of-State Travel: Approval for out-of-state travel must be requested in writing from the City's Community Development Manager 10 working days prior to the trip. The Community Development Manager will review the request and provide a response within five (5) working days.

H. Telephone Expenses

- A. Reimbursable Expenses: The CDBG program will reimburse only those reasonable costs for local and non-local telephone calls necessary to carry out the services identified in the Subrecipient's Agreement with the City. Actual costs of phone calls and the monthly cost of supporting the phone system are eligible for reimbursement. Such expenses include equipment rental or lease and monthly service charges. All out-of-state calls must be documented with a description of the purpose of the call and its relationship to program activities. The City will not reimburse personal calls.
- B. Exceptions: Personal phone calls are not reimbursable. In addition, calls made for the purpose of raising funds are not eligible for reimbursement.

- C. Pro-rating of Expenses: If the program receives funding from several sources, only those telephone expenses solely related to the that portion of the activity which is funded out of the Subrecipient's CDBG grant are reimbursable. All such costs must be specifically identified to the City's satisfaction.
- D. Additionally, if the amount of the Subrecipient's CDBG grant is less than the program total budget, phone costs are reimbursable at a percentage equal to the level of CDBG funding as compared to total program funding.

VII. MONTHLY ACTIVITY REPORTS

Monthly Activity Reports, attached as **Exhibit A** are due no later than the 15th of each month ***even if a request for reimbursement has not been submitted***. The monthly activity report explains the progress the program has made in relation to the goals and performance indicators outlined in the Agreement Scope of Work.

The monthly report must be submitted on the form provided by Community Development, unless approved in writing, in advance. No other format will be accepted. Monthly reports may be printed, signed and scanned/emailed to the Compliance Specialist. Failure to submit monthly reports may result in delayed reimbursements and/or negative marks on the performance reports provided to the Citizens Advisory Committee (CAC) during review and consideration of proposals for future funding recommendations..

The first page of this workbook is your activity budget. This page was completed by CoC staff, based on the budget that you submitted and that was approved for this activity.

The second and third pages of this workbook are the CDBG Reimbursement Request Cover Sheet (tab named July 2016 Financials) and the CDBG Monthly Activity Report (tab named July 2016 Client Data). Each month of the award year follows in this same pattern, and many of the fields that auto-populate based on your inputted information are cumulative.

Please complete the **TAN** fields throughout the pages that are pertinent to the month for which you are reporting

*** Do not unlock fields in this workbook. ***

VIII. PROCUREMENT, AND CONTRACTING - PROCEDURES AND REQUIREMENTS

A. Equipment Procurement

1. Equipment v. Supplies

Equipment is defined as tangible property costing more than \$500 and having a useful life of more than one year. The purchase of equipment is generally ineligible, because equipment can be rented at a lesser cost for a short period of time.

Items which cost less than \$500 and which have a useful life of less than one year are considered to be supplies and are to be purchased under the General Non-Personnel Costs (Supplies) cost category, except for computer equipment, which must be inventoried and accounted for.

2. **Limitation on Purchase of Equipment**

Under HUD regulations, the purchase of equipment, fixtures, or furnishings that are not an integral structural fixture is ineligible except when necessary for use by the City or a Subrecipient in the administration of the overall City CDBG grant or as part of the administration of a public service program. The City does not allow for purchase of vehicles with CDBG funds.

3. **Notification Requirements**

All purchases of equipment require prior City approval. Requests to purchase equipment (Exhibit H) are to be sent to the City 45 days prior to the purchase order date. The request is to include the cost of the item, where it will be purchased, a detailed explanation of why it should be bought rather than leased or rented, and where the funds for the purchase will come from. If City CDBG funds will only be paying a portion of the purchase, list other funding sources and the respective amounts. The City will review the request and issue a decision within 10 working days. Rationale for a negative decision will be included in the response.

4. **Reversion to City**

Under HUD regulations, the City has the option to obtain the equipment from the program when funding stops for the program. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipient to retain the equipment at the time the funding ends. All other personal property, supplies and equipment purchased pursuant to this agreement and not consumed shall become property of the City.

B. Inventory Instructions

1. Agency - Name of Agency receiving grant.
2. Description - A brief description of the item of property.
3. Manufacturer's Serial Number - Provide the manufacturer's serial number for all items.
4. Acquisition Date - Date of Purchase.
5. Percentage of Federal Participation - Portion paid by CDBG funds.
6. Cost - Supply the actual purchase price.
7. Disposal Date - Date sold or disposed of.

C. Procurement Definitions

Price and Cost Analysis: A price or cost analysis must be made in connection with every procurement action. Price analysis involves comparing the bottom line price quoted, with typical prices paid for the same or similar materials or services (does not apply to sole source contracts). Cost analysis means you obtain the best price with the best service.

Sole Source: Procurement by noncompetitive process is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is determined inadequate. Extensive documentation and justification is required to establish the audit trail.

The agency may make the determination that competition is not feasible if one of the following circumstances exists:

- The item is unique and available only from a single source.
- There is a public urgency or emergency that exists that will not permit a delay resulting from a competitive solicitation.

Please use Exhibit K – 2016 – 2017 CDBG Procurement Form to document your purchasing methods.

Equipment and or Services purchasing methods are as follows:

0 - \$ 500	Direct reimbursement with an invoice copy.
\$500 - \$ 10,000	Two or more verbal quotes; written quotes if labor or detailed product or service specifications.
\$10,000 - \$ 25,000	Two written quotes obtained by Subrecipient agency or the City’s Purchasing staff. May use “Request For Quotes”, advertise, and/or use pre-bid conference.
Over \$ 25,000	Formal bid process with pre-bid conferences and formal bid openings.

D. Subcontracts

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. A Standard Agreement for Provisions of Subcontracting Services has been developed by the City and is available for your review, **Exhibit G**

1. Provisions Required in Subcontracts

- a. Name, address, phone number and social security number of subcontractor.
- b. A termination clause requiring twenty days’ notice by which either party may terminate the agreement.
- c. A City un-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
- d. A scope of services.
- e. The total dollar amount of the subcontract.
- f. A termination date no later than the end of the current CDBG program year.
- g. A clause requiring the contractor to comply with stated “Conditions of Federal Funding”.
- h. An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipient. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
- i. Signature of person authorized by Subrecipient’s Board of Directors to execute agreements.
- j. Signature of person authorized by subcontractor to execute agreements.

2. Review of Subcontracts by City

All Subrecipients in their first year of receiving CDBG funds from the City must submit all subcontracts valued at more than \$500 to the City for review and approval prior to execution. Subrecipients in the second year of CDBG funding are required to obtain prior review and city approval only when the value of the subcontract exceeds 10% of its CDBG grant or \$10,000, whichever is less.

All subcontracts requiring review and approval by the City must be submitted at least 10 business days prior to an effective date. The CDD will respond to the request for approval within 7 working days. Subcontracts must be approved prior to execution by any of the parties.

3. Required Subcontract Documentation

The Subrecipient shall maintain the following documentation in its files:

- a. Summary of bids and proposals received.
- b. Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor. (Justification must have been approved in writing by your CoC CD Representative)
- c. Justification for the selection of other than the lowest bidder in a competitive procurement. (Justification must have been approved in writing by your CoC CD Representative)
- d. Section 3 compliance documentation (**Exhibit J**), if required.

4. Types of Subcontracts Covered Under This Section

- a. Bookkeepers and auditors.
- b. Contractual personnel services (those not on the Subrecipient's payroll).
- c. Office equipment rental.
- d. Office space rental.
- e. Rental of vehicle (van, bus, etc.) to be used on a regular basis for carrying clients of the Subrecipient.

5. Types of Subcontracts Not Covered Under This Section

- a. Extension of above contracts if dollars per hour/month/year do not change.
- b. Vehicle rental to take program's clients to a particular event. (Requests for travel related to trips outside of Richland County are required under the agreement with the City).
- c. Maintenance agreements for office equipment.
- d. Janitorial services for office space.

E. 24 CFR PART 84.42 CODES OF CONDUCT

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal Funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited

item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

F. Conflict of Interest

The general rule is that no employee, board member, officer, agent, consultant, Subrecipients which are receiving funds under a CDBG assisted program who have responsibilities with respect to the CDBG activities or who participate in decision making process or have access to inside information with regard to the activities can obtain a personal or financial interest or benefit from a CDBG assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611).

Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, and services as well as the awarding and administering of subrecipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create real, or the appearance of a conflict of interest. The agency personnel should:

1. Be familiar with the agency's code of ethics and potential conflict of interest issues.
2. Not take gifts or gratuities from persons or organizations associated with the procurement process.
3. Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies.

IX. MONITORING AND DOCUMENTATION

A. Monitoring Reviews

The City of Columbia is responsible for ensuring that Subrecipients comply with all regulations and requirements governing their administrative, financial and programmatic operations. This includes assuring that performance goals are achieved within the scheduled time frame, budget and when necessary taking appropriate actions when performance problems arise. Monitoring is not a "one-time-event".

The five basic steps to the formal monitoring visit include:

- a. Notification Call or Letter -Explains the purpose of the visit, confirms date, scope of monitoring and outlines the information that will be needed to conduct the review.
- b. Entrance Conference - Introduces monitoring visit purpose, scope and schedule.
- c. Documentation and Data Gathering - The City will review and collect data and document conversations held with staff, which will serve as the basis for conclusions drawn from the visit. This includes reviewing client files, financial records, and agency procedures.
- d. Exit Conference - At the end of the visit the City will meet again with the key agency representatives to present preliminary results, provide an opportunity for the agency to correct misconceptions and report any corrective actions already in the works.
- e. Follow-Up Letter - The City will forward a formal written notification of the results of the monitoring visit pointing out problem areas and recognizing successes. The agency will be required to respond in writing to any problems or concerns noted.

B. Monitoring Process

1. Purpose

City Community Development staff will conduct an on-going monitoring process in order to review the programmatic and financial aspects of the Subrecipient's activities. COMMUNITY DEVELOPMENT staff will review monthly reports submitted by the Subrecipient for compliance with federal regulations

regarding the use of federal funds and the implementation of the program.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of programs. To this end COMMUNITY DEVELOPMENT staff may require corrective actions of the Subrecipient. Following are examples of significant problems, which will trigger corrective action by the Subrecipient:

- a. Services are not documented;
- b. Goals are not being met;
- c. Program files not in order;
- d. Complaints by clients;
- e. Required reports not being submitted in a timely manner,
- f. Funding not spent correctly.

2. Monthly Programmatic Monitoring

- a. Subrecipients will submit a monthly report detailing the implementation and administration of the activity or program. The monthly programmatic report shall include the following:
 - 1) Progress in meeting stated goals and objectives;
 - 2) Changes in staff or Board of Directors;
 - 3) Problems encountered and steps taken to resolve them;
 - 4) Other general information as appropriate;
 - 5) A "Client Certification of Household Composition and Income" attached hereto as **Exhibit K**. This report shall identify the income, ethnicity, and household status of clients receiving CDBG-funded assistance within the reporting period.
- b. This report is due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided.

3. Monthly Financial Monitoring

- a. Subrecipients will submit a monthly report concerning the financial and accounting status of the activity or program. The Reimbursement Request, **Exhibit A** and Monthly Activity Report, **Exhibit A** will suffice. The monthly financial report shall include the following:
 - 1) Summary of all disbursements of CDBG funds.
 - 2) Summary of all requests for reimbursement of CDBG funds.
 - 3) Report on percentage of CDBG funds expended and remaining by cost category.
- b. This report is due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided.

4. On-Site Visits

Based on monitoring results and other criteria, City Community Development staff may hold discussions with Subrecipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement. An on-site visit may occur to discuss the service activity shortfall. On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program was intended are being served and that in the event of an audit; the required client information is being maintained.

5. Monthly Reports to City Council

Based on the information received from the Subrecipient, City Community Development staff will submit monthly reports to the City Management, which provide updates on the Subrecipient's goals

and achievements. Staff may recommend corrective action to be taken should other efforts at obtaining compliance be ineffective.

C. Client Documentation by Subrecipient

Each Subrecipient is required to maintain documentation on clients benefiting from activities and programs funded through the City's CDBG program. As a condition of receiving the HUD grant, the City, and in turn the Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires information on the race and ethnic background of the clients, how many are female heads of households, their residency in the City, and how many are very- low income. City Community Development staff and HUD must also have access to the names and addresses of the clients. Any information regarding applicants for services funded through federal monies shall be held in strict confidence.

1. Required Documentation

All Subrecipients must obtain and maintain at their local offices, the following information on each client served:

- a. Client name and address
- b. Gender
- c. Ethnicity/race
- d. Head of household status
- e. Income

Subrecipients should use the "Client Certification of Household Composition and Income" form attached hereto as **Exhibit K** to collect this information from assisted households in addition to verifying client income.

2. Exceptions to Maintaining Required Income Documentation

Income documentation is not required for the following client types:

- a. Clients of a battered women's shelter.
- b. Seniors 62 years of age and older.
- c. Persons with recognized disabilities.

All other documentation is required.

3. File Organization and Maintenance

Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following may be helpful:

Program file should contain:

- a. Original executed copy of the agreement with the city
- b. Any amendments to the application and agreement
- c. Notice of award (letter from Community Development Department)
- d. Correspondence relating to the grant award
- e. Copies of Requests for Reimbursement
- f. Budget Amendment (**Exhibit L**) (if applicable)
- g. Any other information pertinent to the CDBG Grant
- h. Program measurable goals and expectations

Client files should contain:

- a. An application for assistance, if applicable
- b. Client Income Certification Form
- c. Documentation as to services provided to the client and any outcomes of service, for example, if a client is referred to another agency for services, a follow up contact is required to document the services the client received
- d. Copies of any program requirements
- e. Pre and post program evaluations, if applicable

X. PROJECT CLOSE OUT

A. Programmatic Close-out

Programmatic close-out will consist of, but will not be limited to, the following:

1. Review and verification of annual client statistical and narrative report due 15 days after the end of the program year - July 15th. Your June report with year-to-date client totals (Exhibit A – Tab named June 2016 Client Data [FINAL]), along with a program narrative will suffice.
2. Review of Subrecipient record keeping system, including, but not limited to:
 - a) Activity documentation
 - b) Personnel files
 - c) Inventory control files
3. Evaluation of activity and program accomplishment

B. Financial Closeout

Financial close-out will consist of, but will not be limited to the following:

1. Review and verification of information submitted in the final drawdown request (Exhibit A – Tab named June 2016 Financials [FINAL])
2. Review of Subrecipient record keeping system:
 - a) Accounting records and ledgers
 - b) Source documentation (invoices, time cards, canceled checks, etc.)
 - c) Budget documentation (modifications, etc.)
 - d) Equipment purchases
3. Evaluation of activity financial accomplishment

C. Equipment Disposition

All equipment with a cost of \$500 or more purchased with HUD grant funds shall revert to the City at the close of the activity. If a Subrecipient wishes to continue utilizing the equipment, and is **not** funded the following year, a letter must be submitted to the CDD requesting approval and describing how, through the continued use of the equipment, the grant objectives will be met. The City reserves the right to refuse any request.

Equipment shall be depreciated on a 5-year, straight-line basis, as is the accounting standard used for the City in its financial management. A Subrecipient is required to maintain records of the HUD funded equipment purchases and report to the City during the 5 year depreciation period. If the property is disposed of prior to the 5-year depreciation period, the City shall provide the Subrecipient with disposition instructions upon request. If the property is disposed of for cash during this period it

constitutes Program Income, which must be reported.

When equipment has been fully depreciated, and the equipment is sold, the Subrecipient may retain such funds provided that the City is notified in writing and the funds are used for the exclusive benefit of the previously HUD funded program.

D. Real Property Disposition

Real property is defined as land, including land improvements and buildings. Any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 must continue to meet the National Objective of the program for a minimum of 5 years after expiration of the contract, or for a period of time as deemed appropriate by the City.

If not used as stated above, the Subrecipient must sell the real property in a manner that results in the reimbursement of the federal grant funds that were expended for the project.

E. Record Retention

To adhere to HUD's legal requirement as contained in 24 CFR Part 570 Subpart J, HUD funded records must be retained for **five** years after the completion of the program, in order to allow access for audit and public examination. If audit findings are not resolved, the records shall be retained beyond the five years. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

F. City Internal Audit Reviews

The City reserves the right to have its Internal Audit Division review all Subrecipient records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Subrecipient's non-federally funded resources. City Internal Auditors review CDD'S Subrecipient monitoring/account reviews to begin their single audit reviews. Reports containing findings are then sent to both the Community Development and the Subrecipient for compliance. Progress on the compliance is also monitored. Failure to rectify findings within the given time frame may result in suspension, termination of grant agreement, and/or disbarment from future grant funding.

G. External Audit Reviews

All Subrecipients must submit a single audit, Audited Financials, or an Annual Certified Financial Statement. The City reserves the right to request a Subrecipient to hire a Certified Public Accountant to review and report on the agency financial and programmatic records.

The City has implemented the following audit policy: Any agency that expends between \$200,000 – \$499,999 in federal funds during the calendar year will be required to have a CPA Audited Financial Statement. The funds expended may be from one or multiple federal sources. If allowable by program regulations, the City may only pay for the portion of the audit, which represents the percentage of City federal funds in the program budget.

There are three types of audits:

Single Audit: Organizations that expend \$750,000 or more in one year in federal awards shall have a single or program specific audit conducted for that year.

Audited Financials:** This means that a CPA has audited your records in accordance with generally accepted accounting practices and procedures, and provided a hard copy.

Annual Certified Financial Statement: This is the lowest threshold criteria and will only be accepted from those non-profits who can document that they did not qualify for a single or regular audit. Annual Certified Financial Statements (ACFS) must be certified (signed and dated) by the Treasurer and the Board President. They must also have the following certification statement: We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.

IRS Form 990 filing – All agencies with revenue of \$25,000 or more must complete and submit this annual tax report. Contact the IRS for more information.



Risk Analysis-Part B2 (a) Part A Financial Controls

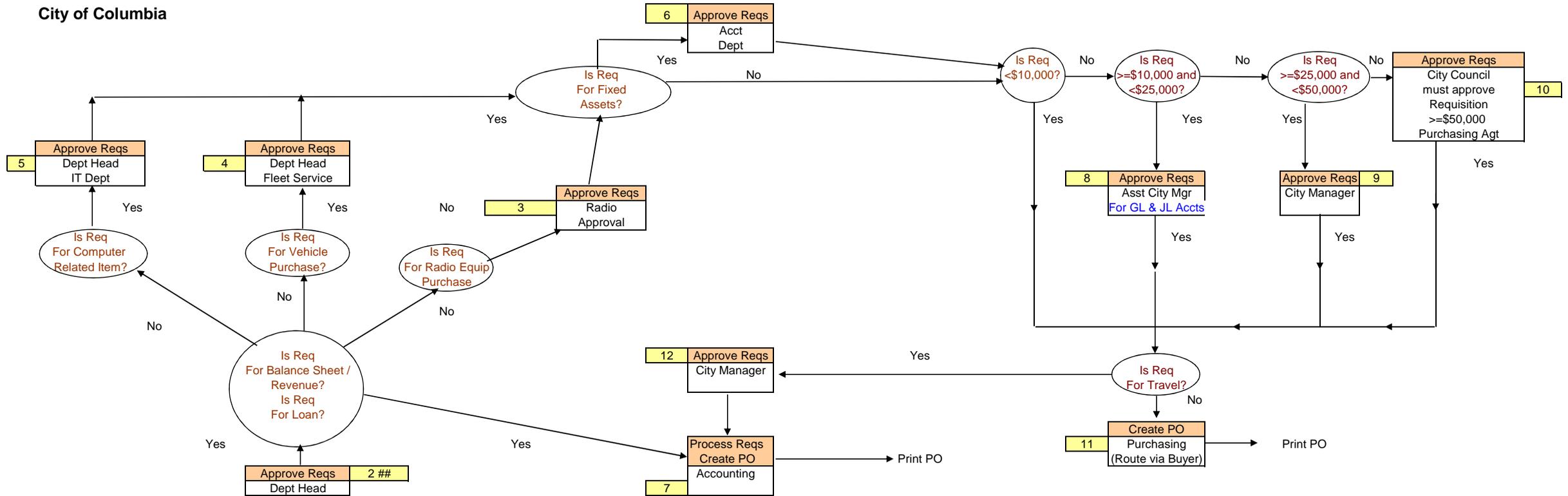
**CITY OF COLUMBIA PURCHASING WORKFLOW AND
ACCOUNTS PAYABLE CONTROLS**

| July 22, 2016

Workflow - Purchasing Process as of 7/30/2013

Workflow Model: Purchase Request Approval

City of Columbia



- Workflow Approval Roles:**
- 1 Account Verify# 1
 - 1B Account Verify# 2
 - 2 Department Head Role
 - 3 Radio Equip/Car Phone Role
 - 4 Fleet Services Role
 - 5 IT Role
 - 6 FA Role
 - 7 Accounting Role
 - 8 Asst City Manager Role
 - 9 City Manager - Money Role (Also see 3)
 - 10 City Council Role
 - 11 Purchasing Buyer Role
 - 12 City Manager - Dept Head Travel Role

Start Here

Computer / CPU Related - The following range of Object codes are associated with Computer / CPU Related, and, therefore, must be approved by Sylvia White:

Existing Codes:	658600	Computer/Elect Equipmt >\$5000
	627500	Computer Equip/Hardware <\$5000
	627510	Computer License
	632150	Internet

Vehicle / Automotive - The following range of Object codes are associated with Vehicle / Automotive, and, therefore must be approved by David Knoche:

Existing Codes:	657500 - Auto, Trucks, Hvy Equip <\$5000	658500 - Auto, Trucks, Hvy Equip >\$5000
	657300 - Machinery <\$5000	658300 - Machinery >\$5000
	657400 - Other Equipment <\$5000	658400 - Other Equipment >\$5000

Radio Equip/Car Phones - The following range of Object codes are associated with Radio Equip/ Car Phones, and, therefore, must be approved by Mark Cummings:

Existing Codes:	657800	Radio Equip/Car Phone <\$5000
	658800	Radio Equip/Car Phone >\$5000

Fixed Assets - The following will be reviewed in the workflow by Accounting to be sure Fixed Assets are categorized correctly:

- | | | |
|---|------------------------|---|
| 1 | Existing Object Codes: | 657000 - 657999
658000 - 658999
659000 - 659999 |
| 2 | | If Line Item is over \$4,775.00 and has Major Category(object) = 62 or 65 and is not tagged for FA
(The item amount of \$4775 with taxes applied would exceed the FA minimum of \$5,000) |
| 3 | | All line items tagged with FA |

Process

Accounts Payable and Disbursements

Each description should, at the minimum, include the following information about the City's process, whether electronic or manual:

- Who performs the process.
- How and when it is performed.
- What systems, source documents and accounting records are involved.
- How incorrect processing of transactions is resolved.

1. VENDOR MASTER FILE MAINTENANCE

a. Changes to the vendor master file are initiated by completing the following process:

Purchasing
Unless it is a remit to address change, then it is completed by AP

b. Changes to the vendor master file are authorized by completing the following process:

Purchasing
Unless it is a remit to address change, then it is completed by AP

c. Changes to the vendor master file are recorded by completing the following process:

Purchasing

Process

d. Changes to the vendor master file are processed by completing the following steps:

Purchasing

e. Changes to the vendor master file are reconciled to the vendor information as follows:

Purchasing

2. PROCESSING ACCOUNTS PAYABLE

a. Accounts payable transactions are initiated by completing the following steps:

1. Invoices are received in the mail
2. Invoices are researched to verify that the receiving has been done, vendor ID matches the PO, the PO status is OK to pay, and the PO has enough remaining balance to pay.
3. If there is an issue with the PO, the department is contacted to fix the problem.

b. Accounts payable transactions are authorized by completing the following process:

Accounts payable transactions are authorized by the purchase order system. Purchase Orders are approved by division, department, and upper management depending on the amount and type of purchase.

Process

c. Accounts payable transactions are recorded by completing the following process:

When the invoice is received it is entered into IFAS. IFAS is set up to prevent the use of duplicate invoice numbers for vendors. It will also not allow an invoice to be processed for an amount exceeding the lesser of 10% or \$100 over the PO amount.

d. Accounts payable transactions are processed and reported in the financial statements by completing the following steps:

After the batches are entered into IFAS, they are reviewed and then posted to the general ledger and subledger. These amounts appear on the trial balance and are carried over into the financial statements. Invoices are scanned and attached to the batches in IFAS.

e. Accounts payable transactions are reconciled to the accounts payable subledger, general ledger accounts, and/or financial statements as follows:

The OH Liability detail report (subledger) for each fund is run as of a certain date. The trial balance for the accounts payable control account is run from the beginning of the fiscal period to that date. The amounts are compared. If a discrepancy is noted, it is investigated and then corrected.

3. CASH DISBURSEMENTS

a. Cash disbursements are initiated by completing the following steps:

A/P Cash disbursements are initiated when invoices are selected for payment. The invoices selected are due within 5 days of the check print date. The AP Manager or Finance Director approve report before payments are made.

b. Cash disbursements are authorized by completing the following process:

A/P disbursements are authorized through the workflow system in IFAS. The departments enter a PO based on the council approved budget. The appropriate level of management approves the PO. Once the goods or services are received and the invoice is processed, the disbursement can be made.

Wire Disbursements (used for debt payments) are authorized by a member of management in the accounting

c. Cash disbursements are recorded by completing the following process:

A/P - The printing of checks places the checks on the check register. The distribution of the checks records the information in the GL

Process

the information in the GL

Wires - These are recorded to the GL via a Journal Entry

d. Cash disbursements are processed and reported in the financial statements by completing the following steps:

Cash disbursements are processed by the methods described in a, b, and c. They are reported in the financial statements as a reduction in a payable and reduction in cash.

Process

e. Cash disbursements records are reconciled to the bank statements, general ledger accounts, and/or financial statements as follows:

Monthly process completed by the treasury group.



Risk Analysis-Part B2 (a) Part B Internal Controls

**CITY OF COLUMBIA CDBG-DR INTERNAL
CONTROLS CHECKLIST**

| July 22, 2016



CITY OF COLUMBIA

**KEY INTERNAL CONTROL OUTSOURCING CERTIFICATION FORM
FOR CDBG-DR PROGRAMS**

Instructions: Prior to services being provided relative to a CDBG-DR outsourced function and/or entering into a contract or agreement with an outside service organization/vendor, this form needs to be completed by the Community Development Department. Once completed, submit to the City of Columbia Finance Department.

CITY SECTION OR AGENCY: _____

NAME OF OUTSIDE SERVICE: _____

ORGANIZATION/VENDOR/GRANTEE _____, contract start date: _____ end date: _____

1. Provide a detailed description of the scope of services to be provided by the outside service organization.

What is the core mission?

2. Is a key internal control being outsourced? **YES** or **NO**
3. If the answer to Question #3 is **NO**, provide documentation as to why this contract is not considered outsourcing of a key internal control.
4. If the answer to question #3 is **YES**, describe the Key Internal Control being outsourced.
5. If a key internal control is being outsourced, what independent assurances have been provided by the outside service organization that the key internal control is being administered properly?
6. Is there a cost involved in obtaining these assurances from the vendor? **YES** or **NO**

7. If the answer to Question #6 is **YES**, who will bear the costs of obtaining these assurances and was it included in the language of the contract?

8. Has an inquiry been made to the outside service organization that they already have a Compliance Review? If so, has it been addressed in the contract?

9. What procedures are in place in monitoring the results of the assurances obtained from the vendor?

10. How will the agency ensure that the results of the assurances required from the vendor are being reviewed?

Date: _____

I certify that the information above is accurate and in line with the section or agency core mission.

Responsible Agency review/approval:

Signature: _____ *Date:* _____

Department of Finance review/approval:

Signature: _____ *Date:* _____



Risk Analysis-Part B2 (a) Part B Internal Controls

**CITY OF COLUMBIA DRAFT CDBG-DR PII
PROCEDURES AND CERTIFICATIONS**

| July 22, 2016



City of Columbia

Procedures to Protect Personally Identifiable Information (PII) for CDBG-DR Programs

In order to carry out CDBG-DR programs, the City of Columbia must have adequate procedures in place to collect and process applicant provided information while providing assurances that any Personally Identifiable Information (PII) will be handled properly and sufficiently protected. This policy has been created in order to communicate the city's requirements related to the proper handling and securing of Personally Identifiable Information (PII) for city, sub-recipient, and contractor administered CDBG-DR programs. The purpose of this policy is to ensure the confidentiality and integrity of PII information provided in a hard copy format and/or electronically stored or transmitted over the City of Columbia, sub-recipient, and contractor computer networks and telephone systems. This policy outlines the methods to collect, document, and properly dispose of applicant hard copy paperwork that contains PII as well establishing acceptable uses and methods of transmission of PII data. All program staff, to include sub-recipient and contractor staff, will be provided a copy of the city's PII policies and will be required to sign an acknowledgement of understanding of these policies. Basic components of this policy are to establish proper protocols to:

- Ensure proper handling of hard copy documentation and files.
- Secure hard copy PII in applicant files or documents that are being actively reviewed or worked.
- Establish parameters related to the use of applicant data transmitted and maintained in electronic media.
- Outline potential disciplinary actions for violations of the city PII policy.
- Establish protocols should a breach of data occur during the administration of the city's CDBG-DR Programs

Definition of PII

For the purposes of this policy, Personally identifiable information (PII) refers to information which can be used to distinguish or trace an individual's identity, such as their full name, social security number (including only the last-4 digits), biometric data, policy numbers, award amounts, income, bank account information, etc.

Types of PII

In determining what PII is sensitive, the context in which the PII is used must be considered. For example, a list of people subscribing to a City of Columbia newsletter is not sensitive PII; a list of people receiving treatment for substance abuse is sensitive PII. As well as context, the association of two or more non-sensitive PII elements may result in sensitive PII. For instance, the name of an individual would be sensitive when grouped with place and date of birth and/or mother's maiden name, but each of these elements would not be sensitive independent of one another. Therefore files/data may be sensitive as a whole, but individual data points or documents may not be considered sensitive. This means the file/data must be handled as sensitive PII.

For the purpose of determining which PII may be electronically transmitted, the following types of PII are considered sensitive when they are associated with an individual. Secure methods must be employed in transmitting this data when associated with an individual:

- Place of birth
- Date of birth
- Full Name, Mother's maiden name
- Biometric information and personal characteristics including; photographic images, fingerprints, handwriting, retina scan, voice signature, and facial geometry
- Medical information, except brief references to absences from work
- Personal financial information (account numbers, award amounts, income, etc.)
- Credit card or purchase card account numbers
- Passport numbers, driver's license number and tax payer ID
- Potentially sensitive CDBG-DR information related to grant or loan awards (applicant identification number, grant/loan amounts, etc.)
- Criminal history
- Any information that may stigmatize or adversely affect an individual
- SSN and partial SSN do NOT need to be associated with an individual to be considered PII. A SSN or the last 4 digits of a SSN alone, with no other information, are considered PII
- In rare cases something like age has been found by the court to be PII. A case where a 99 year old female's patient information was viewed publically resulted in a court finding that her age was PII. She was the only 99 year old female in community. **If in doubt, it is necessary to err on the side of caution; treat files, data and information as if it is sensitive PII.**

This list is not exhaustive, and other data may be sensitive depending on specific circumstances. **In no case shall an applicant's PII be released to another party without written consent of the applicant (See Exhibits B and C).** In addition, **no CDBG-DR personnel will be permitted access to any file where there could be a potential or perceived conflict of interest.**

Non-PII

The following additional types of PII may be transmitted electronically without protection because they are not considered sufficiently sensitive to require protection.

- Work phone numbers
- Work addresses
- Work e-mail addresses
- Documents that do not include an SSN or where the SSN is removed or other applicant sensitive information (CDBG-DR applicant identification number or award amounts).
- General background information about individuals found in their application for assistance

The determination that certain PII is non-sensitive does not mean it is publicly releasable. The determination to publicly release any information can only be made by the official authorized to make such determinations. **Any request for release of information not covered under normal job duties must be directed to the Director of the City of Columbia Community Development Department for review and approval for release.**

Procedures for Intake and Processing of Applicant Provided Documentation

The City of Columbia, in conjunction with contractors and sub-recipients if applicable, will ensure that all PII discussed with and received by program applicants will be protected and retained as necessary. During intake of these documents, case managers must ensure that only required PII be retained by the CBDG-DR program. During intake sessions, only required program documents shall be scanned/filed into the city's system of record with original documentation returned to the applicant during the intake meeting. In the event hard copies of the documents are retained for review and use of the program, hard copy documents must be appropriately stored or filed in a secure location until they can be shredded or returned to the applicant. A secure location means that they are locked in the case manager's desk or stored in a locked file cabinet when not in use. In addition, the city requires that all mail or written correspondence to the applicant must be uploaded into the system of record and/or hard copy file within 24 hours of any notification by regular mail. In addition, all case managers granted access to PII must acknowledge and follow the city's policies regarding the physical, verbal, and electronic security of PII as outlined below.

Physical Security of PII

Physical security applies to all paper documents or files, as well as CDs, floppy disks USB drives, tapes, and backups containing PII. The City of Columbia requires the following for all items that should be physically secured.

- Access to documents containing PII is limited based on a legitimate business need for the information and document. Only CDBG-DR designated personnel shall have access to PII. Sensitive documents shall not be left out when CDBG-DR personnel is away from their desk.
- CDBG-DR employees must log off their computers and lock their desks and file cabinets at the end of the day.
- Access to PII shall be limited or not granted for any CDBG-DR personnel with an actual or perceived conflict of interest.
- Documents containing PII must be shredded when no longer required for the CDBG-DR purpose for which they were collected. Further details below on disposal under Document Disposal.
- Documents containing PII should be stored in locked drawer or program file cabinets unless the office space itself is considered a controlled space with no access permitted to non-designated personnel.
- Access-control to office spaces containing documents with keyed or electronic locks will be used if locked file cabinets are not in use. Access control may be used in conjunction with locked file cabinets.
- Files are only to be removed from locked cabinets when in use. Locked fireproof file cabinets must be used for all collateral files or documents (i.e. grant or loan agreements, covenants, etc.).
- Keys to secure spaces are controlled and logged/assigned.
- Combinations given out to employees are logged.
- Management is to review changing locks and combinations upon staff changes.
- CDBG-DR employees should notify management staff immediately if they see an unfamiliar person any premises that receives and stores applicant PII.

Verbal Security

Employees and contractors granted access to PII must exercise precautions when discussing PII.

- PII should not be shared with coworkers unless it is required for them to complete their job duties.
- Limit information when leaving voicemail to name of facility and return phone number.
- No PII should be discussed in public places.

Electronic Transmission of PII

Examples of electronic transmission of PII, include, but are not limited to:

- E-mail, text, and instant messages
- Document(s) attached to an e-mail message
- (FTP)
- General Web Services

- File Sharing Services
- Electronic Data Interchange (EDI)

If there is any question concerning the sensitive or non-sensitive nature of the PII, employees should contact the Director of the City of Columbia Community Development Department.

Methods of Safe Transmission of PII

Although the transmission of PII is strongly discouraged by the City of Columbia, there may instances when this type of information must be shared among program staff. If this situation arises during the administration of a CDBG-DR program, there are several methods considered acceptable when transmitting PII:

- Installing encryption software on a select number of desktops and designating those computers for the transmission of sensitive PII.
- Using encryption software to encrypt the sensitive PII before sending it electronically, e.g., as an e-mail attachment. The password key should be forwarded to the recipient in a separate e-mail from the attached file or mailed. (PKZip is not considered a valid solution due to the ability to “break” the encryption)
- Using an application designed to protect the transmission of sensitive PII, e.g., Web- based applications that use TLS1.0, secure file share, or secure file transfer applications such as Secure Shell File Transport Protocol (SFTP).
- Sending documents with sensitive PII by facsimile is permissible if the sender alerts the designated recipient that sensitive PII is being sent. The recipient must then verify by phone or e-mail that the information has been received.
- Transfer of information via secure web applications
- Transfer of information via VPN
- FTP in conjunction with encryption unless secure/encrypted FTP protocols have been put into place

In addition to the above listed protocols, anti-virus and anti-spyware programs on individual computers and on servers on the CDBG-DR network should be regularly run by agency.

Password Management

The City of Columbia Community Development Department also requires that CDBG-DR personnel, contractors and/or subrecipients control access to sensitive information by requiring the use of “strong” passwords, i.e. a mix of letters, numbers, and characters. Passwords to the city’s CDBG-DR system should be frequently changed. In addition, the city requires the following in the execution of CDBG-DR activities:

- Sharing passwords or posting them near CDBG-DR workstations is not permitted.
- Password-activated screen savers must be used to lock employee computers after a

period of inactivity.

- Users who don't enter the correct password within a designated number of log-on attempts should be locked out of the CDBG-DR system.

Acceptable Methods for Disposal of CDBG-DR PII

The City of Columbia requires all CDBG-DR personnel, contractors, and subrecipients to properly dispose of sensitive information so that it cannot be read or reconstructed. Acceptable disposal methods are as follows:

- Paper
 - Shredding / shred boxes
 - Burning
 - Pulverizing
- Electronic Media
 - If the media cannot be physically destroyed like a CD or DVD, data wiping software that permanently removes the PII data from the storage device must be used
 - CDs and DVD can be shredded or burned

In order to effectively carry out these procedures the following must occur:

- Document shredders should be made available throughout the workplace, including next to the photocopier.
- Disposal of computers and portable storage devices must include the use of software for securely erasing data and hard drive so that the files are no longer recoverable.

PII Security Practices of Program Contractors and Subrecipients

All CDBG-DR contracts or grant agreements with the City of Columbia will require that all contractors and subrecipients adopt and properly administer the city's PII policies and procedures. Failure to effectively carry out these policies or any breach of information may cause the city to terminate the contract or grant agreement. In addition the city requires that all program contractors and subrecipients maintain files and procedures regarding:

- Reference or background checks conducted prior to onboarding CDBG-DR employees who will have access to sensitive data.
- Employee review and acknowledgement of the city's PII and acceptable use policies.
- Restricting access to CDBG-DR PII to a limited number of personnel.

Risk Analysis Attachment B2 (a) Part B

- Identification of employees with an actual or perceived conflict of interest. Identified employees shall not be granted access to information or PII that is the source of the conflict of interest.
- Zero tolerance policy related to the release of any applicant provided information without written consent of the applicant (See Exhibits B and C) and/or City of Columbia Community Development Department.
- PII Training provided to CDBG-DR personnel.
- Procedures in place for ensuring that CDBG-DR personnel who leave the project or employment no longer have access to sensitive information i.e. timely termination of passwords, and collection of keys and identification cards as part of the out-processing routine.

The City of Columbia Community Development Department will conduct an initial monitoring of all CDBG-DR program contractors and subrecipients for compliance with these policies and procedures to ensure compliance. In addition, PII security will be regularly monitored by the city.

CDBG-DR PII Training

The City of Columbia Community Development Department will conduct PII training for all CDBG-DR personnel and contractor/subrecipient staff as necessary. In addition to PII training, the city requires:

- All CDBG-DR employees, contractors, and subrecipient staff must read this policy and acknowledge understanding of this document (See Exhibit A).
- All CDBG-DR employees, contractors, and subrecipient staff must read and agree to the city's acceptable use, wireless, and sanctions policies.
- **Any suspicious activity shall be immediately reported to management and the Director of the City of Columbia Community Development Department at PHONE NUMBER AND EMAIL ADDRESS.**

Compromises of PII Security

All compromises or potential compromises of PII security shall immediately be reported to the Director of the Community Development Department in order to assess the situation and determine the appropriate action to be taken. In addition, the following steps should be taken:

- Immediate investigation of the security incident and termination of any existing vulnerabilities or threats to personal information.

- Any compromised computer should be immediately disconnected from any CDBG-DR network.
- Suspension of access to physical or electronic information for any personnel suspected of creating a breach of PII security.

The Director of the Community Development Department will be responsible for notifying all appropriate city departments, affected applicants, and law enforcement agencies, as applicable. In addition, the Director will be responsible for the termination of any contracts or grant agreements as determined necessary.

Responsible Agency

The City of Columbia Community Development Department will be responsible for the administration and enforcement of the *City of Columbia Procedures to Protect Personally Identifiable Information (PII) for CDBG-DR Programs, Information Security Acceptable Use Policy (Exhibit D), Wireless Acceptable Usage Policy and Agreement (Exhibit E) and Sanctions for Privacy Violation Policy (Exhibit F)* to ensure that all CDBG-DR personnel, contractors, and subrecipients understand, acknowledge, and comply with city policy in order to adequately protect applicant PII. The Community Development Department will also be responsible for ensuring that all contracts and grant agreements contain references and strict adherence to these policies. In addition, the Community Development Department will monitor all contractors and subrecipients for compliance with PII requirements and provide training as necessary.

EXHIBIT A –Protection of Personally Identifiable Information (PII) Policy and Agreement Certification

EXHIBIT B - Acceptable Usage Policy

PII PROCEDURES EXHIBIT A



CITY OF COLUMBIA

**PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION
(PII) POLICY AND AGREEMENT RECOGNITION**

I, _____, acknowledge that I have received, fully read, had the opportunity to ask questions, and fully understand THE CITY OF COLUMBIA PROCEDURES TO PROTECT PERSONALLY IDENTIFIABLE INFORMATION (PII) FOR CDBG-DR PROGRAMS POLICY concerning the protection of applicant PII for all CDBR-DR Programs. I agree to abide by the terms and conditions of the policies stated within. I also understand that the intentional or inadvertent release of applicant PII, without written permission by the applicant or City of Columbia Community Development Department, may result in reassignment or termination of my employment on the city's CDBG-DR Programs.

Printed Name:

Signature:

Department/Organization:

Date:



City of Columbia, SC Acceptable Use Policy (AUP)

Section 1 - Introduction

Information Resources are valuable and strategic assets of the City of Columbia (herein referred to as COC) and must be treated and managed as such. COC provides various computer resources to its employees for the purpose of assisting them in the performance of their job-related duties. The public places considerable confidence in COC Government to ensure the integrity, accuracy, and security of information stored, managed, and shared by the City. In addition, the City is responsible to manage and protect this information according to county, state and federal regulations including Local, State, and Federal HIPAA Regulations. These policies and guidelines have been developed to help ensure the proper management and security of this information. Failure to comply with any of the provisions can have employment consequences and will be managed in accordance with COC Government personnel policies. Users are accountable for familiarizing themselves with this policy and using it as a guidepost for your daily decisions and actions when using these services.

Section 2 – Purpose

This policy clearly documents expectations for appropriate use of COC assets. This Acceptable Use Policy in conjunction with the corresponding standards is established to achieve the following:

1. To establish appropriate and acceptable practices regarding the use of information resources.
2. To ensure compliance with applicable State and local laws and other rules and regulations regarding the management of information resources.
3. To educate individuals who may use information resources with respect to their responsibilities associated with computer resource use.

This Acceptable Use Policy contains four policy directives. Part I – Acceptable Use Management, Part II – Ownership, Part III – Acceptable Use, and Part IV – Incidental Use. Together, these directives form the foundation of the COC Acceptable Use Program.

Section 3 – Applicability

The following policies and guidelines apply to any individual ('User' or 'Authorized User') that has been granted privileged access to City information, the information systems that contain or transmit that information (which includes but is not limited to computers, data and telephone networks, fax machines, printers and associated equipment and software), and the physical locations that house that information. This applies to protected information in all forms – verbal,

written and electronic. Note that this includes both City government employees as well as non-employees (i.e. contractors, vendors, interns, etc.) with such access.

Section 4 – Roles & Responsibilities

1. COC management will establish a periodic reporting requirement to measure the compliance and effectiveness of this policy.
2. COC management is responsible for implementing the requirements of this policy, or documenting non-compliance via the method described under exception handling.
3. COC Managers, in cooperation with the City Information Technology Department, are required to train employees on policy and document issues with Policy compliance.
4. All COC employees are required to read and acknowledge the reading of this policy. Each employee is required to sign the acknowledgement statement at Appendix A. The signed acknowledgement statement must be maintained by your organization in the personnel file. Network users who do not sign the Acceptable Use Policy Acknowledgement Statement will be denied access to the City's Communications and Computer Systems. We encourage departments to have their staff review the AUP annually.

Section 5 – Policy Directives

Part I - Acceptable Use Management Requirements

1. COC will establish formal Standards and Processes to support the ongoing development and maintenance of the COC Acceptable Use Policy.
2. The COC Management will commit to the ongoing training and education of COC staff responsible for the administration and/or maintenance and/or use of COC Information Resources. At a minimum, skills to be included or advanced include User Training and Awareness.
3. The COC Management will use metrics to establish the need for additional education or awareness programs in order to facilitate the reduction in the threat and vulnerability profiles of COC Assets and Information Resources.
4. The COC Management will establish a formal review cycle for all Acceptable Use initiatives.
5. Any security issues discovered will be reported to the COC CIO or his/her designee for follow-up investigation. Additional Reporting requirements can be located within the Policy Enforcement, Auditing and Reporting section of this policy.

Part II - Ownership

Electronic files created, sent, received, or stored on Information Resources owned, leased, administered, or otherwise under the custody and control of COC are the property of COC and employee use of these such files is neither personal nor private. Authorized COC Information Technology employees may access all such files at any time without knowledge of the Information Resources user or owner. COC management reserves the right to monitor and/or log all employee use of COC Information Resources with or without prior notice.

Part III – Acceptable Use Requirements

1. Users must report any weaknesses in computer security to the IT Help Desk. Weaknesses in computer security include unexpected software or system behavior, which may result in unintentional disclosure of information or exposure to security threats.

2. Users must safeguard the confidentiality and integrity of City systems, including strong password logons (see Strong Password Standard), access codes, network access information, log-on IDs) from improper access, alteration, destruction and disclosure. Users shall only access or use these systems when authorized. Users must abide by City standards contained in this section and other City policies regarding protecting data and information stored on these systems.
3. Users must report any incidents of possible misuse or violation of this Acceptable Use Policy through the use of documented Misuse Reporting processes associated with the Internet, Intranet, and Email use standards.
4. Users must not attempt to access any data, documents, email correspondence, and programs contained on COC systems for which they do not have authorization.
5. Systems administrators and authorized users must not divulge remote connection modem phone numbers or other access points to COC computer resources to anyone without proper authorization.
6. Users must not share their account(s), passwords, Personal Identification Numbers (PIN), Security Tokens (i.e. Smartcard), or similar information or devices used for identification and authorization purposes.
7. You may not use another individual's account, or attempt to capture or guess other users' passwords.
8. Users must not use their logon credentials to give other employees, nonemployees, contractors, etc. access to city network resources, systems, and data.
9. Users will either log off or lock their system when they will be away from the computer for any length of time.
10. Users must not make unauthorized copies of copyrighted or COC owned software.
11. Users must not use non-standard shareware or freeware software without the appropriate COC Management approval.
12. Users must not purposely engage in activity that may harass, threaten or abuse others or intentionally access, create, store or transmit material which COC may deem to be offensive, indecent or obscene, or that is illegal according to local, state or federal law.
13. Users must not engage in activity that may degrade the performance of Information Resources; deprive an authorized user access to COC resources; obtain extra resources beyond those allocated; or circumvent COC computer security measures.
14. Users must not download, install or run security programs or utilities such as password cracking programs, packet sniffers, or port scanners that reveal or exploit weaknesses in the security of a COC computer resource.
15. COC Information Resources must not be used for personal benefit, political activity, unsolicited advertising, unauthorized fund raising, or for the solicitation of performance of any activity that is prohibited by any local, state or federal law.
16. Access to the Internet from COC owned, mobile computers (laptops, tablets) must adhere to all the policies. Employees must not allow family members or other non-employees to access nonpublic accessible COC computer systems.
17. Any security issues discovered will be reported to the COC IT Director or his/her designee for follow-up investigation. Additional Reporting requirements can be located within the Policy Enforcement, Auditing and Reporting section of this policy.

Part IV – Incidental Use

While City systems are intended for primarily business purposes, limited (incidental and occasional) personal use may be permissible when authorized by your management and it does not:

1. Interfere with your work responsibilities or business operations.
2. Involve interests in personal outside business and/or other non-authorized organizations and activities (which may include, but is not limited to selling personal property/items or soliciting for or promoting commercial ventures, charitable, religious or political activities or causes).
3. Lead to inappropriate costs to the City. (Excessive personal surfing, utilizing streaming services for personal use such as listening to music or watching video, and downloading of music and video files are specifically forbidden.)
4. Incidental use must not result in direct costs to COC, cause legal action against, or cause embarrassment to COC.
5. Storage of personal email messages, voice messages, files and documents are not to be stored or accessed within COC's computer resources.
6. COC management will resolve incidental use questions and issues using these guidelines in collaboration with COC's CIO, HR Manager and City Manager.

Section 4 - Enforcement, Auditing, Reporting

1. Violation of this policy may result in disciplinary action that may include termination for employees and temporaries; termination of employment relations in the case of contractors or consultants; dismissal for interns and volunteers. Additionally, individuals are subject to loss of COC Information Resources access privileges, civil, and criminal prosecution. COC Management is responsible for the periodic auditing and reporting of compliance with this policy. COC CIO will be responsible for defining the format and frequency of the reporting requirements and communicating those requirements, in writing, to COC Management.
2. Exceptions to this policy will be considered only when the requested exception is documented using the Exception Handling Process and Form and submitted to the COC IT Director and COC Policy Review Committee.
3. Any employee may, at any time, anonymously report policy violations via COC's Intranet.

Section 5 - References

Internet Use Monitoring and Filtering Policy
E-Mail Use Standard

Section 6 - Control and Maintenance

Policy Version: 1.0.0
Date: 04/24/2015
Author: Sylvia White
Owner: Information Technology Department

APPENDIX A

ACKNOWLEDGMENT STATEMENT
City of Columbia - Acceptable Use Policy

City Employee

This is to certify that I have read and agree to abide by the guidelines set forth within the City's Acceptable Use Policy. As an employee of the City of Columbia, I fully intend to comply with this policy realizing that I am personally liable for intentional misuse or abuse of the City's communications and computer systems. If I have any questions about the policy, I understand that I need to ask my supervisor or Information Technology Department for clarification.

**If I refuse to sign this acknowledgement form, my supervisor will be asked to sign this form indicating that I have been given time to read and have questions answered about this policy. The supervisor will read this statement to me prior to signing the document and advise me that by not signing this document my rights to use the City's Communications and Computer Systems will be denied and may affect my ability to meet my job requirements.*

Name: _____

Signature: _____

Department: _____

Date: _____

Supervisor Signature (*as required):

Comments: _____



Risk Analysis-Part B2 (a) Part C Bonds

**CITY OF COLUMBIA CRIME INSURANCE & CRIME
INSURANCE RIDER**

| July 22, 2016

City of Columbia

Coverage Summary

June 30, 2016



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The coverage summary is not intended to reflect the full terms, conditions and exclusions of the proposed insurance contracts, but rather are to provide you with a brief outline of the coverage we recommend for your operations. For a complete understanding of the coverage terms and conditions, policy forms should be consulted.

While every effort has been made to provide a brief outline of the insurance as complete and accurate as possible, it does not contain a full restatement of the contracts. In the event of any conflict or omission, the terms of the actual contract of insurance shall be paramount in every instance.

Financial Summary & Payment Terms

Financial Summary				
Coverage	Carrier	Annual Premium	Payment Terms	Commission
Property/EDP/IM	CNA	\$137,568	Agency Bill Due in Full	0%
Property-Hydroplant	RSUI	\$72,000 \$4,320 Tax	Agency Bill Due in Full	0%
Equipment Breakdown	Travelers	\$55,220	Agency Bill Due in Full	0%
Crime	Travelers	\$3,124	Agency Bill Due in Full	0%
Automobile – Asst. City Mgr. PPT's	Liberty Mutual	\$3,820	Direct Bill Due in Full	0%
Automobile – Park & Rec Buses	Columbia	\$11,411	Agency Bill Due in Full	0%
Total Premium/Tax		\$287,463		

Willis negotiates commission rates with certain insurers on a corporate level. If the rate on your placement is lower than the negotiated rate, Willis will collect the difference directly from the insurer. These payments will not increase the cost of your insurance or otherwise impact your premium or rates. These negotiated rates are detailed at: http://www.willis.com/About_Willis/The_Willis_Way/Commission_Rates/.

Coverage Summary

Named Insured Schedule

Name	FEIN
City of Columbia	57 6000229

Property Coverage – Excluding Hydro Plant

Carrier: Continental Casualty Company (CNA)
 AM Best Rating: A XV
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coinsurance: Nil – Agreed Amount
 Coverage: Risks of physical loss or damage, subject to terms, conditions, and limitations set forth in the policy
 Locations: Per Statement of Values on file with company

Limits of Liability

Blanket Real & Personal Property (including Electronic Data Processing Equipment/Data/Media) \$227,531,788

Blanket Business Interruption (Rental Income) \$350,000

Maximum Limit Any One Occurrence \$227,881,788

The Blanket Real & Personal Property Limit above applies to all locations except building values for locations as shown below, which are insured for specific limits:

#8 - Kennan House, 801 Wildwood Building	\$750,900
#9 - Storage Building, 801 Wildwood - Building	\$14,400
#101 - Little Red Schoolhouse, 300 Laurel Street - Building	\$33,350
#177,178,179,180 - Robert Mills House - 1616 Blanding St - 4 Buildings	\$1,591,163
#181 - Fence, Robert Mills House	\$187,200
#182- Mann-Simmons Cottage 1403 Richland St	\$236,000
#189 - Fence (Lake Murray Plant) 102 Rocky Point Rd.	\$100,000
#213 - Modjeska Simkins House, 2025 Marion Street	<u>\$170,000</u>
	\$3,083,013

Total Values Per Statement of Values Attached \$230,964,801

Valuations

- Real & Personal Property Repair or Replacement
- Electronic Data Processing Equipment Repair or Replacement
- Real Property at Locations #8, 9, 101, 177, 178, 179, 180, 181, 182, 189, 213 (as shown above) Functional Replacement Cost
- Time Element / Extra Expense Actual Loss Sustained

Sublimits

Extra Expense	\$2,000,000
Earth Movement – Annual Aggregate	\$10,000,000
Flood – Overall Annual Aggregate, subject to below sublimits:	\$10,000,000
Flood Zone A – Annual Aggregate	\$1,000,000
Flood Zone B/Shaded X – Annual Aggregate (including EdVenture)	\$10,000,000

Sublimits

Named Storm	\$230,964,801
Accounts Receivable	\$500,000
Civil Authority / Ingress & Egress	\$250,000
Debris Removal	\$1,000,000
EDP Media/Data	Included
EDP – Cost of Research to Replace or Restore Information Lost	\$500,000
Fine Arts (Unscheduled)	\$50,000
Fine Arts (Scheduled Statue at the James Clybourne Golf Center)	\$70,500
Fire Brigade Charges & Extinguishing Expenses	\$50,000
Fungi, Wet Rot, Dry Rot, & Microbes – Annual Aggregate	\$50,000
Newly Acquired or Constructed Property Until Reported to Company	\$2,000,000
Ordinance or Law - Demolition/Increased Cost of Construction	\$500,000
Ordinance or Law – Rental Value	\$100,000
Pollutant Clean-Up and Removal – Annual Aggregate	\$50,000
Property in Transit	\$100,000
Property Off Premises	\$25,000
Reward Coverage – Arson & Crime	\$5,000
Service Interruption – Property Damage (Including Overhead Transmission Lines)	\$100,000
Service Interruption – Time Element (Including Overhead Transmission Lines)	\$100,000
Trees, Shrubs, Plants & Land Improvements (\$25,000 per tree, shrub or plant)	\$100,000
Unintentional Errors & Omissions	\$500,000
Unscheduled Locations	\$100,000
Valuable Papers & Records	\$500,000

Deductibles (each occurrence)

Earth Movement	\$50,000
Flood, Except as shown below:	\$50,000
Flood in Zone A	Building - \$500,000 Personal Property - \$500,000 Time Element - \$100,000
Flood in Zone B	\$250,000
All Other Losses	\$10,000

Endorsements and Extensions

- 60 Day Notice of Cancellation/Non-Renewal, Except 10 Days for Non-Payment of Premium
- Joint Loss Agreement

Notable Exclusions

- Hydro Plant located at 301 Gervais Street, Columbia, SC (a separate policy will be issued for this location with Landmark)
- Equipment Breakdown (a separate policy will be issued by Travelers)

Notable Exclusions

- Flood Coverage for Water Treatment Plant located at 1200 Simmon Tree Lane, Columbia, SC (and all other buildings at this address)
- Contaminants or Pollutants (except as sublimited above)
- Fungi, Wet Rot, Dry Rot, Microbes (except as sublimited above)
- Computer Virus
- Product Contamination & Recall
- Earth Movement or Flood as relates to Newly Acquired or Unnamed Locations

Annual Premium

\$133,754
3,814 Certified Acts of Terrorism Coverage (optional)
\$137,568 Total

Property Coverage – Hydro Plant

Carrier: Landmark American Insurance Company (RSUI)
 AM Best Rating: A+ XIII
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coinsurance: 90% - Building and Personal Property
 80% - Machinery & Equipment
 Coverage: Risks of physical loss or damage, subject to terms, conditions, and limitations set forth in the policy
 Location: Hydro-Plant, 301 Gervais Street, Columbia, SC 29201

Limits of Liability

Building, Personal Property and Machinery & Equipment (Scheduled) \$10,500,000

Valuations

- Building Replacement Cost
- Personal Property Replacement Cost
- Machinery & Equipment Actual Cash Value

Sublimits

Earthquake – Annual Aggregate (including Earthquake Sprinkler Leakage)	\$10,000,000
Flood – Annual Aggregate	\$2,500,000
Debris Removal (Additional Amount)	\$10,000
Personal Effects/Property of Others	\$2,500
Fire Department Service Charges	\$1,000
Newly Acquired Buildings	\$250,000
Newly Acquired Business Personal Property	\$100,000
Outdoor Property – Limited Coverage (\$250 per tree, shrub or plant)	\$1,000
Pollutant Clean-Up and Removal	\$10,000
Property in Transit	\$5,000
Property Off Premises	\$10,000
Increased Cost of Construction	\$10,000
Fungus, Wet Rot, Dry Rot and Bacteria – Limited Coverage	\$15,000

Deductibles (each occurrence)

Building, Personal Property and Machinery/Equipment	\$25,000
Earthquake (including Earthquake Sprinkler Leakage)	\$50,000
Flood	\$100,000

Endorsements and Extensions

- 30 Day Notice of Cancellation (90 Day Notice of Non-Renewal), Except 10 Days for Non-Payment of Premium
- Service of Suit Clause
- Loss Payee – Lockhart Power Company, P.O. Box 10, 420 River Street, Lockhart, SC

Notable Exclusions

- Business Income
- Extra Expense
- Utility Services/Service Interruption
- Asbestos
- Pathogenic or Poisonous Biological or Chemical Materials
- Equipment Breakdown (a separate policy will be issued by Travelers)

Annual Premium

\$70,000
2,000 Certified Acts of Terrorism Coverage (optional)
4,320 S.C. Surplus Line Tax (6%)
\$76,320 Total

25% minimum earned premium at inception

Equipment Breakdown Coverage

Carrier: Travelers Property Casualty Company of America
 AM Best Rating: A++ XV
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coverage: Equipment Breakdown Coverage, subject to terms, conditions, and limitations set forth in the policy
 Locations: All locations per Statement of Values on file with carrier

Limits of Liability

Total Limit per Breakdown	\$100,000,000
Property Damage	Included in Total Limit

Valuation

- Repair/Replacement Included, except Actual Cash Value for the following:
 All "Covered Equipment" 25 years or older located at Hydro-Plant, 301 Gervais Street, Columbia, SC

Coverage Extensions and Limitation

Extra Expense Coverage	\$2,000,000
Spoilage Damage Coverage (including Utility Interruption Spoilage)	\$250,000
Utility Interruption – Time Element Coverage	\$250,000
Electronic Data or Media Coverage	\$250,000
Expediting Expense Coverage	\$250,000
Fungus, Wet Rot, Dry Rot Coverage – Property Damage	\$15,000
Fungus, Wet Rot, Dry Rot Coverage – Extra Expense	30 Days
Hazardous Substance Limitation	\$250,000
Newly Acquired Locations Coverage (90 Days)	\$1,000,000
Ordinance or Law (Including Demolition/Increased Cost of Construction)	\$1,000,000
Refrigerant Contamination Limitation	\$250,000
Water Damage Limitation	\$250,000

Deductibles (each occurrence)

Property Damage, Except:	\$5,000
Property Damage at Hydro-Plant:	\$100,000
Extra Expense	24 Hour Waiting Period
Spoilage Damage	\$5,000
Utility Interruption – Time Element (including Spoilage)	24 Hour Waiting Period
Refrigerant Contamination	Included in PD

Endorsements and Extensions

- 90 Day Notice of Cancellation/Non-Renewal, Except 10 Days for Non-Payment of Premium
- Green Coverage Enhancement Included (Property Damage – additional 5% of covered loss up to \$25,000, 30 Additional Days for Extra Expense)
- Hydro Turbine Limitation Endorsement EBT363 (Amends definition of Covered Equipment)

Endorsements and Extensions

- Joint Loss Agreement
- New Generation Valuation
- Production Machines and Diagnostic Equipment - Covered
- Extra Expense "Period of Restoration" – 30 days
- Civil Authority Coverage Extension – 100 Miles / 3 Weeks
- Error in Description Coverage – included in Total Limit per Breakdown
- Specific Perils Elimination Endorsement

Notable Exclusions

- Power Generating Equipment Time Element Exclusion EBT355
- Dependent Property Coverage
- Ordinary Payroll
- Collision or impact to a hydro turbine (via Hydro Turbine Limitation Endorsement EBT363)
- Property Not Covered Endorsement EBT333 – Any newly installed or constructed "Covered Equipment" that is part of the "upgrade project" located at the Hydro Plant which is (a) still under construction, or (b) has not successfully completed 100% of all commissioning, start up, performance and acceptance testing, or (c) is not 100% operational, or (d) has not received its appropriate state and/or local operating certification, or (e) has not been completely accepted by the Insured.

Annual Premium

\$55,220

(State Jurisdictional Certificate Fees and Surcharges to be determined at policy issuance)

Crime Coverage

Carrier: Travelers Casualty and Surety Company of America
 AM Best Rating: A++ XV
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coverage: Government Entity Crime coverage, subject to terms, conditions and limitations set forth in the policy

Limits – Per Loss

Blanket Employee Theft Coverage	\$250,000
Forgery or Alteration	\$250,000
Money & Securities – On Premises	\$250,000
Money & Securities – In Transit	\$250,000
Computer Fraud	\$250,000
Funds Transfer Fraud	\$250,000
Claim Expense	\$5,000

Retention – Per Loss

All Coverages except Claim Expense:	\$5,000
Claims Expense:	\$0

Endorsements and Extensions

- 90 Day Notice of Cancellation (90 Days for Non-Renewal), Except 20 Days for Non-Payment of Premium
- Employee Theft Coverage is included for Treasurers and Tax Collectors - \$250,000 limit
- Global Coverage Compliance Endorsement
- Faithful Performance of Duty Endorsement - \$250,000 sublimit

Notable Exclusions

- No coverage for employees required by law to be individually bonded
- No coverage for previously terminated employees

Annual Premium

\$3,124

Automobile Coverage – Park & Rec Buses

Carrier: Columbia Insurance Company
 AM Best Rating: A++ XV
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coverage: Bodily Injury, Property Damage Liability and Physical Damage, subject to terms, conditions, and limitations of the policy

Coverage is for 3 Park & Recreation buses only

Limits of Liability

Autos Specified on Schedule (Symbol 7)
 Combined Single Limit \$500,000

Medical Payments

Autos Specified on Schedule (Symbol 7)
 Each Person \$5,000

Uninsured Motorist

Autos Specified on Schedule (Symbol 7)
 Combined Single Limit \$500,000

Underinsured Motorist

Autos Specified on Schedule (Symbol 7)
 Combined Single Limit \$500,000

Physical Damage Coverages

Autos Specified on Schedule (Symbol 7)
 Stated Amount for Physical Damage – Combined Value \$193,986
 Comprehensive – Deductible per Vehicle \$1,000
 Collision – Deductible per Vehicle \$1,000

Endorsements and Extensions

- 30 Day Notice of Cancellation/Non-Renewal, Except 15 Days for Non-Payment of Premium
- Towing and Storing Costs Included (if Physical Damage Coverage applies)
- Electronic and Audio/Visual Equipment Coverage is included (if Physical Damage coverage applies). Limit is included within the Stated Amount and subject to the Physical Damage deductibles shown above. Equipment must be permanently installed in, and powered by, the covered auto.

Notable Exclusions

- Abuse or Molestation
- Hired/Non-Owned Automobile

Annual Premium

\$ 11,411

The above premium is based on the following drivers:

- Joan Sorensen
- Ronald Foxe
- Samuel Ross
- Charlene Howell

Premium is subject to change based on MVR Reports

Driver Guidelines

- Drivers age 25 and over can have no more than four moving violations or one accident and one violation within the last three years.
- Drivers age 23 & 24 are acceptable, but can have no more than two moving violations within the last three years.
- Drivers aged 21 & 22 must be submitted to carrier for approval
- Drivers under 21 are not acceptable
- No driver may have any major convictions within the last five year period

Drivers of autos over 26,000 GVW or carrying 15 or more passengers:

- Must have proper CDL
- Must have at least of one year of experience driving similar autos

Automobile Coverage – Asst. City Mgr. Vehicles

Carrier: Ohio Security Insurance Company (Liberty Mutual)
 AM Best Rating: A XV
 Effective Date: 7/1/2016 at 12:01am standard time
 Expiration Date: 7/1/2017 at 12:01am standard time
 Coverage: Bodily Injury and Property Damage Liability, subject to terms, conditions, and limitations of the policy

Coverage is for Assistant City Manager private passenger vehicles only.

Limits of Liability

Autos Specified on Schedule (Symbol 7)
 Combined Single Limit \$1,000,000

Medical Payments

Autos Specified on Schedule (Symbol 7)
 Per Person \$5,000

Uninsured Motorists

Autos Specified on Schedule (Symbol 7)
 Each Accident \$1,000,000

Underinsured Motorists

Autos Specified on Schedule (Symbol 7)
 Each Accident \$1,000,000

Non-Owned Automobile Liability

Each Accident (Symbol 9) \$1,000,000
 Number of Employees 25

Physical Damage Coverages

None

Endorsements and Extensions

- 30 Day Notice of Cancellation/Non-Renewal Except 15 Days for Non-Payment of Premium
- Business Auto Coverage Enhancement Endorsement

Notable Exclusions

- Terrorism (including Nuclear, Biological or Chemical Terrorism)
- Nuclear Energy Liability

Annual Premium

\$3,820

Client Service Team

CLIENT ADVOCATE, VICE PRESIDENT

CLINT ESCOE
BUSINESS: 803-540-3073
E-MAIL ADDRESS: CLINT.ESCOE@WILLIS.COM

SENIOR CLIENT SERVICES SPECIALIST

BRENDA DOMINY
BUSINESS: 803-540-3077
E-MAIL ADDRESS: BRENDA.DOMINY@WILLIS.COM

SENIOR CLIENT SERVICES SPECIALIST

PAM BRANDT
BUSINESS: 803-540-3094
E-MAIL ADDRESS: PAM.BRANDT@WILLIS.COM

CERTIFICATES OF INSURANCE

WILLIS CERTIFICATES SERVICE CENTER
877-945-7378 OR 615-872-6481
FAX: 888-467-2378 OR 615-872-3150
E-MAIL ADDRESS: CERTIFICATES@WILLIS.COM
AUTO IDENTIFICATION CARDS: AUTOID@WILLIS.COM

CLAIMS

WILLIS CLAIMS SERVICE CENTER
877-725-9674 OR 615-872-3000
FAX: 877-945-3676

MIKE BRADSHAW
BUSINESS: 919-459-3019
E-MAIL ADDRESS: MIKE.BRADSHAW@WILLIS.COM

LOSS CONTROL

STEVE LANGSTON
BUSINESS: 828-674-6244
E-MAIL ADDRESS: STEVE.LANGSTON@WILLIS.COM

We are a 24 hour a day operation. We understand that you have risk management needs around the clock. If you are ever unable to reach anyone on your Service Team please contact a Senior Executive to assist you:

CAROLINAS MANAGING DIRECTOR

ERIC HEIN
BUSINESS: 704-344-4884
CELL: 704-953-0262
INTERNET ADDRESS: ERIC.HEIN@WILLIS.COM

REGIONAL OPERATING OFFICER

SUSAN HENRY
BUSINESS: 615-872-3026
CELL: 615-504-4649
INTERNET ADDRESS: SUSAN.HENRY@WILLISTOWERSWATSON.COM

Client Services

Willis Certificate Center

The Willis Certificate Service Center is a team of dedicated professionals available to process your certificate and automobile identification requests. Our system makes it possible to easily issue large numbers in a specialized manner to fit your needs. Further, we have the ability to electronically send mid-term certificates and auto ID cards via email/fax to you and/or the certificate holder, as well as providing you with instant 24/7 access to certificates and auto ID cards issued via our Certificate Portal website.

Our turnaround times are four hours for routine mid-term requests, two hours for rush mid-term requests, and 16 hours for renewals. Rush requests can often be fulfilled within minutes when needed. You can request certificates and auto ID cards either through your service team, via the Internet, or by directly calling our Certificate Center. If you choose to use our center directly, we ask you to complete a certificate/automobile identification request form and submit it via the web site, e-mail or facsimile. The form can be accessed using the Certificate Portal.

The Certificate Portal website is offered exclusively by Willis. It provides access for certificate and automobile ID request virtually 24 hours per day; 7 days a week. Additionally, there is a savings in the cost of storing certificates and auto ID cards either in paper or on your systems. There is no longer a need to retain printed copies of these documents as they are accessible from the web. The website is maintained on Willis' IT platform.

Cert Central:

7:00 a.m. to 7:00 p.m. Central Standard Time

Phone: 877 945 7378

Fax: 888 467 2378

E-mail: certificates@willis.com or autoid@willis.com

Certificate Portal Website: Provided by your Willis service team.

In addition to the requesting of new certificates and automobile ID cards, the website also offers capability of searching, viewing and printing of any certificates and auto ID cards that are issued by the Certificate Center.

Use of the Certificate Portal requires security access which you can get by notifying your Willis service team. Your username and password and the Certificate Portal website address will be provided within five business days.

Willis Claims Advocacy Center

The Willis Claims Advocacy Center provides a service unique in the insurance brokerage community. Willis Claims Consultants use the Center's services so they can spend more time addressing your claims issues in situations where face-to-face and day-to-day interaction is most effective. Our centralized Center has over 30 experienced claims professionals (18 years average experience per Advocate) who provide expert claims advocacy for local claims consultants on all lines of coverage.

Willis Claims Center Guidelines

Report the Following Types of Claims to the Claim Center

- Property
- Auto – Serious Injury, Complex Issues
- Boiler & Machinery
- GL – Serious Injury, Complex Issues
- Cargo
- Umbrella/Excess
- Employee Dishonesty
- Directors & Officers
- Builders Risk
- Employment Practices Liability
- Inland Marine
- Professional Liability
- Pollution
- Kidnap & Ransom
- Asbestos & Mold
- Intermediary Involvement
- All Lawsuits
- TPA Involvement

Willis Claim Center Contact Information – available 24 hours

Phone: 877 725 9679

Fax: 877 945 3676

E-mail: claimcentral@willis.com

Report Directly to the Carrier

- **General Liability** – except fatalities, serious injury, complex liability/coverage situations, construction defect, asbestos
- **Auto** – except fatalities, serious injury, complex liability/coverage situations
- **Workers' Compensation**



Christina C Russell
PO Box 473500
CHARLOTTE, NC 28247
Phone: (704) 544-3735
Fax: (704)544-3760
Email: CCRUSSEL@travelers.com

June 29, 2016

Carol Dwyer
WILLIS OF NC INC
214 N TRYON ST STE 2500
CHARLOTTE, NC 28202

RE: Insured Name: CITY OF COLUMBIA
Binder Type: Informational
Product: Wrap+ for Government Entities - CRI-2001 (01-09)
Policy Number: 105957609
Policy Period: July 1, 2016 to July 1, 2017
Binder Expiration Date: July 29, 2016

Dear Carol Dwyer :

On behalf of **Travelers Casualty and Surety Company of America** we are pleased to bind coverage for Wrap+ for Government Entities Insurance.

Travelers Casualty and Surety Company of America

CRIME COVERAGES:

Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention	Crime Insuring Agreements	Single Loss Limit of Insurance	Single Loss Retention
A - Fidelity 1. Employee Theft 2. ERISA Fidelity 3. Employee Theft of Client Property	See Endorsement Not Covered Not Covered		F - Computer Crime 1. Computer Fraud 2. Computer Program and Electronic Data Restoration Expense	\$250,000 Not Covered	\$5,000
B - Forgery or Alteration	\$250,000	\$5,000	G - Funds Transfer Fraud	\$250,000	\$5,000
C - On Premises	\$250,000	\$5,000	H - Personal Accounts Protection 1. Personal Accounts Forgery or Alteration 2. Identity Fraud Expense Reimbursement	Not Covered Not Covered	
D - In Transit	\$250,000	\$5,000	I - Claim Expense	\$5,000	\$0
E - Money Orders and Counterfeit Money	Not Covered				

Insured's Premises Covered: Worldwide, except

TOTAL ANNUAL PREMIUM - \$3,124.00

(Other term options listed below, if available)

LIMIT DETAIL:

Shared Additional Defense Limit of Liability: N/A

Crime Policy Aggregate Limit of Insurance: N/A

PREMIUM DETAIL:

Term	Payment Type	Premium	Taxes	Surcharges	Total Premium	Total Term Premium
1 Year	Prepaid	\$3,124.00	\$0.00	\$0.00	\$3,124.00	\$3,124.00

POLICY FORMS:

CRI-2001-0109 Crime Declarations Page
CRI-3001-0109 Crime Policy Form

ENDORSEMENTS:

ACF-7006-0511 Removal of Short-Rate Cancellation Endorsement
CRI-19072-0315 Global Coverage Compliance Endorsement – Adding Financial Interest Coverage and Sanctions Condition and Amending Territory Condition
CRI-19076-0116 Replace Insuring Agreement A.2. ERISA Fidelity Endorsement
CRI-5041-0613 South Carolina Cancellation or Termination Endorsement
CRI-7126-0109 Government Entity Crime Endorsement - Faithful Performance of Duty
CRI-7129-0109 Government Entity Crime Endorsement Including Coverage for Treasurers and Tax Collectors

CONTINGENCIES:

This binder is contingent on the acceptable underwriting review of the following information prior to the Binder Expiration Date.

None

This binder is a conditional binder, valid until July 29, 2016. This binder will expire on the noted date, at the noted time, unless the required underwriting information stated in the Contingencies section is provided to Travelers and then reviewed and accepted by Travelers prior to the noted expiration date and time.

This policy will not take effect unless Underwriting Information is received and satisfactorily reviewed by July 29, 2016 (Binder Expiration Date). If you do not submit the Underwriting Information on or before the Binder Expiration Date, no policy will be issued.

Commission: 0.00%

NOTES:

NOTICES:

It is the agent's or broker's responsibility to comply with any applicable laws regarding disclosure to the policyholder of commission or other compensation we pay, if any, in connection with this policy or program.

Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website: http://www.travelers.com/w3c/legal/Producer_Compensation_Disclosure.html

If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Agency Compensation, One Tower Square, Hartford, CT 06183.

Sincerely,

Christina C Russell

Travelers Bond & Specialty Insurance



Risk Analysis-Part B2 (a) Part I Records Retention

CITY OF COLUMBIA RECORDS RETENTION POLICY

| July 22, 2016

General Records Retention Schedules for Municipal Records



**South Carolina Department of Archives and History
Archives and Records Management Division
8301 Parklane Road
Columbia, South Carolina 29223-4905**

General records retention schedules for municipal records

2003

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Introduction

The Archives and Records Management Division of the State Archives has prepared these general retention and disposition schedules to give South Carolina's municipalities the legal authorization to retain and dispose of records common to eleven departments, offices, and functions. The schedules list permanently valuable records, which should be properly protected for future use, and they also supply a timetable that will allow records custodians to regularly and legally dispose of records of non-permanent value. In preparing the schedules, the Division consulted with various local and state government officials.

Purpose

The schedules are designed to:

- give municipal governments uniform guidelines for the retention and disposition of common records;
- make sure municipalities retain for as long as necessary the records they will need for administrative, legal, fiscal, and other uses;
- make sure municipalities retain records for as long as state and federal laws, regulations, policies, and procedures require;
- promote the cost-effective management of records;
- give municipalities the legal authorization they need to dispose regularly of their obsolete records.

Statutory authority

Section 30-1-90(B) of the *Code of Laws of South Carolina, 1976*, as amended, authorizes the State Archives to promulgate as state regulations, general schedules for records common to local governments. On 25 June 1993, the General Assembly approved the municipal general schedules as Regulation 12-601 through 12-611.7. Additions/revisions to the municipal general schedules were approved by the General Assembly as Regulations 12-601 through 12-611.11 and became effective on 23 May 2003.

Definitions of schedules

A records retention schedule describes one or several records series, shows the length of time the records should be retained, and indicates their final disposition. Schedules are of two types—specific and general.

Specific Records Retention Schedules – these schedules are prepared and approved specifically for your municipality; your municipality's name will appear on these.

General Records Retention Schedules – these schedules are state regulations issued by the State Archives and are published in the *Code of Laws of South Carolina, 1976*, as amended. When a general schedule applies to records already covered under a specific schedule, the general schedule will supersede the specific schedule unless you wish to opt out of using the general schedule.

Special provisions

Opting out – You may already have approved specific schedules that cover some of the same records as the general schedules. If you prefer to continue using these specific schedules, the regulations allow you to opt out of using the general schedules. The regulations will also let you opt out of using general schedules if you wish to establish new specific schedules instead.

Unique records – These general schedules do not list records that are unique to your municipality. To control the retention and disposition of these, you should refer to your specific

schedules. If you have no specific schedules, contact your records officer. If you do not know who your records officer is, contact Local Records Services at 803-896-6122.

Confidential and restricted records – Municipal records officers and records custodians should ensure that confidential records are filed, accessed, and disposed of according to federal, state, and local legal requirements.

Exceptions to minimum retention periods – These general schedules establish minimum retention periods for the official copy of your municipality’s records. Although most records can be destroyed when their minimum retentions have been met, you may need to keep some records longer to satisfy specific requirements. Be sure those requirements have been met before you dispose of those records.

Copies – These general schedules do not cover copies of records that you may have made for convenience, information, or duplication. You may destroy copies when you no longer need them.

To what type of records do these schedules apply?

The following municipal government departments, offices, and functions: administrative, building inspections/planning/zoning, business license, council, finance, fire, personnel, police, public works, tax, and utilities.

To whom do these schedules not apply?

Counties, school districts, special purpose districts, and any quasi-governmental subdivisions. The State Archives has developed a separate general schedule for counties and school districts.

General schedule format

Each record series listed in the general schedule is presented in the following format:

<p style="text-align: center;">Format for Council Minutes</p> <p>Subarticle 4. Council 12-604.2 Council Minutes</p> <p>A. Description: Record of proceedings at meetings of the municipal council, which includes written descriptions of the financial and administrative business conducted. Information includes dates of meetings, names of councilmen present, claim approvals, petitions, bids, proposals, and other matters discussed by or brought to the attention of the council, and attachments.</p> <p>B. Retention: Permanent. Microfilm for security.</p>

Subarticle number – This publication contains schedules for eleven departments/offices/functions, each with a separate subarticle number.

Regulation number and series title – The first line includes the regulation number, which is used for control, and the title most commonly used by municipalities.

Part A. Description: A short statement describing the use and informational content of the record series. It helps to identify the record.

Part B. Retention: The time period indicating the minimum length of time that records should be retained by the office before their disposition can take place. Some records are scheduled for permanent retention because of their value; others have retention periods that vary from “until no longer needed for reference” to seventy-five years.

Explanation of micrographics terms used in retention schedules

“Microfilm Optional” – Microfilm may be substituted for the original records IF the microfilm meets state standards (see R-12-200 of the *Code of Laws of South Carolina, 1976*, as amended). Before you destroy the originals, you must submit to the State Archives and have approved a Microfilm Quality Certification for Records Disposition form.

“Permanent. Microfilm for security” – You cannot destroy the original records after microfilming.

“Permanent. Microfilm” – You must microfilm records of permanent value that are on non-permanent media like computer tape and computer printouts to preserve the information they hold. And you must submit a copy of the Microfilm Quality Certification for Records Disposition form to the State Archives for approval before you destroy the non-permanent media those records are on.

Using this schedule effectively

- Your municipal records officer should coordinate all activities relating to the retention and disposition of your records and function as a liaison with the State Archives in administering the municipality’s records management program. If you have no municipal records officer, each records custodian has these responsibilities.
- Municipal records officers should work with other municipal staff to coordinate the regular disposition of obsolete records. Disposition should be carried out periodically – at least once a year. To streamline disposition, your staff should review filing arrangements, cut off files periodically, and develop procedures to segregate inactive and obsolete files.
- Generally, non-archival records should be destroyed when the minimum retention periods have been met, unless they are needed to meet specific requirements (see Section 12-601). Although you are not required to destroy records at the end of their minimum retention periods, obsolete records should not occupy expensive office and storage space.
- The titles and descriptions of record series listed in the general schedule may not reflect exactly the titles and descriptions you use. If you are not certain whether the schedule applies to a specific record in your office, please contact Local Records Services at 803-896-6122.

How to use the general schedules

1. Study the general schedules and compare them with your specific schedules, if you have any, to determine which schedules you will use.
2. Locate and examine all your records.
3. Match each records series with the title and description on the general schedule.
4. Follow the records disposition process outlined below. The process is illustrated by the flow chart on page 11.

Records disposition process

Permanent (archival) records:

Paper Records – After your permanently-valuable paper records become inactive, you should transfer them to an archival repository. Contact Local Records Services for advice on how to care for and protect your archival records.

Micrographics – If you microfilm permanent records, contact Micrographics Services at 803-896-6208 for help and information about microfilm standards.

Optical disk – If you are maintaining permanent records as digital images, special requirements apply. Contact Local Records Services at 803-896-6122 for more information.

Non-permanent records:

To destroy records according to general schedules, you must complete and forward to Local Records Services a “Report on Records Destroyed” form. A sample form is included on page 8 and blank forms are available from Local Records Services. Follow the step-by-step instructions on the back of the form. Please note that both the form and the process are the same as those you use to document records disposal under your specific schedules. To help you estimate cubic footage for column 9 on the form, we have included a table of volumes on page 10.

Contacting the State Archives — When and Whom?

When?

1. You submit a “Report on records Destroyed” form when destroying records covered by general and/or specific schedules.
2. You need to prepare or revise specific schedules.
3. You need help with your records management duties.

Whom?

Local Records Services
8301 Parklane Road
Columbia, SC 29223-4905
Phone 803-896-6122; Fax 803-896-6138

When?

1. You want to substitute microfilm (Microfilm Quality Certification For Records Disposition Form) for the original records. (Note: You must have a records schedule to do this.)
2. You need to store security microfilm of permanently valuable records.
3. You want information about the filming, processing, quality control, and duplicating services the State Archives provides.

Whom?

Micrographics Services
8301 Parklane Road
Columbia, SC 29223-4905
Phone 803-896-6208; Fax 803-896-6138

INSTRUCTIONS FOR COMPLETING THE FORM REPORT ON RECORDS DESTROYED

Please read the instructions carefully before completing this form.

After completion, your agency must return this form to the State Archives, Records Services Branch, and retain a copy for reference to document the legal disposition of your records.

AGENCY means any state or local government entity.

This form should only be used to report the destruction of records covered under a specific Record Retention/Disposition schedule. Generally, this form should be completed by the agency records officer or authorized representative.

1. Enter your agency's name (Department of Health and Environmental Control) or the name of your political subdivision (Lexington County Sheriff's Office).
2. Leave block 2 blank. This block will be completed by SC Department of Archives and History Record Analysts upon receipt of this form by the Records Services Branch.
3. Enter any division or office identification which will clarify the records destroyed (Retirement System, State Law Enforcement Division).
4. Enter the date your agency prepares this form.
5. The official making the report should sign here. The approving authority must be the agency's chief administrative officer or authorized representative. In most state agencies, this authorized representative may be the agency records officer. In local agencies this authorized representative may be the manager, administrator, elected department head or other designated official.
6. Enter the exact record series title. Each series title should correspond to the one cited in the record retention schedule.
7. Enter the appropriate record series/schedule number for each record series destroyed.
8. Enter the earliest and latest dates covered by the records destroyed (2/1992-5/1993; or 1987-1990).
9. Enter the volume (in cubic feet) of records destroyed. *See 11 below.*
10. Enter the date (month and year) of destruction (3/1993; 1/1987; 12/1980).
11. Enter the total volume of records destroyed. Add figures entered in column 9.

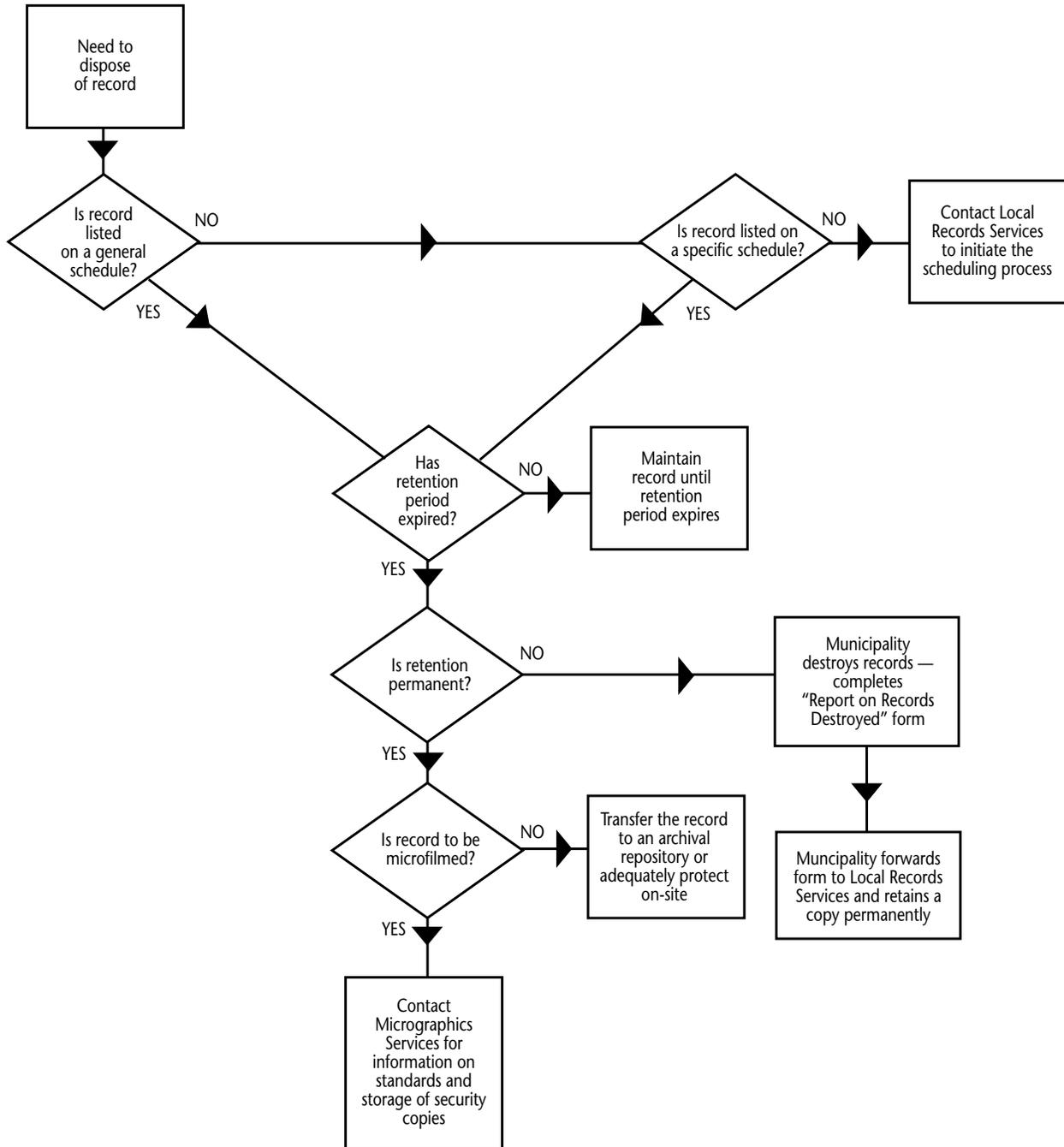
TABLE OF VOLUMES

	QTY.	ITEM/SIZE	CAPACITY
C A B I N E T S	1	vertical letter-size file drawer	1.5 cubic feet
	1	vertical legal-size file drawer	2.0 cubic feet
	1	lateral legal-size file drawer	2.5 cubic feet
B O X E S	1	standard Records Center box	1.0 cubic foot
S H E L V E S	1	letter-size open shelf—36" long	2.0 cubic feet
	1	legal-size open shelf—36" long	2.5 cubic feet
C A R D F I L E S	10	12" rows of 3" x 5" cards	1.0 cubic foot
	6	12" rows of 4" X 6" cards	1.0 cubic foot
	4	12" rows of 5" x 8" cards	1.0 cubic foot
	5	14" boxes of tab cards	1.0 cubic foot

CUBIC FOOT EQUIVALENCY FORMULA

$$\frac{L \times W \times H \text{ (in inches)}}{1728 \text{ inches}} = \text{cubic feet/unit}$$

Records disposal process



General Retention Schedule for Municipal Records

12-601. Introduction and general matters; application of schedules.

The following general schedules contain minimum records retention periods for the official copy of the records. These retentions and dispositions apply regardless of physical format, i.e., paper, microfilm, electronic storage, digital imaging, etc. Convenience, informational or duplicate copies are not governed by this regulation and may be destroyed when no longer needed for reference. To destroy records in accordance with this regulation, municipal governments must complete and submit a Report on Records Destroyed form to the Department of Archives and History after eligible records have been destroyed. These forms are available from the Department's Division of Archives and Records Management. Before disposing of public records under these general schedules, municipal governments should insure that the records have no further audit, legal, or fiscal value. These general schedules supersede all schedules approved previously for the same records series. However, municipal governments may opt out of these general schedules and request the continuing use of existing schedules or the establishment of specific retention schedules for their records when appropriate, necessary, or in order to avoid conflict with other laws or regulations.

Subarticle 1. Administrative

12-601.1. Deeds (Conveyances)

A. Description: Deeds for property acquired by and disposed of by the municipality. Information includes date, name, location and description of property, cost, and signatures of buyer, seller and witnesses. Correspondence, plats and abstracts of title may also be included in the file.

B. Retention: Permanent. Microfilm for security.

12-601.2. Right of Ways

A. Description: Files documenting right of ways obtained by the municipality for projects such as streets, sewer lines, storm drains, and pole lines. Information includes the name of the project, from whom purchased, and legal documents and correspondence associated with the purchase of the property.

B. Retention: Permanent. Microfilm for security.

12-601.3. Easements

A. Description: Agreements allowing the use of property by another party. Types of easements include encroachments, utility drainage, and sewer and water line installation and maintenance. Information includes description of property, location, description of project, conditions of easement, and signatures. Easements may be to or from the municipality.

B. Retention: Permanent. Microfilm for security.

12-601.4. Annexation Files

A. Description: Files that document the annexation of land by the municipality. Included are maps, ordinances of annexation, petitions for annexations, surveys of the proposed annexation (including population figures, number and type dwellings of proposed annexation), correspondence, street number lists, street numbering warrants, and violation letters.

B. Retention: Permanent. Microfilm optional.

12-601.5. Cancelled Bonds and Coupons

A. Description: Various bonds and interest coupons issued by the municipality which have matured and been cancelled. These bonds were issued to finance various municipal projects such as water and sewer construction, street paving, etc. Information includes name of bank, control number, date, addressee, bond issue, year, maturity year, quantity, denomination, amount, and date received.

B. Retention:

- (1) 1 copy of bond and coupon from each series: Permanent.
- (2) Other records: 10 years after cancellation, then destroy.

12-601.6. Grant Files

A. Description: Background application information and action taken on federal and state grants awarded to the municipality. Information includes filing guidelines, grant applications, contracts, correspondence, reimbursement requests, progress reports, and final reports.

B. Retention:

- (1) Applications, Grant Contract Agreements, and Annual and Final Grant Project Reports for Significant Projects: Permanent. Microfilm optional.
- (2) Other Records: 3 years after completion of grant project, then destroy.

12-601.7. Contracts

A. Description: Contractual agreements between the municipality and another party. Information includes date, parties, type of contract, explanation of agreement, signatures of parties, notarization.

B. Retention: 3 years after expiration of contract, then destroy.

12-601.8. Cemetery Records

A. Description: Created by the caretakers to document purchase of burial sites and persons interred in municipal cemeteries. Information includes who was buried, on what date, price paid for the plot, date plot was purchased, and veteran status of deceased.

B. Retention: Permanent. Microfilm optional.

12-601.9. Fixed Assets Inventory File

A. Description: Catalog of all fixed assets owned by the municipality. Information includes municipal owned assets by department, method of acquisition, purchase authority, fund origination, physical location.

B. Retention: Until superseded, then destroy.

12-601.10. Maps and Blueprints

A. Description: Maps created by the municipality as well as those received from other sources. Types of maps include zoning maps, municipal and county maps, maps from utility companies, highway maps, and land use maps.

B. Retention:

- (1) Blueprints, sepia, and/or electrostatic copies on mylar: Permanent. Microfilm.
- (2) Other Records: Permanent. Microfilm optional.

12-601.11. Scrapbooks

A. Description: Scrapbooks of municipal events including newspaper clippings, announcements, photographs, special programs, and other related information.

B. Retention: Permanent. Microfilm optional.

12-601.12. Historical File

A. Description: Files containing historical information concerning the municipality and important periods of history. Information includes minutes of local organizations, financial documents, maps, newspaper clippings, photographs, compiled histories of the municipality, information on historic homes and properties, information concerning foreign wars and unusual conditions (Hugo files), and any other documentation of the history of the municipality.

B. Retention: Permanent. Microfilm optional.

12-601.13. General Correspondence and Subject Files

A. Description: Copies of incoming and outgoing correspondence to and from the office with businesses and other government offices and citizens, reports, technical papers, studies, reference materials, copies of ordinances, resolutions, and other records created or received in the general administration of a program or in the management of the office. For the purposes of retention scheduling, the files are broken down as follows:

(1) Policy and Program Records: These records document the formulation and adoption of policies and procedures and the implementation or management of the programs or functions of the office or department. Included are such records as correspondence with citizens and government officials regarding policy or procedures development or program administration; annual or ad hoc narrative or statistical reports on program activities, achievements or plans; organizational charts and mission statements; studies regarding department or office operations; circular letters, directives or similar papers addressed to subordinate units or staff concerning policies, procedures or programs; and records related to significant events in which the department or office participated. Records may include photographs, published material, audio tapes, or other record forms.

(2) General Administrative Records: These records are of a general facilitative nature created or received in the course of administering programs. Included are such records as correspondence of a routine or repetitive type, such as requests for information; reference materials, sometimes of a technical nature, used, but not created by, the office; daily, weekly or monthly office activity reports which are summarized in annual reports or which relate to routine activities; personnel data on office staff which are duplicated in Personnel Office files; daily or weekly work assignments for office staff; suspense or follow-up files which duplicate copies of papers filed elsewhere; circular letters, directives or similar papers received from other offices; and rough drafts or notes created in compiling reports or studies.

(3) General Housekeeping Files: These records are of a general “housekeeping” nature created or maintained by an office which do not relate directly to the primary program responsibility of the office. Included are such records as: charitable fund raising drive materials; custodial services requests; emergency evacuation procedures; notices of holidays; parking space assignment lists; telephone installation requests; and lists showing the distribution of keys.

B. Retention:

- (1) Policy and Program Records: Permanent. Microfilm optional.
- (2) General Administrative Records: 5 years, then destroy.
- (3) General Housekeeping Files: Until no longer needed for reference, then destroy.

12-601.14. Election Records

A. Description: Record of elections and results of elections. Information includes declaration of results, oath of office, statements of candidacy, registration, newspaper notices, petitions for nomination of council members and mayor.

B. Retention:

- (1) Results and Certifications: Permanent. Microfilm optional.
- (2) Other Records: 2 years, and until all contested elections have been decided and all appeals exhausted, then destroy.

12-601.15. Monthly Reports

A. Description: Reports of office activities performed during the month. Information includes department name, month and list of activities for each month.

B. Retention: 2 years, then destroy.

Subarticle 2. Building Inspections/Planning/Zoning

12-602.1. Zoning Commission Minutes

A. Description: Record of proceedings at meetings of the Zoning Commission. Information includes meeting dates, members of board present, variance requests, old business, new business, and adjournment.

B. Retention: Permanent. Microfilm optional.

12-602.2. Planning Commission Minutes and Attachments

A. Description: Record of proceedings at meetings of the Planning Commission. Information includes dates and time of meeting, members present, agendas, minutes, action taken on development permit applications, any matters relating to planning and development issues, and attachments including petitions, maps, studies, and planning reports forwarded to the Commission for discussion.

B. Retention: Permanent. Microfilm optional.

12-602.3. Building Permits

A. Description: Forms documenting permission granted by the municipality to construct buildings that comply with established building codes. Information includes permit number, name and address of real estate owner, location of building, type of work (i.e. new, alteration, repair, etc.) description of building, name of architect and of contractor, tax map number, zoning classification, water system, usage of property and signature of zoning administrator.

B. Retention: Permanent. Microfilm optional.

12-602.4. Building Permit Log

A. Description: Finding aid for building permits issued in the municipality. Information includes permit number, applicant's name, location of building, date issued.

B. Retention: Permanent. Microfilm optional.

12-602.5. Plans and Specifications

A. Description: Blueprints and other graphic illustrations of designs submitted by contractors for the construction, reconstruction or alteration of buildings within the municipality. These plans and accompanying specifications are submitted to ensure compliance with building codes. Documents include site plan, scale of floor plan, elevation plan, electrical plan, typical wall section and foundation, and specifications.

B. Retention:

- (1) Blueprints of Public Building Projects: Permanent. Microfilm.
- (2) Other Records of Public Building Projects: Permanent. Microfilm optional.
- (3) Non Public Building Projects: 1 year after issuance of certificates of occupancy, then destroy, unless needed for future reference.

12-602.6. Inspectors' File – Mechanical (Construction)

A. Description: Records documenting examinations made to mechanical construction, reconstruction, alteration, and repair projects within the municipality to insure compliance with Southern Standard Mechanical Code and all applicable codes. Information includes copy of Mechanical Permit, Inspection Reports, and correspondence.

B. Retention: 2 years after completion of project, then destroy.

12-602.7. Inspectors' File – Electrical (Construction)

A. Description: Records documenting examinations made to electrical construction, reconstruction, alteration, and repair projects within the municipality to insure compliance with the National Electrical Code and all other applicable codes. Information includes copy of the Electrical Permits, Inspection Reports, and correspondence.

B. Retention: 2 years after completion of project, then destroy.

12-602.8. Inspectors' File – Gas Piping (Construction)

A. Description: Records documenting examinations made to gas piping, construction, reconstruction, alteration, and repair projects made within the municipality insuring compliance with the Southern Standard Gas Code and all other applicable codes. Includes Inspection Reports, Gas Piping Permit, and correspondence.

B. Retention: 2 years after completion of project, then destroy.

12-602.9. Inspectors' File – Plumbing (Construction)

A. Description: Records documenting examinations made to plumbing construction, reconstruction, alteration and repair projects within the municipality to insure compliance with the Southern Standard Plumbing Code and all other applicable codes. Information includes Plumbing Permit, Inspection Reports, and correspondence.

B. Retention: 2 years after completion of project, then destroy.

12-602.10. Certificate of Occupancy

A. Description: Certifications made by the department that a building complies with municipal codes and is safe for occupancy. Information includes type of building, permit number, type of construction, owner of building, address, contractor name, date built and certified in compliance with code.

B. Retention: Permanent. Microfilm optional.

12-602.11. Subdivision Files

A. Description: Records used in the review of subdivision plans to insure construction is according to plan. Information includes correspondence, copies of subdivision Declaration of Covenants, Conditions, Easements, and Restrictions, Field Investigation Reports and Final Inspection/Acceptance of Completed Work notifications, Inspection, Investigation Reports and Permits to Operate from the Department of Health and Environmental Control, cost proposals, plats, drawings, information on contractors, and related notes.

B. Retention: Permanent. Microfilm optional.

12-602.12. Subdivision Maps/Plats

A. Description: Plats of subdivision lots in the municipality, submitted by the property owner and recorded in the county register of deeds office. Information includes location, boundaries and divisions, date of survey, certificate of surveyor, scale, property owners, date of recording and plat.

B. Retention: Permanent. Microfilm optional.

Subarticle 3. Business License

12-603.1. Business License Applications

A. Description: Applications submitted by persons seeking to operate businesses in the municipality. Information includes name of business, location, classification, license number, gross sales for preceding calendar year, type of application, date, fee, Federal ID number or social security number.

B. Retention: 3 years, then destroy.

12-603.2. Business Licenses

A. Description: Records documenting authorization for businesses to operate within the municipality. Information includes name of business, type of business, date of license and authorizing signature.

B. Retention:

- (1) Business Licenses for Earliest Extant Year and Every Other Year Thereafter: Permanent. Microfilm optional.
- (2) Other Business Licenses: 3 years, then destroy.

Subarticle 4. Council

12-604.1. Council Meeting Recordings

A. Description: Voice recordings of municipal council meetings used in preparing the Council Meeting Minutes. Information includes date of meeting, meeting time, meeting place, council members present, order of business, business discussed and decisions made.

B. Retention: 2 years, then destroy/re-use, provided paper copies of minutes have been produced.

12-604.2. Council Minutes

A. Description: Record of proceedings at meetings of the municipal council which includes written descriptions of the financial and administrative business conducted. Information includes dates of meetings, names of council members present, claim approvals, petitions, bids, proposals, other matters discussed by or brought to the attention of the council, and attachments.

B. Retention: Permanent. Microfilm for security.

12-604.3. Agenda Packets

A. Description: Record of items submitted for municipal council's consideration. Information includes meeting number, date, locale and time; order and description of proposed business.

B. Retention: Permanent. Microfilm optional.

12-604.4. Ordinances

A. Description: Original ordinances passed by the municipal council representing local laws and regulations which pertain to the municipality only. Information includes ordinance number, ordinance, date, and signatures of the chairman and council clerk.

B. Retention: Permanent. Microfilm for security.

12-604.5. Resolutions

A. Description: Record of official actions authorized by municipal council through the passage of resolutions. Information includes resolution number, resolution, date, signature of chairman, and signature of municipal clerk.

B. Retention: Permanent. Microfilm for security.

Subarticle 5. Finance

12-605.1. Annual Budgets

A. Description: Printed copies of annual budgets showing projected receipts and expenditures from various offices. Approved budget appropriations are listed for each department.

B. Retention: Permanent. Microfilm optional.

12-605.2. Budget Files

A. Description: Preparation materials used in the formulation of the municipal budget.

Information includes budget requests and supplemental information justifying budget requests.

B. Retention: 3 years, then destroy.

12-605.3. Audits Reports

A. Description: Printed reports documenting the annual audit of municipal funds. These reports, prepared by an outside accounting firm, are categorized by the various municipal offices and further classified by accounts to which they relate. This series also includes semiannual and special audits. Information includes balance sheet, summary of revenue and expenditures, cash balances, statement of taxes, statement of delinquent taxes, statement of other receipts, statement of fines and fees.

B. Retention: Permanent. Microfilm optional.

12-605.4. General Ledgers

A. Description: One or more series of computer and non-computer-generated financial ledgers providing final year-to-date summary accounting data and a permanent audit trail for all fiscal receipt and disbursement transactions affecting any and all municipal funds and accounts, including receipts and expenditures from all revenue sources, both public and private. For computer generated ledgers, this series includes annual accounting code data and computer system documentation needed to access accounting information.

B. Retention:

- (1) Computer Generated Ledgers: Permanent. Microfilm.
- (2) Non-Computer Generated Ledgers: Permanent. Microfilm

12-605.5. Trial Balances

A. Description: Summary information of receipts and expenditures from various municipal accounts used in balancing the General Ledger. Information includes account number, account name, beginning balance, total assets, total liabilities, adjustments, expected revenue, month-to-date receipts, month-to-date percent, year-to-date percent, uncollected balance, and a breakdown of each department's expenses. For computer generated ledgers this annual accounting code data and computer system documentation needed to access accounting information.

B. Retention:

- (1) Computer Generated Year-to-Date Trial Balance: Permanent. Microfilm.
- (2) Non-Computer Generated Year-to-Date Trial Balance: Permanent. Microfilm optional.
- (3) Other Trial Balances: 3 years, then destroy.

12-605.6. Bids

A. Description: A record of each bid submitted by vendors selling goods and/or services to the municipality. Information includes request for quotation, bid spread sheet, and bid award letter.

B. Retention: 3 years, then destroy.

12-605.7. Requisitions

A. Description: Request forms from the various municipal offices and departments which describe goods or services to be ordered by the municipality. Information includes number, department, delivery location, date, date required, item number, quantity, description, known suppliers, and authorizing signature.

B. Retention: 3 years, then destroy.

12-605.8. Purchase Orders

A. Description: Purchase orders for goods and services paid for by the municipality, or for goods and services yet to be delivered to the municipality. Information includes quantity, commodity, service unit, price, total price, number, page number, name of company or business, address, date, item number, delivery location, total items, and signature of purchasing agent.

B. Retention: 3 years, then destroy.

12-605.9. Accounts Payable Check Registers

A. Description: Record of check payments to vendors/contractors for services/materials sold to the municipality. Information includes date, vendor number, purchase order number and date, account number, amount, date of invoice, transaction date, transaction number, and control number.

B. Retention: 5 years, then destroy.

12-605.10. Paid Invoices

A. Description: Filed copies of invoices submitted by various vendors supplying goods and services to the municipality. These invoices may be filed together with copies of checks and/or

claim forms. Information includes Invoice: vendor name, address, date of purchase, purchase order (if any), invoice number, item(s) or service(s) purchased, amounts, total. Check Copy: vendor name, address, date of check, amount, check number. Claim Form: date, account number(s), description of item(s), amount(s), approval, and signature(s).

B. Retention: 3 years, then destroy.

12-605.11. Claims

A. Description: Office's copies of documents establishing a claim on the municipality for goods and services. Information includes control number, date filed, who is making claim, amount, and authorized approval.

B. Retention: 3 years, then destroy.

12-605.12. Banking Records

A. Description: Cancelled checks and deposit slips written by the municipality along with the statements issued by the bank. Information includes (1) checks: date, to whom paid, amount, check number, authorized signature; (2) bank statements: list of checks for one month period, dates, beginning balance, ending balance; and (3) deposit slips: date, amounts of deposits, and total deposit.

B. Retention: 3 years, then destroy.

12-605.13. Receipts (Receipt Carbons)

A. Description: Copies of receipts issued by municipal offices to persons turning over funds. Information includes date, number, from whom received, amount, purpose, and authorizing signatures.

B. Retention: 3 years, then destroy.

12-605.14. Daily Cash Books

A. Description: Daily records of receipts and disbursements of municipal funds. Information includes date, purpose, amount, date paid, date received, fund for which written.

B. Retention:

- (1) When Corresponding General Ledgers are Missing: Permanent. Microfilm optional.
- (2) When Corresponding General Ledgers Exist: 3 years, then destroy.

12-605.15. Daily Collections Report

A. Description: List of monies received on a daily basis for payments of municipal services. Information includes account number, name, payment date, amount of payment, allocation of funds.

B. Retention: 1 year, then destroy.

Subarticle 6. Fire

12-606.1. Annual Report to State Fire Marshal

A. Description: Annual report sent to State Fire Marshal of status of Fire Department employees, equipment and finances. Information includes number of officers, number of men, number paid, names of trustees of Firemen's Insurance and Inspection Funds, name of Building Inspector, name of buildings and inspection code adopted by the municipality, total Firemen's Fund on hand, apparatus and value of Fire Department equipment and vehicles in serviceable condition, system of water supply and type of alarm system.

B. Retention: Permanent. Microfilm optional.

12-606.2. Incident Report

A. Description: Record of fire department related incidents (including fire, chemical spills, animal rescue and bomb scares) that have occurred in the municipality. These forms are completed each

time a fire truck is used in answering a call. Information includes incident number, date, and time; situation found, action taken, fixed property, occupant name, owner name, method of alarm, number of fire personnel responding, information on the origins of and type of fire encountered, method of extinguishment, information on the structure involved in incident, and signature of member making report.

B. Retention: 10 years, then destroy.

12-606.3. Fire Hose Record

A. Description: Record of tests performed on hoses in the department to assure that the equipment is in good operating condition. Information includes manufacturer, guarantee test (pounds), new or used, survey date, date of test, fire station number, semi-annual test (pressure, OK or failure), location (truck number, stored), action-remarks, initial, hose number, size, and date received.

B. Retention: 3 years, then destroy.

12-606.4. Fire Hydrant Testing Report

A. Description: Maintenance records of operating tests conducted on municipal fire hydrants. Information includes location, water available, hydrant number, SPM at 20 PSI, main size, type (2 way, 3 way), lateral size, lateral gated, height from ground, inspected (date, time, by whom), condition, out of service, in service, pressures (static, resi., flow), and remarks.

B. Retention: 3 years, then destroy.

12-606.5. Equipment Files

A. Description: Record of the equipment of the Fire Department. Information includes type of equipment, cost, location, instructions for use, and related correspondence and documentation.

B. Retention: Until the equipment is sold or disposed of, then destroy.

12-606.6. Employee/Volunteer Training Records

A. Description: Record of all training classes taken by fire department employees and volunteers. Information includes employee name; date; type of training such as typing, hazardous material, pump operations, basic fire fighting, and truck operations.

B. Retention: 3 years from the date on which training occurred, then destroy.

12-606.7. Arson Files

A. Description: Record of fires caused by arson that occurred in the municipality. Information includes name, statements, investigative notes, date of occurrence, State Law Enforcement Division Lab Reports, and address of fire.

B. Retention: 10 years, then destroy.

12-606.8. Fire Inspection Reports

A. Description: Documents safety inspections made by the fire department of businesses within the municipality. Information includes date, location of inspection, building function, occupancy, capacity, last inspection date, personnel conducting inspection, business phone, tenants name and phone number, description of structure, comments, violations and mandated corrections.

B. Retention: 3 years, then destroy.

12-606.9. Daily Logs

A. Description: Summarizes daily activities of the fire department. Information includes fire calls, activities, time and date, employees worked, and employees off.

B. Retention: 3 years, then destroy.

12-606.10. Volunteer Personnel Files

A. Description: Record of volunteers working for the fire department. Information includes applications, physicals, service awards, and related correspondence and documentation.

B. Retention: 5 years after termination of service, then destroy.

Subarticle 7. Personnel

12-607.1. State and Local Government Information Reports (EEO-4)

A. Description: Annual report monitoring internal programs for insuring equal employment opportunities. Information includes name of municipality, address, type of government, identification, function, employment data, list of agencies in this function, name of person to contact regarding this form, title, address, area code and telephone number, date, type name/ title of authorized official, and signature. These reports are forwarded to the Equal Employment Opportunity Commission in compliance with federal civil rights statute.

B. Retention: Permanent. Microfilm optional.

12-607.2. Personnel Files (Active and Inactive)

A. Description: Forms and materials relating to municipal employees. Files include applications, salary information, attendance and leave records, workmen's compensation reports, performance evaluations, and complete employment history.

B. Retention: 5 years after termination of employment, then destroy.

12-607.3. Application File (Not Hired)

A. Description: Application forms submitted by persons applying for jobs with the municipality who were not hired. Information includes name, address, education and work experience.

B. Retention: 2 years after rejection of application, then destroy.

12-607.4. Log and Summary of Occupational Injuries and Illnesses

A. Description: Record required by the Occupational Safety and Health Act of 1970, used to record pertinent information concerning work-related deaths, injuries, and illness. Information includes annual average employment, total hours worked, nature of business, month of OSHA Inspection, recordable injuries and illness, occupational illness and injury, and title, signature, phone number, date, and comments of person preparing report. These reports are forwarded to the South Carolina Department of Labor.

B. Retention: 5 years following the end of the calendar year to which they relate, then destroy.

12-607.5. Workers Compensation Records

A. Description: Consists of case files containing records and reports generated as the result of employment-related accidents involving municipal employees. Information includes Reports of Accidents Involving Only Medical Attention, Physician's Report and Itemized Statement, Employer's First Report of Injury and Illness, Agreement as to Compensation, Conditional Waiver of Hearing, 60-Day Report, Status Report and Compensation Receipt, Supplemental Memorandum of Agreement As to Payment of Compensation, correspondence with South Carolina Workers Compensation Commission, physicians, attorneys, and employees, statements from physicians, copies of internal invoices, copies of receipts and statements for the purchase of medications, copies of purchase requisitions, copies of health insurance claim forms, copies of patient return reports and disposition forms from physicians, and handwritten notes.

B. Retention:

- (1) Employer's First Report of Injury: 3 years after settlement, then transfer to employee files.
- (2) Other Records: 3 years after case settlement, then destroy.

12-607.6. Grievance Hearing Files

A. Description: Material relating to the reviewing, hearing and disposing of employee grievances and appeals of adverse personnel actions and disciplinary measures. Information includes letters of appeal, documentation from department heads, copies of complaints, investigation reports, hearing transcripts or summaries and related correspondence.

B. Retention: 5 years after termination of case, then destroy.

12-607.7. Payroll Register

A. Description: Documents employment and wages paid to municipal employees for services rendered. Information includes name of employee, social security number, date of check, hourly or salaried amount, overtime, number of hours worked, volunteered and other deductions.

B. Retention:

- (1) Year End Payroll Registers: 60 years, then destroy.
- (2) Other Payroll Registers: 1 year, then destroy

12-607.8. Payroll Check Registers

A. Description: Record of payroll checks issued. Used for balancing accounts, internal fiscal control, and external audits. Information includes employee name, social security number, amount of check, state and federal income tax deductions, other deductions, and year-to-date totals per pay period.

B. Retention: 3 years, then destroy.

12-607.9. South Carolina Retirement System Quarterly Report

A. Description: Quarterly report of contributions made by municipal employees to the South Carolina Retirement System. Information includes employer's name, address, date of quarter, employee's name, active member register number, non-member notations, retirement contributions and social security numbers.

B. Retention: 60 years, then destroy.

12-607.10. South Carolina Police Officer's Quarterly Retirement Reports

A. Description: Quarterly records of contributions made by municipal law enforcement officers to the South Carolina Police Officer's Retirement System. Information includes employer's name, address, active register numbers, social security number, employee's names, gross salary and contribution for class I, and gross salary contribution for class II, retirement and pre-death contributions, and total salary.

B. Retention: 60 years, then destroy.

12-607.11. Deduction Registers

A. Description: Summarizations of information on deductions from payroll checks. Used for balancing accounts, internal fiscal control, and external audits. Information includes employee name, social security number, state and federal income tax deductions, and year to-date deductions per pay period.

B. Retention: 3 years, then destroy.

12-607.12. Individual Taxpayer Report of Withholdings (W-2 Forms)

A. Description: Employer's copy of employee's total earnings and withholdings for the calendar year reported to the Internal Revenue Service. Information includes employer's identification number, employer's name and address, employee's social security number, federal income tax withheld, FICA taxes withheld, total FICA wages and state income tax withheld.

B. Retention: 5 years, then destroy.

12-607.13. Time Cards

A. Description: Record of hours worked by municipal employees. Information includes employee name, date, and hours worked.

B. Retention: 3 years, then destroy.

12-607.14. Time Sheets

A. Description: Verification of the number of hours worked by each employee. Information includes employee's name, employee number, hourly wage, days and hours worked, and department head approval.

B. Retention: 3 years, then destroy.

12-607.15. Insurance Records

A. Description: Record of insurance claims filed by municipal employees. Information includes name of patient, provider, dates of service and amount of payment request.

B. Retention: 3 years, then destroy.

12-607.16. Sick and Annual Leave Records

A. Description: Record of leave taken by municipal employees. Information includes name of employee, social security number, date, leave date, number of days/hours, reason for leave and signature of employee.

B. Retention: 3 years, then destroy.

Subarticle 8. Police

12-608.1. Criminal History Cards

A. Description: Card file maintained for a quick reference to information in criminal histories. Information includes name, date of birth, social security number, date of crimes/arrests, court decisions, address, race, sex, and height.

B. Retention: Until death of subject or 75 years, whichever comes first, then destroy.

12-608.2. Criminal Histories

A. Description: Cumulative history on any subject arrested by the police department. Information includes last name, first name, middle name, alias, FBI number, social security number, race, sex, age, height, weight, eyes, hair, complexion, occupation, next of kin, date/place of birth, scars and marks, arrest dates, docket numbers, charges, and dispositions.

B. Retention: Until death of subject or 75 years, whichever comes first, then destroy.

12-608.3. Case Files

A. Description: Compilation of all relevant data necessary for the creation of a case against a defendant(s) on a particular crime. Information includes detailed investigative data on the offense and the defendant(s) compiled on several standard forms such as Incident Report and Booking Report.

B. Retention: 30 years, then destroy.

12-608.4. Juvenile Files

A. Description: Record of juveniles arrested in the municipality. Information includes an index on each individual which includes name, date of birth, race, sex, vital statistics, and date crime committed, photographs, warrants, a copy of the Arrest/Booking Report, and the Certified Driving Records for DUI.

B. Retention: 3 years after subject reaches majority, then destroy, unless there is legal reason to retain further.

12-608.5. Radio/Telephone Logs

A. Description: All incoming and outgoing radio and telephone communications. Information includes: officer(s) absent, assignment, officer's name, unit, radio test, complaint, phone number, location, nature, officer assigned, time recorded, time dispatched, time arrested, time served, status remarks, case number, dispatcher and supervisor signatures.

B. Retention: 3 years, then destroy.

12-608.6. Field Contact Cards

A. Description: Cards filled out by police officers after interviewing suspicious persons during their shift. These persons may be known criminal suspects or other persons interrogated by the department. These persons have been questioned by the police, but may not have committed any crime. Information includes name, address, nickname, phone number, age, race, sex, height, weight, build, complexion, date of birth, scars, dress, description of car, location of stop, reason for stop, disposition.

B. Retention:

(1) Cards Concerning Criminal Suspect: 1 year, then transfer to case files.

(2) Other Cards: 1 year, then destroy.

12-608.7. Incident Reports

A. Description: Records the original report of a felony or incident and pertinent facts surrounding the offense. Information includes incident type, case number, NCIC entry, incident code, premise type, incident location, incident date, time, date reporting area, complainant, victim information, subject (suspect) data, arrest data (if applicable), vehicle data (if applicable), witness data (if applicable), narrative, and UCR data administrative section.

B. Retention: 5 years or until of no further legal or administrative value, whichever comes later, then destroy.

12-608.8. Arrest Warrants

A. Description: Warrants which authorize the arrest of individuals for various offenses committed. Information includes warrant number, name of person to be arrested, charge, date of offense, description of offense, name of affiant, date sworn, signature of issuing official.

B. Retention: Until copy of the warrant is served, then forward the original to issuing official.

12-608.9. Arrest Dockets

A. Description: A chronological listing of all arrests made and traffic citations issued by the police department. Information includes name, address, description, social security number, charge, court date, date and time of arrest, date and time of release, arresting officer's name, and releasing officer's name.

B. Retention: 5 years, then destroy.

12-608.10. Booking Reports

A. Description: Record of all persons arrested and booked by the police department. Information includes agency identification, case number, name, race, sex, date of birth, docket number, age, height, weight, hair, eyes, social security number, visible scars and marks, NCIC identification number, address, phone number, alias, drivers license number, occupation, next of kin and address, booking officers name, current date, charge data, medical data, release date, time, and arresting officer.

B. Retention: 10 years, then destroy.

12-608.11. Uniform Traffic Collision Reports (Accident Reports)

A. Description: Standard state form containing the following information: date, county, day of week, time, type road, street address, city or town, driver name, address, date of birth, sex, race,

license number, state, license restrictions, member of armed forces, wearing seatbelts, violations indicated, speed limit, estimated speed, year and make of vehicle, license plate number, state, year, validation number, total occupants this unit, owner's name, street or RFD, city and state, vehicle towed. There is a schematic drawing whereby action of vehicles and points of impact can be illustrated in addition to a narrative section. The investigating officer signs the form at bottom where he also completes information on charge(s), if any, and victim, injured or dead, if applicable. A copy of this report is sent to the South Carolina Department of Public Safety.

B. Retention: 3 years, then destroy.

12-608.12. Traffic Tickets

A. Description: A standard state form recording traffic citations issued to motorists. Information includes: driver's name, address, occupation, state licensed, license number, vehicle license number, state, make of vehicle, year, name of trial officer, street and number, city, date of trial, time of trial, violation, section number, nature of offense, owner of vehicle, address of owner, date of arrest, date of violation, case, disposition, description of accused, sentence of court, committed to, arrest as a result of accident, certified correct, date, offense code, test refused, blood alcohol level, amount of fine, and amount of suspense.

B. Retention: 3 years, then destroy.

12-608.13. Parking Tickets

A. Description: Copies of parking tickets issued to meter violators. Information includes date, time, tag number of vehicle, make of car, officer's name, place of violation, type of violation, ticket number.

B. Retention: 3 years, then destroy.

12-608.14. Officer's Daily Activity Report

A. Description: Record of daily activities of officers used to record the officer's time on duty. Information includes name, badge number, vehicle information, mileage, and activities of officer during each hour on duty.

B. Retention: 2 years, then destroy.

12-608.15. Breathalyzer Operator Test Report (BA Form)

A. Description: Record of breathalyzer tests performed on defendants. Information includes defendant's name, address, driver's license number, date of arrest, name of arresting officer, name of BA operator, BA reading or refusal, and signatures.

B. Retention: 10 years after trial date, then destroy.

12-608.16. Receipts

A. Description: This series is composed of carbon copies of receipts issued by the police department for money received. These receipts record money taken in for such things as payment of fines, fees collected for reports and records checks issued, and bond payments.

B. Retention: 3 years, then destroy.

12-608.17. Abandoned Vehicles Files

A. Description: Record of all abandoned vehicles within the city limits. Information includes property owner, location of vehicle, make of vehicle, license number, private property, public property, removal date, and final disposition.

B. Retention: 2 years after disposition of vehicle, then destroy.

12-608.18. House Watch Patrol Check

A. Description: Record of special and vacation watches to municipal property performed by the department at the request of residents. Information includes zone, departure date, return date, dispatcher initials, name and address of requestor, whether vacation watch or special watch,

supervisor authorization, officer's number, date and time location was checked, date check ended, and remarks section.

B. Retention: 1 year, then destroy.

12-608.19. Personnel Training Files

A. Description: Summary information on training courses attended by police department personnel. Information includes name of officer, social security number, date attended, course title/agency, hours and grade.

B. Retention: 3 years from the date on which training occurred, then destroy.

12-608.20. Requests For Services (Complaints)

A. Description: Records the receipt of complaints/requests to the police department and the subsequent dispatch of the police officer to the incident location. Information includes complaint number, signal code or police code, location, received by (radio, phone, other), action taken, operator, zone, complaint officer, shift call taken and time.

B. Retention: 2 years, then destroy.

Subarticle 9. Public Works

12-609.1. Maps and Blueprints

A. Description: Maps and blueprints of major structures, additions, and renovations to buildings in the municipality. Information includes road names, lot numbers, sewer tap locations, interior, blueprints of buildings, etc.

B. Retention:

- (1) Blueprints, sepia, and/or electrostatic copies on mylar: Permanent. Microfilm.
- (2) Other Records: Permanent. Microfilm optional.

12-609.2. Encroachment Permits

A. Description: Permits from the South Carolina Department of Highways and Public Transportation, giving the municipality permission to install water and sewer lines that encroach on state owned roads and highways. Information includes applicant's name and address, county, road/route, and road name permit application submitted for, type of public service line, description of location with reference to highway, applicant's name, date requested, special provisions and sketch plan.

B. Retention: Permanent. Microfilm optional.

12-609.3. Maintenance Request Forms

A. Description: Record of requested maintenance repairs on departmental equipment. Information includes date, item number, type of work requested, materials needed, date work completed.

B. Retention: 3 years, then destroy.

12-609.4. Work Orders

A. Description: Copies of work orders for services requested by customers and subsequent services rendered by the municipality. Information includes account number, name and address of customer, service requested, service rendered (or explanation), date and signature of service person.

B. Retention: 3 years, then destroy.

12-609.5. Valve Records

A. Description: Record of all valves in the municipality. Information includes drawings, location, and description of the valve.

B. Retention: Until superseded, then destroy.

12-609.6. Vehicle Maintenance Report

A. Description: Maintenance schedule on municipal owned vehicles maintained by the Public Works Department. Information includes date, vehicle number, make, last service date, last service odometer reading, service schedule by days or miles, and current odometer reading.

B. Retention: Until disposal of vehicle, then destroy.

12-609.7. Vehicle Service File

A. Description: Documents service history of all vehicles owned by the municipality. Information includes vehicle number, vehicle identification, make of vehicle, date of purchase, purchase cost, maintenance date, odometer/hours, expected life, group code, maintenance days, vehicle type, department number, fuel code, engine, transmission, brake system, rear end, clutch, fuel capacity, oil capacity, rating, description, purchase, current, previous, and when last serviced

B. Retention: Until disposal of vehicle, then destroy.

Subarticle 10. Tax**12-610.1. Tax Digests (Tax Duplicates)**

A. Description: Computer and non-computer generated digests which document real property taxes collected by the municipality from residents and businesses in the municipality. Information includes name and address, code number, location, district, tax levy, receipt number, number of acres, number of lots, number of buildings, receipt number, value, percent exemption type property, total real tax, date of payment, and remarks.

B. Retention:

(1) Computer generated digests: Permanent. Microfilm.

(2) Non-computer generated digests: Permanent. Microfilm optional.

12-610.2. Tax Receipts

A. Description: Copies of the receipts issued to taxpayers upon payment of property taxes. Information includes receipt number, valuation of real property, total real, total personal, total property tax, total taxes, penalty, total costs, name, address, location, district, and number and value of acres, lots and buildings.

B. Retention: 3 years, then destroy.

Subarticle 11. Utilities**12-611.1. Utility Service Applications – Residence**

A. Description: Record of municipal residents' applications for municipal utility services. Information includes name, service address, mailing address, social security number, driver's license number, place and years of employment, work phone, home phone, spouses name and social security number, driver's license number, spouse's place and years of employment, spouse work phone, number of persons residing at service address, previous address, renting or buying, owner or rental address, phone number, name of nearest relative, and address.

B. Retention: 2 years after cancellation of service, then destroy.

12-611.2. Utility Service Applications – Business

A. Description: Record of businesses applying for municipal utility services. Information includes name of application, business name and address, mailing address, social security number or federal identification number, home office or business, owners name, home addresses, telephone numbers – business and home, renting/leasing, buying, property owner's/rental agency name, business/home address, telephone number, applicant's signature and title.

B. Retention: 2 years after cancellation of service, then destroy.

12-611.3. Meter Books

A. Description: Books used to record readings from customer meters. Information includes name, address, meter number, date set, date of meter reading, reading number and total consumption.

B. Retention: 3 years, then destroy.

12-611.4. Utility Payment Stubs

A. Description: Stubs from utility bills that have been returned with payment. Information includes account number, address, and amount due.

B. Retention: 2 years, then destroy.

12.611.5. Utility Billing Register

A. Description: Documents the payment/non-payment of utility services provided by the municipality. Information includes billing date, name, address, meter reading (previous and current), cost, tax, total charge, balance, number of bills printed, active meters, consumption totals.

B. Retention: 5 years, then destroy.

12-611.6. Delinquent Customer Files

A. Description: Record of customers' accounts that are referred to a collection agency for collection of a delinquent utility bill. Information includes customer name and address, current reading, date, consumption of water, sewer, total, balance, late charges, payments, cut-on date, and cut-off date.

B. Retention: 3 years, then destroy.

12-611.7. Work Orders

A. Description: Copies of work orders for utility service requested by customers and subsequently rendered by the municipality. Information includes account number, name and address of customer, service requested, service rendered (or explanation), date and signature of service person.

B. Retention: 3 years, then destroy.

12-611.8. Backflow Prevention Files

A. Description: Files documenting the installation, maintenance and testing of the backflow prevention device. Information includes backflow prevention device test: name, address, location of device, valve test, signed, date; backflow prevention device certification: name, address, service address, file number, type of device, make, size, model number, serial number, tested by and approved by.

B. Retention: 3 years, then destroy.

12-611.9. Bacteriological Files

A. Description: Copy of form sent to the Department of Health and Environmental Control reporting amounts of bacteria in the drinking water. Information includes system number, name of water system, analytical method, contaminant identification, sample type, compliance period begin, compliance period end, number of samples required, number of samples taken, number of samples total coliform-positive, number of samples fecal coliform-positive, number of repeat samples required, number of repeat samples taken, number of repeat samples total coliform-positive, number of repeat samples fecal coliform-positive, number days turbidity exceeded 1 NTU, number samples collected due to elevated turbidity, laboratory identification, laboratory name, comments, signature, date and system number.

B. Retention: 5 years, then destroy.

12-611.10. Daily Operations Forms/Reports

A. Description: Documents all daily testing done by the lab technician as required by South Carolina Department of Health and Environmental Control. Reports include daily chemical report, bacteriological sampling, distilled water standard plate count, BOD and seed criteria, chlorine, caustic, fluoride, and alum levels.

B. Retention:

- (1) Chemical Reports: 10 years, then destroy.
- (2) Bacteriological Reports: 5 years, then destroy.

12-611.11. Discharge Monitoring Reports

A. Description: Documents discharge of wastewater for the municipality to insure that permitted amounts are not exceeded. Information includes permit number, discharge number, monitoring period, parameter, average, maximum units, minimum, average, frequency of analysis, sample type, name of principal executive officer, signature, telephone, date, comments and explanations of violations.

B. Retention: 10 years, then destroy.

**South Carolina Department of Archives and History
Division of Archives and Records Management
8301 Parklane Road
Columbia, South Carolina 29223-4905**



Risk Analysis-Part B2 (a) Part J Audit Requirements

CITY OF COLUMBIA AUDITOR RFP

| July 22, 2016



CITY OF COLUMBIA, SOUTH CAROLINA

Request for Proposal RFP 0004-10-11 AUDITING SERVICES

**Response Deadline:
DATE: July 14, 2011
TIME: 2:00 PM (EST)**

**Submit Hard Copies and CD to:
City of Columbia/Purchasing Department
Attn: RFP #0004-10-11 Auditing Services
1136 Washington Street – 4th Floor
Columbia, S.C. 29201**

Requests for additional information and questions must be submitted to:

<https://bidonline.columbia.sc.gov/ifa7/bidonline/>

Using Bidonline, user must be logged in and under the Bid tab,
click "Bid Questions and Answers"

Deadline for additional information and questions is:

**DATE: June 30, 2011
TIME: 12:00PM (EST)**

I. INTRODUCTION

The City of Columbia is seeking proposals from qualified firms to perform internal audits of all City of Columbia (COC) departments based on the statutory requirements for municipalities to receive an independent audit as found in 6-1-50 Code of Laws of South Carolina. The successful firm will enter into a Professional Services Contract with the City of Columbia to provide the services outlined herein based on a three (3) year term with an optional two (2) one year renewals, if mutually agreed upon in writing. No contractual obligation exists until a formal Engagement Letter is signed by the City of Columbia.

II. BACKGROUND

A. Overview

Columbia is the capital of South Carolina with a diverse population of approximately 129,000 in a metropolitan area of 700,000. The City of Columbia fiscal year runs from July 1st through June 30th.

The City provides the following services to its citizens:

- Collection and distribution of Hospitality Taxes, Accom, TDF
- Law enforcement
- Fire and Safety operations
- Prosecution of criminal case filings
- Land use and natural resource planning, zoning, and business license enforcement
- Maintenance of infrastructure within the city
- Maintenance of City Parks
- Maintenance of Water and Sewer Operations
- Road, bridge and sidewalk maintenance of public roadways within the City
- Management and maintenance of parking system

The City of Columbia has a total payroll of approximately \$85 million and covers 2,200 full-time employees. The City is organized into approximately 21 departments.

The accounting and financial reporting functions are centralized. The City financial records are maintained through an IFAS/Sungard integrated financial software system.

B. Financial Structure

1. Fund Structure

<u>Fund Type/Account Group</u>	<u># Funds within Annual Budget</u>
General	5
Special Revenue	20
Debt Service	5
Enterprise	8
Capital Projects	15
Internal Service	9
Trust and Agency	11

2. Federal and State Financial Assistance:

During the fiscal year, the City receives financial assistance/grants from the following government departments:

- Federal Emergency Management Agency
- Criminal Justice
- Housing and Urban Development
- Commerce Department

3. Financial Service Operations:

<u>Function:</u>	<u># of Employees</u>
Budget	
Preparing and Monitoring	2
Overview of Budget	2
Finance	
Processing Accts. Payable	4
Processing Payroll	5
Journal Entries and Accounting	3
Overview of Finance Operations	9
Treasury	
Recon/Monitor bank accounts and investments	3

SCHEDULE OF EVENTS

Proposal Issue Date	June 22, 2011
Education/Pre-Proposal Conference	June 28, 2011
Last Day for Questions	July 5, 2011
Proposal Due Date	July 11, 2011
Short listing (If Necessary)	July 19, 2011
Interviews (If required)	July 25, 2011
Identification of Potential Best Value Vendor (one firm)	July 26, 2011
Pre-Award Kick Off Meeting & Education	July 29, 2011
Pre-Award Summary Meeting	August 11, 2011
Contract Documentation due date	August 15, 2011
Council Approval	August 26, 2011

A Pre-Proposal meeting will be held on June 28, 2011 at 10:00 A.M. at 1136 Washington Street, 7th Floor Conference Room Columbia, SC 29201.

The award will be made to the most responsible Vendor whose proposal is determined to be the most advantageous to the City based on the following criteria (in order of importance):

35 Points	Interview	Section V
25 Points	Financial Proposal (2 pages)	Appendix 5
20 Points	Non-Technical Risk Assessment Plan (2 page)	Appendix 3
5 Points	Technical Capability Risk Plan (1page)	Appendix 2
5 Points	Value Added Options (1 page)	Appendix 4
5 Points	Past Performance Information	Appendix 6
5 Pass/Fail	Transitional Milestone Schedule (1 page)	No Template

The City shall also consider Financial Reasonableness of the potential Best-Value Vendor and incumbent transitional risk as outlined.

BEST VALUE PROCESS OVERVIEW

The first stage of the best value process is the Selection stage that focuses on a Vendor’s ability to differentiate itself based upon the ability to identify, prioritize, and minimize risks, add differential value to the City and show a high level of past performance on behalf of other clients. The City has made the assumption that each Vendor can provide Auditing Services that will fulfill the minimal needs of the City. Instead of focusing on this minimum expectation, the City is allowing Vendors to compete based on value and their ability to maximize the City’s satisfaction. Consequently, the submitted proposals should be brief, show differentiation, and allow the City to make a data-based decision on which firm is the best value vendor. It is imperative that each Vendor realize that what is written in the proposals and discussed in the interview will become part of the Vendor’s final contract.

The second stage is a Pre-planning and Risk Management period that takes place prior to the award of the contract.

The third stage is the Management by Risk Minimization and Performance Metrics for the life of the contract. Vendor will be expected to report weekly (for the life of the contract) on the performance and risk level of the service. Vendor must establish a system that can track and document the risk and performance of the project for the City's use in monitoring the contract.

III. SCOPE/STATEMENT OF WORK

The Independent Auditor shall audit all funds and account groups of the COC in standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133 (under separate issue), Audits of State and Local Governments; applicable pronouncements of Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements as they relate to governmental entities; AICPA Audit and Accounting Guide for Municipalities, recommendations issued by the Government Finance Officers Association (GFOA), and the State Auditor of South Carolina. The audit shall result in the rendering of the Auditors' opinion on the financial statements prepared by the COC.

A. Auditing Requirements

1. The Independent Auditor will publish the financial statements without participation in the actual preparation for ease of report issuance. The Auditor's opinion shall be expressed in the report and include his reasons for qualifying the opinion, disclaiming an opinion, or rendering an adverse opinion. This opinion will be a fair presentation of combining individual fund and individual account group financial statements in conformity with auditing standards generally accepted in the United States of America.
2. The Auditor is not required to audit the schedule of expenditures of federal awards.
3. In connection with the audit of the financial statements, the Auditor shall perform tests of compliance in accordance with Government Auditing Standards; OMB Circular A-133, Audits of State and Local Governments; GASB and FASB pronouncements; and other applicable standards. In connection with the audit of the financial statements, the Auditor shall perform tests of internal controls in accordance with Generally Accepted Auditing Standards (GAAS); Government Auditing Standards; OMB Circular A-133, Audits of State and Local Governments; and any Specifications for Audits issued by the State Auditor of South Carolina.
4. In connection with the audit of the financial statements, the Auditor shall also prepare and complete Form 990, Tax Return of Organization Exempt from Income Tax, if applicable. The COC will assume responsibility for forwarding the completed Form 990 to the Internal Revenue Service, if applicable.
5. Component units of the COC will receive the same services listed above whether blended or discretely presented.
6. Water and Sewer and Parking and/or GO bond issuance requirements.

7. The Auditor should provide all information required by State legislation provided data is available from the COC's financial records, in order to meet state requirements.
8. The Auditor shall submit a management letter including management's response with each audit. The letter shall offer suggestions for improvement in financial management and internal controls.

As guided by AICPA Auditing Standards Board Statement on Auditing Standard No. 68, the Auditor should exercise due professional care in understanding the type of engagement and also requiring that if during the audit the auditor becomes aware that the COC is subject to audit requirements which may not be encompassed in the terms of the engagement he or she should communicate to management and the audit committee or others with equivalent authority and responsibility that the audit may not satisfy the requirements.

B. Reports

Draft Reports: The Auditor shall have drafts of the audit reports and recommendations to management available for review by the COC Finance Director and Audit Committee by November 15, 2012

NOTE: Entities that are considered component units should be included in the COC's financial statements. These component units are to be audited independently. If a component unit elects to receive an audit performed by a different accounting professional, the auditor may elect to rely on the accounting professional's work or perform the necessary procedures to render an opinion.

Report Preparation: Clerical preparation, editing and printing of the report shall be the responsibility of the Auditor.

Submission of Reports: The firm shall provide the COC with 50 copies of the financial statements and Auditor's report thereon and management letter including management responses no later than November 29, 2012. (The due date for submitting audit reports based on state statute is July 31, 2013. All hard copies are to be provided in an electronic format (word or adobe) with permission to attach the copy to the COC's website for public access and the applicable regulatory entity. The open electronic version may be password protected to prevent unauthorized editing.

Reports Type:

1. A report on the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America: Financial statements should be issued based on those required by the AICPA Government Auditing Standards and Circular A-133 Audits.
2. A report on the internal control structure based on the Auditor's understanding of the control structure and assessment of control risk: The Auditor shall communicate all reportable conditions (as defined by the AICPA) found during

the audit in the report on internal controls. Non-reportable conditions discovered by the Auditor shall be reported either in the report on internal controls or in a separate letter to management and the Audit Committee. A report on the internal control structure used in administering federal assistance programs: The Auditor shall communicate all weaknesses, which could have a material effect on a federal assistance program in the report on internal controls. Other conditions discovered by the Auditors shall be reported either in the report on internal controls or in a separate letter to management.

3. A report on compliance based on the audit of the financial statements performed in accordance with Government Auditing Standards: The Auditor shall communicate all instances of non-compliance, which could have a material effect on the general-purpose financial statements in the report on compliance. Financial statements should be issued based on those required by the AICPA Government Auditing Standards and Circular A-133 Audits.
4. A report on compliance with specific requirements applicable to major federal assistance programs: The Auditor shall communicate all instances of noncompliance with the specific requirements for major federal assistance programs in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Schedule shall be referred to in the Auditor's report on compliance.
5. A report on compliance with the general requirements applicable to federal assistance programs: This report should be prepared regardless of whether the COC has major assistance programs. The Auditor shall communicate all instances of noncompliance with the general requirements in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Schedule shall be referred to in the Auditor's report on compliance.
6. A report on compliance with the requirements applicable to non-major federal assistance programs if transactions from non-major assistance programs were selected for testing during the audit: The Auditor shall communicate all instances of noncompliance with the requirements governing non-major programs in the report on compliance or in the Schedule of Findings and Questioned Costs. If matters of noncompliance are disclosed in the Schedule of Findings and Questioned Costs, the Schedule shall be referred to in the Auditor's report on compliance.
7. A report disclosing the status of findings and recommendations from previous audits that has remained uncorrected should be included.
8. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts, or indications of illegal acts of which they become aware to the Chairman of the Audit Committee, the City Manager, the Director of Finance, and the appropriate law enforcement personnel as necessary.

9. A report on the fair presentation of the Schedule of Expenditures of Federal Awards.

IV. RESPONSE REQUIREMENTS

Written proposals shall contain ONLY the following sections and MUST be limited to the number of pages and template requirements. Proposals may contain the companies name emblem or any type of identification on the Proposal Form ONLY. Any proposals that contain any type of identification to the company in any other page of the submittal will be automatically withdrawn.

A. Proposal Form– Appendix 1 (Limited to 1 page)

This page may include company name and identification. All other pages in the submittal may not have any other identification to the company.

Vendor will prepare and submit a Proposal Form and Checklist. The Proposal Form requires the following information:

Identify the critical individuals that the Vendor will use for the duration of this project. This will include:

Partner, (the person able to make financial decisions for this project)

Lead Auditor, (the lead point of contact responsible for this project)

Note: It is in the Vendor's best interest to present the best individuals currently employed within the Vendor's organization or proposed for employment.

The signature of the person who is certifying that they have authority to make the offer for their firm.

B. Technical Capability Risk Plan – Appendix 2 (Limited to 1 page)

The Technical Capability Risk Plan should be developed around fulfilling the City's more technical requirements, the risks within those technical requirements, and the solutions for those risks, all within the known project constraints and City's expectations. The primary purpose of the technical capability document is to allow the vendor to differentiate by dominantly identifying their capability to meet the technical requirements of this project. The Technical Risk Plan must prioritize the major technical risks that exist within the service, its delivery, and City's expectations and how those risk are minimized through the vendor's expertise. In essence, a vendor's response should identify technical risks that exist, how they are minimized with the vendor's expertise and how this differentiates them from their competition.

In order to minimize any bias, the Technical Capability Risk Plan must NOT contain any names that can be used to identify who the Vendor is (such as company names, personnel names, project names, or product names). A Technical Risk Plan template is provided in

this document and must be used by all vendors. Vendors are NOT allowed to re-create, re-format, or modify the template (cannot alter font size, font type, font color; add colors, pictures, diagrams, etc). An electronic copy of this document is available for download and must be used. The template for this can be found online at <http://www.pbsrg.com/best-value-model/pips/users/city-of-columbia/>.

The Technical Capability Risk Plan must NOT exceed one (1) page. All Plans will be rated comparatively to one another. They will be rated on a scale of 1-10 with 10 representing the highest score and 1 representing the lowest score. If all the Plans are the same, they will receive the same score, and the Technical Risk Plan will have little impact in the selection. Therefore, it is the Vendor's responsibility to prove to the City's that they have more expertise from their competitors in terms of identifying and minimizing technical risks.

Evaluation

The Evaluation Committee will review and rate each Technical Capability Risk Plan document. The evaluators will not be provided with names or any other information prior to evaluating the Plan (to minimize any personal bias).

C. Non-Technical Risk Assessment Plan– Appendix 3 (Limited to 2 pages)

The Vendor should list and prioritize major non-technical risk items that are unique to this project. This includes areas that may cause cost increases, transition delays, change orders or cause dissatisfaction to the City of Columbia. Risks in this plan should focus on issues that you **do not control**. The risk should be non-technical, but should also contain enough information to describe to a reader why the risk is a valid risk. The Vendor must also explain how they will avoid or minimize the risk from occurring. If the Vendor has a unique method to minimize the risk, they should explain it in non-technical terms.

In order to minimize any bias, the Non-Technical Risk Plan must NOT contain any names that can be used to identify who the Vendor is (such as company names, personnel names, project names, or product names). A Non-Technical Risk Plan template is provided in this document and must be used by all vendors. Vendors are NOT allowed to re-create, re-format, or modify the template (cannot alter font size, font type, font color; add colors, pictures, diagrams, etc). An electronic copy of this document is available for download and must be used. The template for this can be found online at <http://www.pbsrg.com/best-value-model/pips/users/city-of-columbia/>.

The Non-Technical Risk Plan must NOT exceed one (1) page. All Plans will be rated comparatively to one another. They will be rated on a scale of 1-10 with 10 representing the highest score and 1 representing the lowest score. If all the Plans are the same, they will receive the same score, and the Non-Technical Risk Plan will have little impact in the selection. Therefore, it is the Vendor's responsibility to prove to the City's that they have more expertise from their competitors.

C. Value Added Options – Appendix 4 (Limited to 1 page)

In order to minimize any bias, the Value Added Plan must NOT contain any names that can be used to identify who the Vendor is (such as company names, personnel names, project names, or product names). A Value Added Plan template is provided in this document and must be used by all Vendors. Vendors are NOT allowed to re-create, re-format, or modify the template (cannot alter font size, font type, font color; add colors, pictures, diagrams, etc). An electronic copy of this document is available for download and must be used. <http://www.pbsrg.com/best-value-model/pips/users/city-of-columbia/>.

The City's goal is to make the selection process as efficient as possible. Efficiency is to minimize the effort of all participants. Therefore, the Plan should be a brief and concise overview of the project. The Value Added Plan must NOT exceed 1 page (front side of page only).

Evaluation Plans

The Technical Capability Risk Plan, Non-Technical Risk Assessment Plan & the Value Added Options are used to identify the Vendor's ability to generate a concise synopsis of their plan of work that will be used to complete the project or service.

The Plans serve several purposes, including:

- Assist the City in prioritizing vendors based on their ability to understand the project.
- Assist the Vendor in visualizing what they are going to do before they do it.
- Minimize the effort of experienced companies who are competing for the project/service.
- Provide high performing vendors the opportunity to differentiate themselves from their competitors due to their experience and expertise.

Since there are no names in the Technical, Non-Technical Risk Assessment and Value Added Plans, any personal bias that an evaluator may have towards any vendor (positive or negative) will be minimized. All the Plan's will be rated comparatively to one another. They will be rated on a scale of 1-10 with 10 representing the highest score and 1 representing the lowest score. Vendors should keep in mind that the Plans are only one step in the selection process. If all the Plans are the same, they will receive the same score, and the Plans will have little impact in the selection. Therefore it is the Vendor's responsibility to prove to the City that they have more expertise from their competitors.

D. Financial Proposal- Appendix 5 (Limited to 3 pages for Financial Proposals, Option A 1 page, Option B 1 page and 1 page for LBE form).

The Financial Proposal should be based upon the current service requirements listed in Section II Scope of Work. All other service areas that a Vendor chooses to include in their Proposal will be viewed as Value Added options (potential changes in the Cost proposal and will not be included in the Cost Proposal evaluation). The Cost Proposal will be the final proposal and will not be negotiated (excluding inclusion/exclusion of value added

options or adjustments in City scope requirements or needs). All Vendors must fill out the Cost Proposal Worksheets (see Appendix 5) to be considered.

In order to minimize any bias, the Cost Proposal must NOT contain any names that can be used to identify who the Vendor is (such as company names, personnel names, project names, or product names).

There are two (2) Financial Proposal worksheets to complete and one LBE form:

1. **Appendix 5- Option A- Financial Proposal.** Provide a complete and detailed list of proposed costs to the City of Columbia based off scope and set parameters.
2. **Appendix 5- Option B – Vendor generated Financial Proposal.** Provide a vendor generated cost model that provides the best solution for the City, based on the City's constraints, needs and expectations.
3. **Appendix A- Local Business Enterprise (LBE)** should be included if respondent falls within this preference. LBE is for the purpose of ranking proposals submitted in competition for a qualifying contract valued above \$10,000 under a best value method of contracting wherein factors other than price are taken into consideration, the City shall evaluate any proposal submitted by an LBE by increasing its score by 5 percentage points of the total number of points allocated for evaluation purposes. If the aforementioned Evaluation Preference results in the LBE offeror's proposal being ranked as the highest scoring proposal among all proposals submitted, then the contract shall be awarded to the LBE offeror.

The Local Business Enterprise Preference Policy States:

Resolution R-2010-066 adopted and incorporated Local Business Enterprise Preference Policy into the City Procurement Regulations. Whereas, the City of Columbia has a significant interest in encouraging the creation of employment opportunities for residents and businesses located within the Columbia-Newberry Combined Statistical area ("CSA"). It is in the interest of the City of Columbia to give preference on eligible local projects to local business enterprises having a moderate degree of employment interchange within the CSA. To claim local vendor preference you must complete the Local Business Enterprise Qualification Statement and upload it with your bid using bid online. The Combined Statistical Area includes: Calhoun, Fairfield, Kershaw, Lexington, Newberry, Richland, and Saluda.

An overview is available at www.columbiasc.net/purchasing

E. Transitional Milestone Schedule (Limited to 1 page)

The Transitional Milestone Schedule should identify key action steps and milestone dates for transition to the new delivery of services.

In order to minimize any bias, the schedule must NOT contain any names that can be used to identify who the Vendor is (such as company names, personnel names,

project names, or product names). The Transitional Milestone Schedule must NOT exceed one (1) page (front side of page only). There is no template provided for the schedule.

F. Past Performance Information (PPI)/References – Appendix 6

The City will be analyzing past performance information on the Vendor, the Partner, and the Lead Auditor, for this project. Vendor is encouraged to only submit highly satisfied references. Please review (Attachment 6 for detailed instructions on collecting and submitting PPI for this proposal.

The maximum number of references that will be evaluated are:

- 5 Vendor references relating to any type of Similar service
- 3 References for the Partner
- 3 References for the Lead Auditor

Note: It is in the Vendor's best interest to present the best individuals currently employed within the Vendor's organization or proposed for employment.

V. ORAL AND WRITTEN QUALIFICATIONS

Respondents may be required to make oral presentations or written clarifications of their proposals to ensure a thorough mutual understanding of the proposed work. The City will initiate any requests for clarification.

If necessary, the City may shortlist the top rated firms based on the collected information (Cost Proposal, Technical, Non-Technical Plans, Value Added Options, Schedule and PPI). Shortlisted Vendors will be required to participate in an interview period. The City may interview all critical team components, including (but not limited to):

- Partner, (the person able to make financial decisions for this project)
- Lead Auditor, (the lead point of contact responsible for this project).

These must be the same individuals for which Past Performance Information was submitted.

Note: It is in the Vendor's best interest to present the best individuals currently employed within the Vendor's organization or proposed for employment.

The City may also request to interview additional personnel. The City will interview individuals separately (but also reserves the right to interview as a group). No other individuals from the Vendor's organization will be allowed to sit in or participate during the interviews.

Important Note: All proposed team members must be the actual personnel who will be working on this account and must be available in person for interviews on the date specified in this solicitation. No substitutes, proxies will be allowed. Individuals who fail to attend the interview

may not be given a score which could jeopardize the firm's competitiveness. If awarded the project, all interview statements will become part of the final contract.

The committee may invite respondents for interviews to help select the best proposal. The highest rated respondent will enter into contract negotiations with the City.

When services and fees are agreed upon, should the fee exceed \$10,000, the selected respondent will be recommended to City Council for approval. If negotiations are not successful, the City will enter into negotiations with the next rated respondent or respondents until an agreement for services and fees acceptable to the City and respondent are reached.

This RFP does not commit the City of Columbia to pay for direct or indirect costs incurred in the preparation or presentation of a response. All respondents will pay the costs incurred in preparing their proposals, making presentations, participating in interviews and for travel and accommodations.

The City reserves the right to accept or reject proposals in part or in their entirety.

VI. SELECTION PROCESS

The City of Columbia will conduct a formal selection process to determine the best valued respondent that meets the City's needs and budget. A selection committee will review all of the proposals and will jointly determine the successful respondent based on a variety of criteria as shown in the table below.

ANALYSIS OF PROPOSALS

Proposals will be evaluated based on the criteria and weights outlined in **Section I**. The City will use a tabulated matrix to assist in analyzing and prioritizing the proposals based on the submitted information and rater evaluations.

The City will determine the potential best-valued Vendor who, in the sole judgment of the City best meets the RFP requirements. The City reserves the right to cancel and/or reject all proposals.

PRICING REASONABLENESS AND DOMINANCE CHECK

To ensure the optimum use of public funds, the City shall review the pricing reasonableness of the prioritized Vendors.

The City's evaluation committee's decision shall be based on a comparative assessment of proposals against all selection criteria in the solicitation. If the prioritized best value Vendor's Pricing is more than **10%** in value than the Pricing of the second highest prioritized Vendor, the City's reserves the right to move to the second highest prioritized Vendor, assuming there is no dominant information that the highest prioritized Vendor can meet the intent and expectations of the City beyond the capability of the other Vendors. Dominant is defined that there is general consensus among the City's evaluation committee. If there is disagreement among the City's

evaluation committee, the Director of Procurement will make the final decision at their sole discretion. The **10%** pricing reasonableness may be applied iteratively to each prioritized Vendor.

PRE AWARD PHASE – Appendix 7

The above criteria will be used to identify the single potential best valued Vendor. The single potential best valued Vendor will be required to perform the Pre-Award functions as outlined in Attachment 7. The intent of this period is to allow the Vendor an opportunity to clarify any issues or risks and to prepare a Pre Award Document.

The Pre Award Period is not a negotiation period. Vendor will not be permitted to modify their fees, project durations, or project team unless the City requests changes. The potential best-valued Vendor will be required to conduct a Pre-Award Meeting. If the City is not satisfied upon completion of the Pre-Award Meeting, the City may consider another Vendor for potential award (this Vendor would also have to conduct a Pre-Award Meeting). If the City is satisfied with the potential best-value Vendor, they will proceed to issue an Award and Contract.

POST AWARD PROCEDURES (Successful Vendor Only)

WEEKLY RISK REPORTING SYSTEM – Appendix 8

Vendor will be required to submit weekly reports documenting risks on the project, as outlined in Attachment 8. The reports are due every Friday, once an award is issued, until the project/service is 100% completed. It is the Vendor's responsibility to submit accurate reports on time. The accuracy and on-time submittal of the reports will impact the Vendor's final rating.

PERFORMANCE REPORTS

Vendor will be required to work with the City and PBSRG to develop, design, and provide reports that will document the performance of their services on a monthly and yearly basis. Vendor's participation in this development, design, and provision of these reports will be at Vendor's own cost and will not cost the City's additional funds. Vendor may also be expected to attend training, at its own expense, regarding the provision of these reports. The monthly reports shall provide dominant information on the status of the project. The details of the required documented reports shall be finalized during the Pre Award Phase.

POST PROJECT EVALUATION

Upon completion of the project, Vendor will be evaluated based on their performance on the project. This includes, but is not limited to: overall quality, ability to manage the project, ability to minimize complaints, ability to minimize City efforts, submission of accurate weekly reports, and submission of accurate monthly and yearly reports. The final rating will be used to modify the Project Teams PPI scores by 100% (including the firm and critical individuals). The modified rating will be used for competition on future projects at the City.

VII. GENERAL INFORMATION AND INSTRUCTIONS

A. Request for Proposal Process

The RFP is not a bid. In the event that the City elects to negotiate a contract with the successful respondent, any contract shall contain at a minimum the terms and conditions (or substantially the same terms and conditions) as hereinafter stated. The City reserves the right, in its sole discretion to reject all submissions, reissue a subsequent RFP, terminate, restructure or amend this procurement process at any time. The final selection and contract negotiation rests solely with the City.

B. Questions

Requests for additional information and questions must be submitted to:

<https://bidonline.columbia.sc.gov/ifa7/bidonline/>

Using Bid on-line, the user must be logged in, and under the Bid tab, click “Bid Questions and Answers.” The deadline for additional information and questions is June 30, 2011 at 12:00 P.M. (EST). The City will not accept telephone calls or visits regarding this RFP. No interpretation shall be binding unless in writing from the City of Columbia.

C. Confidentiality

Unless otherwise required by law, and until the public opening of the proposals, all information, materials and other documents submitted by a respondent shall not be released or made available to any person or entity except City representatives assisting in this procurement process. Unless required by law, proprietary or financial information submitted to the City by a respondent will not be disclosed if the respondent visibly marks each part of the proposal that the respondent considers confidential, financial or proprietary information with the word “Confidential.”

D. Respondent’s Duty to Inspect, Advise and Declare All Costs

Each respondent shall become fully acquainted with the City’s requirements and the scope of the services to be provided. Respondents have a duty to request any information from the City as it deems necessary to prepare the RFP. Such requests shall be made in compliance with Paragraph B of this section. No change order will be granted or additional compensation permitted if it is based upon information that the respondent knew, or should have known, as part of the respondent’s duty to become acquainted with the City’s circumstances and requirements.

E. Proposal and Presentation Costs

The City will not be liable in any way for costs incurred by respondents in the preparation of their proposals in response to the RFP, in the presentation of their proposals or for participation in any discussion or negotiations.

F. Submittal of Proposals

All responses to this RFP must be clearly marked “Auditing Proposal for the City of Columbia, RFP 0004-10-11”. A minimum of one original and five copies along with a CD containing the proposal shall be submitted. One (1) electronic copy on CD, PC readable, labeled and not

password protected. Save each attachment as a separate PDF file on the CD. Also save each attachment as a MS Word document, with each attachment saved separately. Include a MS Excel Spreadsheet Reference List for the Vendor, Partner, and Lead Auditor as separate files.

All Proposals shall be submitted using Bid Online no later than July 7, 2011 at 10:00 A.M. and the CD and hard copies shall be submitted to the City of Columbia Purchasing Division, 1136 Washington Street, 4th Floor Columbia, SC 29201. All late proposals will be rejected. The City is not responsible for late RFP's caused by delays in mail delivery or a delay in any other in method of delivery.

G. Acceptance and Rejection

Any proposals that do not conform to the essential requirements of the RFP shall be rejected. The City reserves the right to waive informalities and minor irregularities in submittals and reserves the sole right to determine what constitutes informalities and minor irregularities. The City also reserves the right to accept or reject any or all proposals received in response to this RFP and to negotiate separately with competing respondents. The City is not obligated to enter into any contract on the basis of any submittal in response to this RFP. The City reserves the right to request additional information from any firm submitting under this RFP if the City deems such information necessary to further evaluate the firm's qualifications

H. Acceptance Period

Any proposal in response to this solicitation shall be valid for 120 calendar days. At the end of this time the proposal may be withdrawn at the written request of the respondent if no award has been made. If the RFP is not withdrawn at that time, the proposal in its entirety, including the price structure, shall remain in effect.

I. Conflict of Interest

Respondents shall promptly notify the Contract Administrator, in writing, by certified mail, of all potential conflicts of interest for any prospective business association, interest, or other circumstance, which may influence or appear to influence the respondent's judgment or quality of services being provided hereunder. Such written notification shall identify the prospective business association, interest, or circumstance, the nature of work that such a person may undertake, and request an opinion of the City as to whether the association, interest, or circumstance would, in the opinion of the City, constitute a conflict of interest. The City will respond to such notification by certified mail within thirty (30) days.

By submitting this proposal, the respondent certifies that it has no conflict of interest with any employee, agent, elected official or officer of the city or any other conflict as may be set forth herein.

No direct or indirect contact with the mayor of the City of Columbia or City of Columbia Council members will be allowed. If such contact is made, the city reserves the right to reject the proposal.

J. Collusion

More than one proposal from an individual, firm partnership, corporation, association or related parties under the same or different names will not be considered. If the City believes that collusion exists among respondents, all proposals from the suspected firms will be rejected. "Related parties" means respondents or the principals thereof, which have a direct or indirect ownership or profit sharing interest in another respondent.

Respondents shall comply with all local, state, and federal directives, orders, and laws as applicable to this RFP and any resulting contract.

By responding to this RFP, respondents certify that the response is made without previous understanding, agreement, or connection with any person, firm or corporation making a proposal for the same item, and they certify the knowledge that this would constitute an illegal action.

VIII. TERMS AND CONDITIONS

A. Commencement of Services

The successful respondent shall commence the project and prepare the recommendations as soon as practical after the award of the contract.

B. Non-Discrimination

The successful respondent will take affirmative action in complying with all federal, state and local requirements concerning fair employment and employment of the handicapped, and concerning the treatment of all employees, without regard or discrimination by reason of race, color, religion, sex, national origin or physical handicap.

C. Indemnification

The respondent will agree to indemnify, defend, hold harmless and reimburse the City, its agents, and employees from and against any and all losses, liabilities, expenses, and all claims for damages of any nature whatsoever relating to or arising out of any action or failure to act by respondent, its subcontractors, officers, agents and employees of any of the obligations under the contract. Losses, liabilities, expenses and claims for damages shall include, but will not be limited to, civil and criminal fines and penalties, loss of use or services, bodily injury, death, personal injury, or injury to real or personal property, defense costs, legal fees and costs, and attorney's fees for an appeal.

The respondent will also agree to promptly notify the City of any civil or criminal actions filed against the respondent or of any notice of violation from any federal or state agency, or of any claim as soon as practical as relates to the services provided. The City, upon receipt of such notice, shall have the right at its election to defend any and all actions or suits or to join in defense.

D. Licenses, Permits and Taxes

All costs for required permits, licenses and taxes shall be borne by respondent.

Where proposers are required to enter or go onto City of Columbia property to deliver materials or perform work or service as a result of a proposal award, the successful proposer will assume the full duty, obligation and expense of obtaining all necessary licenses, permits and insurance and assure all work complies with all applicable Richland County and City of Columbia building requirements and State of South Carolina Building Code. The bidder shall be liable for any damages of loss to the City occasioned by negligence of the bidder (or agent) or any person the bidder has designated in the completion of the contract as a result of his or her bid.

E. Ownership of Data

All data and other information generated by or used by the respondent in any form whatsoever, is the property of the City and shall not be used by the respondent for any purpose whatsoever except to perform the requested service.

F. Termination

The City may terminate the contract at any time upon any of the following grounds: Failure by the City to appropriate funds in its budget to pay the respondent for the requested service. The respondent fails to perform any of the services required in the contract. For the convenience of the City, in the City's discretion for any reason whatsoever.

In the event that the contract is wrongfully terminated under any of the other grounds enumerated herein, termination shall be treated as a termination for convenience. If the contract is terminated for convenience, or wrongfully terminated upon any of the other grounds enumerated herein, the respondent's sole and exclusive remedy is to be compensated for services rendered up to the date of termination calculated on a per diem basis using a 365-day calendar year. Force Majeure applies as a cause for termination.

G. Whole Agreement

The contract shall contain the entire agreement between the City and respondent. In order to be binding, any modification thereof shall be in writing and signed by the City and the respondent.

H. State Law Applicable

The contract shall be construed in accordance with the laws of the State of South Carolina. The respondent agrees to subject itself to the jurisdiction and venue of the Circuit Courts in Richland Country, State of South Carolina as to all matters and disputes arising or to arise under the contract and the performance thereof. The City may seek attorney's fees and the respondent agrees to pay such fees as awarded by the Court or other body. No attorney's fees may be sought by nor will be paid to the respondent.

I. Breach/Waiver

The failure of either the respondent or the City to insist upon performance of any provisions of the contract shall not be deemed to be a waiver of the right to insist upon strict performance of such provision or of any other provision of the contract at any time. Waiver of any breach of the contract by the respondent or the City shall not constitute a waiver of a subsequent breach.

J. Severability

In the event that any provision of the contract is determined to be void or unenforceable, all other provisions shall remain in full force and effect.

K. Successorship

The contract shall be binding upon the respondent and upon its successors and assignees. The contract shall be binding upon the City in accordance with its terms and provisions.

L. Protest Procedures

1. Right to protest: Any actual or prospective bidder, offeror, respondent, or subcontractor who is aggrieved in connection with the solicitation or award of a contract may protest to the appropriate procurement officer. The protest setting forth the grievance shall be submitted in writing within five (5) days after such aggrieved persons know or should have known of the facts giving rise thereto, but in no circumstance after 10 days of notification of the award of the contract.
2. Authority to resolve protests: The appropriate procurement officer shall have the authority, prior to the commencement of an administrative review as provided in this article, to settle and resolve a protest of an aggrieved bidder, offeror, respondent or subcontractor, actual or prospective, concerning the solicitation or award of a contract. This authority shall be applied in a manner consistent with regulations or laws governing the procurement of supplies, services and construction for the City.
3. Decision: If the protest is not resolved by mutual agreement, the appropriate procurement officer shall issue a decision in writing within 10 days. The decision shall state the reasons for the action taken.
4. Notice of decision: A copy of the decision under Number 3 above of this section shall be mailed or otherwise furnished immediately to the protestant and any other party intervening.
5. Finality of decision: A decision under Number 3 of this section shall be final and conclusive, unless fraudulent, or unless any person adversely affected by the decision requests a review in writing, setting forth the grievance to the City Manager within 10 days of the decision. The protestant may also request an interview with the City Manager.
6. Request for review. The request for a review shall not stay the contract unless fraudulent.

M. Insurance

The contractor shall procure and shall maintain during the life of this contract, whether such operation be by himself or by a subcontractor or anyone directly or indirectly employed by either of them, such insurance as required by statute, ordinance, or this contract, to

adequately protect the owner from any claims or damages including bodily injury or death, which may arise from them during operations under this contract.

Each insurance policy required by these instructions shall be endorsed to state that coverage shall not be suspended, voided, OR cancelled by either party, reduced in coverage or in limits, unless thirty (30) days prior written notice, by certified mail, return receipt requested, has been given to the City.

Workers Compensation Insurance - The contractor shall procure and shall maintain during the life of this contract, Workers Compensation Insurance for all employees to be engaged in work on the project under this contract, and in case any work is sublet, the contractor shall require the subcontractor similarly to provide Worker Compensation Insurance for all of the latter employees to be engaged in such work un-less such employees are covered by the protection afforded by the contractor's Worker Compensation Insurance. The contractor shall not permit any person who is not protected by Workers Compensation Insurance or a properly approved Self-Insured Workers Compensation Program to perform any activity related to this contract.

Liability Insurance - The contractor shall procure and maintain for the duration of the contract insurance against claims for any injuries to persons or damages to property, which may arise form or in connection with the performance of the work by the contractor, his agents, or representatives, employees or subcontractors.

Automobile Liability Insurance- \$500,000.00 combined single limit per accident for bodily injury and property damage.

Professional Liability/Errors and Omissions- coverage of \$ 1,000,000 per occurrence/ \$ 5,000,000 aggregate

N. Delays

If delay is foreseen contractor shall give thirty (30) days prior written notice to the Purchasing Department. The City has the right to extend delivery date if reasons appear, in the sole discretion of the City, to be valid. Contractor must keep the City advised at all times of status of order. Default in promised completion times without accepted reasons) or failure to meet specifications, authorizes the Director of Procurement to purchase supplies, equipment or services elsewhere and charge full increase in cost and handling to defaulting contractor.

APPENDIX 1 – PROPOSAL FORM

CRITICAL TEAM MEMBERS

Name of Vendor:

Name of the Partner*:

Name of Lead Auditor*:

** If awarded the contract, these individuals cannot be switched for the duration of the contract unless permitted by the City.*

SECTION 2 – SIGNATURE PAGE

Name of Company

Printed Name of Firm Representative

Signature of Firm Representative

Date

The following documents are required for this Proposal (please mark off each document to acknowledge that you have submitted the document in the proper format):

- Appendix A Local Business Enterprise (LBE)

- Appendix 1 **Proposal form/Critical Team Members** - Complete and staple as cover page in your proposal.
- Appendix 2 **Technical Capabilities Risk Plan** - Complete and submit Technical Risk Plan (1 page)
- Appendix 3 **Non-Technical Risk Assessment Plan** - Complete and submit Non-Technical Risk Assessment Plan (2 pages)

- Appendix 4 **Value Added Options-** Complete and submit Plan (1page)

- Appendix 5 **Financial Proposal** - Complete Cost Proposal Worksheet for each option (option A & B).

- Appendix 6 **Past Performance Information-** Questionnaires and a Reference List (excel document including Vendors information, Past Project Info, and PPI Analysis tabs) for the Vendor, the Partner or Lead Auditor

The following checklist should be completed.

- Yes No Is your Technical Capabilities Risk Plan 1 pages or less?
- Yes No Is your Non-Technical Risk Assessment Plan 2s page or less?
- Yes No Is your Value Added Options 1 pages or less?
- Yes No Did you submit the Cost Proposals for each option?
- Yes No Did you include a Transitional Milestone Schedule (1 page, no template)?
- Yes No Did you submit your attachments and reference lists on a CD.
- Yes No Did you include hardcopy of your client signed PPI surveys in your proposal?

- Yes No Do you understand that you cannot re-create the Technical Risk Plan template, Non-Technical Risk & Value Added Plans, (you must download it)? Note that you are allowed to delete the instructions that

are located at the top of the templates and add or delete risks.

Yes No

Do you understand that you are NOT allowed to alter font size, add colors, or add pictures or graphs, to the Technical Risk, Non-Technical Risk, Value Added Plans?

Yes No

Do you understand that if awarded the project, the contents of the Proposal will become part of the final contract?

Yes No

Did you make sure you **did not include** your company name anywhere in the Technical Risk Plan, Non-Technical Risk, Value Added plans, Financial plan or Transitional Milestone Schedule?



APPENDIX A – LBE
City of Columbia
Qualification Statement
Local Business Enterprise (LBE)

I certify that **My Company** meets all of the following qualifications below to be eligible for the local vendor preference.

Please check each box below:

- Is independently owned and operated (Ownership of a local business must be directly independent provided that the interest is controlled by the local firm).
- In good standing with State of South Carolina (Local business enterprise must be in good standing with the State of South Carolina regarding its payments of taxes and required business licenses).
- Has a business license (Local business license within any of the 7 CSA jurisdictions).
- At least one year of presence within the CSA Jurisdiction (Local business must have presence within any of the 7 CSA jurisdictions for at least one year prior to obtaining a LBE Certification issued by the City of Columbia). **See jurisdictions below*
- Has 50 % of employees residing within any of the 7 CSA jurisdictions (This rule applies to full-time, part-time and contract employees).

Note: Term of certification: Certification is valid for a period of 4 years from issue date. 30 days prior to expiration LBE may submit documentation to re-qualify.

Company Name: _____
Address: _____
Type of Products or Services: _____
Business License Number: _____
Phone Number: _____

I certify by my signature below that all of the information given above is true and accurate to the best of my knowledge. I also recognize that by signing - any false information above may lead to penalties or sanctions by any of the 7 CSA jurisdictions.

Owner's Name: _____
Signature: _____
Sworn to before me this _____ **day of** _____, **20** _____
Notary Public for the State of _____
My Commission Expires: _____

To be completed by Authorized City of Columbia Compliance Officer:

Please submit this document to:
 Compliance Team
 1225 Lady St Suite 101
 Columbia, SC 29201
 Tel: (803) 545 3950
 Fax: (803) 255 8912

Vendor Qualified: _____ **Date:** _____
 Authorized Signature

*7 CSA Jurisdictions include: Calhoun, Fairfield, Kershaw, Lexington, Newberry, Richland and Saluda.

APPENDIX 2– TECHNICAL CAPABILITY RISK PLAN

This template must be used. Modifications to the format of this template may result in disqualification (i.e. altering font size, altering font type, adding colors, adding pictures, etc). Do not list any names/information that can be used to identify your firm. **Do not exceed the 1-page limit.** (You may delete these instructions and add or delete risks.)

MAJOR TECHNICAL RISKS

All cost impacts associated with these risks/solutions must be included in your base proposal.

Risk 1: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 2: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 3: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 4: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 5: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 6: _____
Why is it _____
a Risk? _____
Solution: _____

APPENDIX 3 – NON-TECHNICAL RISK ASSESMENT PLAN TEMPLATE

This template must be used. Modifications to the format of this template may result in disqualification (i.e. altering font size, altering font type, adding colors, adding pictures, etc). You may add/delete additional rows to identify additional risks, solutions. **Do not exceed the 2-pages limit.** (You may delete these instructions and add or delete risks.)

All cost impacts associated with these risks/solutions must be included in your base cost.

Risk 1: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 2: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 3: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 4: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 5: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 6: _____
Why is it _____
a Risk? _____
Solution: _____

Risk 7: _____
Why is it _____
a Risk? _____
Solution: _____

APPENDIX 4 – VALUE ADDED OPTIONS TEMPLATE

This template must be used. Modifications to the format of this template may result in disqualification (i.e. altering font size, altering font type, adding colors, adding pictures, etc). You may add/delete additional and value added options. **Do not exceed the 1-page limit.** (You may delete these instructions and add or delete items.)

All cost impacts associated with this value added options must NOT be included in your base cost.

Item 1: _____
Impact: Cost (\$) _____

Item 2: _____
Impact: Cost (\$) _____

Item 3: _____
Impact: Cost (\$) _____

Item 4: _____
Impact: Cost (\$) _____

Item 5: _____
Impact: Cost (\$) _____

Item 6: _____
Impact: Cost (\$) _____

Item 7: _____
Impact: Cost (\$) _____

Item 8: _____
Impact: Cost (\$) _____

APPENDIX 5- FINANCIAL PROPOSAL OPTION A

Provide cost estimate to complete project requirements as outlined in RFP

RFP 0004-10-11			
Auditing Services - FINANCIAL PROPOSAL			
	<u>Hourly Rate</u>	<u>Estimated Hours</u>	<u>Extended Price</u>
Partner	_____	_____	_____
Lead Auditor	_____	_____	_____
Specialist	_____	_____	_____
Support	_____	_____	_____
Administrative Staff	_____	_____	_____
		Total	_____
Additional Items:			_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
		Grand Total to Complete Project*	_____

*** This price will need to be entered onto Bid Online**

RFP No: 0004-10-11

Page No: 29

APPENDIX 5– VENDOR GENERATED FINANCIAL PROPOSAL OPTION B (1 page)

APPENDIX 6 – PAST PERFORMANCE INFORMATION GUIDE

SECTION 1 - OVERVIEW

The City will be analyzing past performance information on the Vendor, Partner, and Lead Auditor of this project. This information will be used to assist the City in selecting the best-valued Vendor on a particular project. Vendor is encouraged to only submit highly satisfied references.

The maximum number of references that will be evaluated are:

- Five (5) Vendor references relating to any type Auditing Services.
- Three (3) references for the Partner, (the person able to make financial decisions for this project)
- Three (3) references for the Lead Auditor, (the lead point of contact responsible for this project)

Please follow the instruction in this Attachment to receive credit for Vendor and Individual references. Figure 1 provides a brief overview of the PPI process.

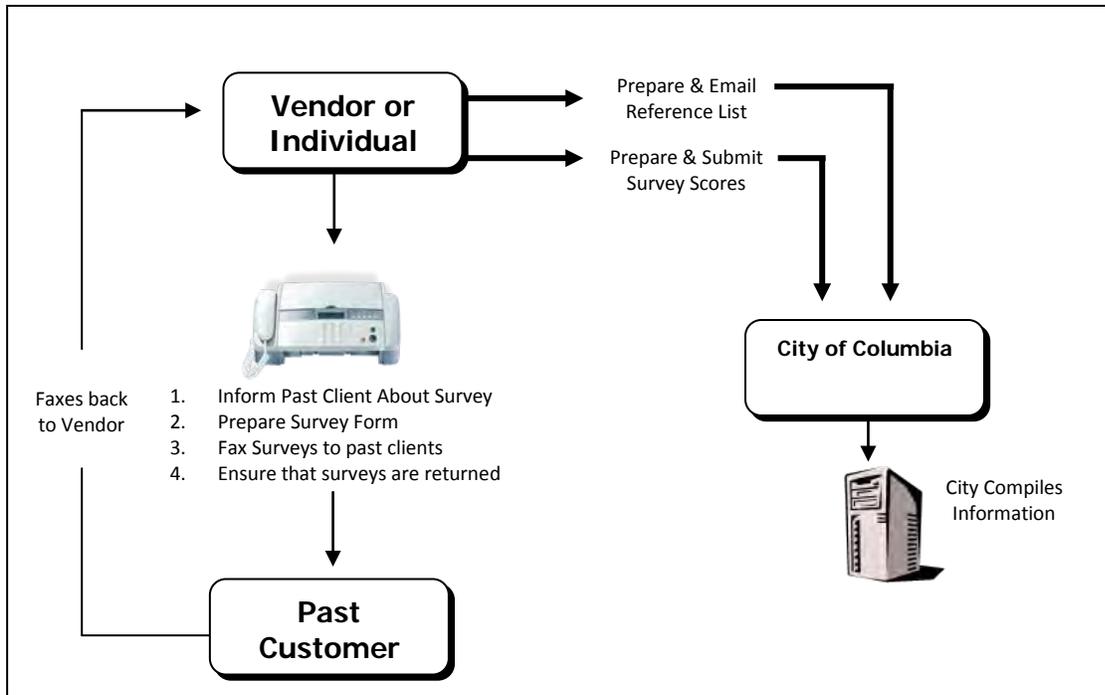


Figure 1: Survey Process

SECTION 2 – CREATING AND SUBMITTING A REFERENCE LIST

1. All critical key components (Vendor and Individuals) must create a list of past clients that will evaluate their past performance. This will be referred to as a **“Reference List”**.
2. The “Reference List” must be submitted on a MS Excel spreadsheet. A template is provided on the internet and can be downloaded at: <http://www.pbsrg.com/best-value-model/pips/users/city-of-columbia/>.
3. The following are the critical key components that will be evaluated in this solicitation:
 - a. Vendor (Firm)
 - b. Partner
 - c. Lead Auditor
4. Vendor is responsible for selecting their team, selecting the list of past clients, and for the performance ratings of their critical key components.
5. The reference list should include the firms “best” projects. Credit will be given to Vendors with more high performing surveys from different individuals.
6. The Reference List must include the following: (All fields are required. If you do not submit all the information required, there will be no credit given for the reference).

CODE	A unique (different) number assigned to each project
FIRST NAME	First name of the person who will answer customer satisfaction questions.
LAST NAME	Last name of the person who will answer customer satisfaction questions.
PHONE NUMBER	Current phone number for the reference (including area code).
CLIENT NAME	Name of the company or institution that the work was performed for
PROJECT NAME	Name of the project
PROJECT DURATION [MM/DD/YYYY] to [MM/DD/YYYY]	Duration of project
TYPE OF SERVICE	Auditing Services
COST OF PROJECT	Overall cost of project.

All critical team components must submit their “Reference List” in separate MS Excel files. The data in the reference list must be submitted in electronic format on a MS Excel spreadsheet file and include in the solicitation on a CD. The data must be complete and accurate. (The format of the file is shown in Figure 2).

	A	B	C	D	E	F	G	H	I	J
	CODE	FIRST NAME	LAST NAME	PHONE NUMBER	CLIENT NAME	PROJECT NAME	PROJECT DURATION (MM/DDYYYY TO MMDDYYYY)	TYPE OF SERVICE	COST OF PROJECT	
1										
2	1	Joe	Smith	602-555-5555	City of Arcadia	Best College Ever	03/30/1985 TO 03/31/1999	services for 5 departme	\$ 1,500,000	Example
3	1									
4	2									

Figure 2: Example of Reference List

1. Vendor is responsible for verifying that their information is accurate prior to submission.
2. The reference list must contain different projects. You cannot have multiple people evaluating the same project/service. However, one person may evaluate several different service projects.
3. The past projects may contain completed past projects and on-going projects.
4. Each MS Excel file will have two tabs (see Figure 3 below). One tab contains the reference list information (discussed above), and the second tab contains the Vendor Information. The “Vendor Information” tab contains basic information about the firm being surveyed.



5. The Vendor, the Partner and the Lead Auditor must submit their “Reference List” in separate excel files.
6. Vendor may combine their firm references into one (1) spreadsheet.
7. Please save the file as the name of the company (or individual) followed by “Ref List”. For example, if you are submitting a reference list for “ABC Service Provider”, you should save the file as “ABC Service Provider Ref List”.

SECTION 3 – PREPARING THE SURVEYS

1. After a “Reference List” is completed, the Vendor will be required to:
 - a. Prepare a survey questionnaire for each of their past clients (on the reference list)
 - b. Send the survey questionnaires to their past clients
 - c. Receive the survey questionnaires from their past clients
 - d. Calculate separately the overall average of the Vendor (Firm), Partner, and Lead Auditor
 - e. Submit the completed survey questionnaires to the City with your proposal

The following steps will assist you in completing the aforementioned tasks.

2. Each key component is responsible for sending out a survey questionnaire to each of their past clients. The survey questionnaire is provided in this document and can also be downloaded.
3. Each key component should enter the required information on the survey questionnaire:
 - a. Survey ID (Code)
 - b. Past clients contact information
 - c. Project information
 - d. Name of the firm and/or individual being surveyed

The information must match the data submitted in the “Reference List” (see Figure 4).

A	B	C	D	E	F	G	H	I	J	K	L	M	
CODE	FIRST NAME	LAST NAME	PHONE NUMBER	FAX NUMBER	CLIENT NAME	CITY	STATE	PROJECT NAME	STUDENT HEALTH SERVICE (Yes or No)	START OF SERVICE	END OF SERVICE	PROGRAM SIZE	
3	101	Chad	Franklin	602-555-5879	602-555-5880	Holmans	Phoenix	AZ	Holmans Services	No	1/1/2008	On Going	10,000
4	102	Steve	Breslin	602-896-9654	602-896-9655	ABC University	San Diego	CA	ABC University Services	Yes	1/1/1999	1/1/2004	5,000
5	103	Richard	Lewis	602-568-9361	602-568-9362	Tempe College	Denver	CO	Tempe College	Yes	1/1/1999	1/1/2005	3,000
6	104	Michael	Wimmer	602-897-8666	602-897-8667	Depot Home	Seattle	WA	Depot Home Services	No	1/1/2001	1/1/2006	12,000
7	105	Todd	Sayles	602-321-3215	602-321-3216	Z Manufacturers	Miami	FL	Healthcare insurance	No	1/1/2004	On Going	8,000
8	106	Bret	Fogarty								1/1/2007	14,000	
9	107	Jim	Ubets								1/1/2006	13,000	
10	108	Tom	Iverson								1/1/2007	9,500	
11	109	Keri	Fischer								On Going	9,000	
12	110	Terry	Ferstad								1/1/2008	12,000	

PERFORMANCE QUESTIONNAIRE –MRF SERVICES

Survey ID **103**

To: **Richard Lewis**
(Name of person completing survey)

Phone: **602.568.9361** Fax: **602.568.9362**

Subject: Past Performance Survey of: **Tempe College**
(Name of Company)

Susan Anderson
(Name of Individuals)

City of Phoenix (the City) is implementing a process that collects past performance information on firms and their key personnel. The information will be used to assist the City in the selection of firms to perform various projects. The firm/individual listed above has listed you as a client for which they have previously performed work on. We would appreciate your taking the time to complete this survey.

Rate each of the criteria on a scale of 1 to 10, with 10 representing that you were very satisfied (and would hire the firm/individual again) and 1 representing that you were very unsatisfied (and would never hire the firm/individual again). Please rate each of the criteria to the best of your knowledge. If you do not have sufficient knowledge of past performance in a particular area, leave it blank.

Client Name: _____
Project Name: _____

NO	CRITERIA	UNIT	
1	Ability to meet customer expectations	(1-10)	

Figure 4: Example of Survey Form. The information must match the excel file.

4. Vendor should modify the return information at the bottom of the survey with a contact person and an accurate fax number. Remember, the survey will be sent from your past client to your firm (so you must enter a valid fax number).

Printed Name (of Evaluator) Signature (of Evaluator)

Thank you for your time and effort in assisting us in this important endeavor. Please fax the survey back to **(Vendor enter your fax number here)**.

5. All returned surveys MUST be evaluated and signed by the past client. If a survey is not signed, it will NOT be counted.

<u>Richard Lewis</u> Print Name [of Evaluator]	<u>Richard Lewis</u> Signature [of Evaluator]
---	--

6. Each key component is responsible for making sure that their past clients receive the survey, complete the survey, and return the survey back to the Vendor.
7. The client/owner must evaluate and complete the survey (you cannot have other consultants or third parties evaluate your performance).
8. The client/owner must sign the survey form to prove that they completed the survey.
9. All of the returned surveys should be packaged together and submitted with your proposal.
10. The City may contact the reference to clarify a survey rating, check for accuracy, or to obtain additional information. If the reference cannot be contacted, the survey will be deleted and no credit given for that reference.

PERFORMANCE QUESTIONNAIRE –AUDITING SERVICES
Survey ID

To: _____
(Name of person completing survey)

Phone: _____ Fax: _____

Subject: Past Performance Survey
of: _____

(Name of Company)

(Name of Individuals)

City of Columbia (the City) is implementing a process that collects past performance information on firms and their key personnel. The information will be used to assist the City in the selection of firms to perform various projects. The firm/individual listed above has listed you as a client for which they have previously performed work on. We would appreciate your taking the time to complete this survey.

Rate each of the criteria on a scale of 1 to 10, with 10 representing that you were very satisfied (and would hire the firm/individual again) and 1 representing that you were very unsatisfied (and would never hire the firm/individual again). Please rate each of the criteria to the best of your knowledge. If you do not have sufficient knowledge of past performance in a particular area, leave it blank.

Client Name: _____

Project Name: _____

NO	CRITERIA	UNIT	
1	Ability to meet customer expectations	(1-10)	
2	Ability to financially perform in the best interest of the client	(1-10)	
3	Ability to maintain schedules and meet deadlines	(1-10)	
4	Ability to increase value	(1-10)	
5	Quality of service	(1-10)	
6	Ability to identify and minimize the users risk	(1-10)	
7	Leadership ability (minimize the need of owner/client direction)	(1-10)	
8	Your comfort level in hiring the firm/individual again based on performance	(1-10)	

RFP No: 0004-10-11

Page No: 36

Printed Name (of Evaluator)

Signature (of Evaluator)

Thank you for your time and effort in assisting us in this important endeavor. Please fax the survey back to (Vendor enter your fax number here).

APPENDIX 7– PRE AWARD PHASE GUIDE

OVERVIEW

The Pre Award Phase is carried out prior to the signing of the contract. The client's objective is to have the project/service completed on time, without any cost increases, and with high customer satisfaction. At the end of the project, the client will evaluate the performance of the Vendor based on these factors, so it is very important that the Vendor preplans the project to ensure there are no surprises.

It is the Vendor's responsibility to ensure it understands the client's subjective expectations. It is not the client's responsibility to ensure that the Vendor understands what their expectations are. The Vendor is at risk, and part of the risk is understanding the client's expectations.

The Pre Award Phase provides the Vendor with a final opportunity to protect itself, by allowing the Vendor to carefully pre-plan the project before an award is made. The pre-planning should include all coordination and identification of all risks that cannot be controlled by the Vendor.

In many cases, one of the Vendor's biggest risks (in terms of delivering the service with high satisfaction) is the client themselves. Therefore, it is in the Vendor's best interest to identify any issues or concerns ahead of time during the pre-award phase. The Vendor should minimize their risk by creating documentation that puts them in control and eliminates any outside interference that could hinder them from performing.

PRE PLANNING AND COORDINATION

Once you are notified that you are the potential best-valued Vendor, you will receive a list of any client issues or concerns identified by the City.

The City requires that the Vendor attend a Kick-Off Meeting to discuss the objectives of the Pre Award Phase. The Vendor is required to watch the video and perform the following functions:

- Attend the Pre-Award Training/Kick Off Meeting
- Present their initial project or service plan to the client group, including many of the items required in the Pre-Award document
- Revisit the site/buildings/campus to do any additional investigating.
- Coordinate with all parties that will be involved with the project. Identify what concerns they have and determine solutions to resolve their concerns. This may include consultants, subcontractors, and material suppliers to ensure that there are no inconsistencies with the requirements or delivery schedules.
- Identify where the risk lies on the project and make sure that all identified risks can be minimized.
- Identify any actions required by the client or client's representatives.
- Identify all risks that the Proponent does not control with a plan to mitigate the risks.

PRE AWARD DOCUMENT

The objective of the Vendor's Pre Award Document is to identify risk that the Vendor does not control or risk that is impacted by factors that the Vendor does not control. The Vendor must also identify how they will attempt to minimize the risk. If the Vendor does not identify the risk that they do not control, then the Vendor is stating the risk (stated or not stated) is under their control and a part of their contract to meet the intent of the client.

Risks from all the other Vendors are provided to the best value Vendor to ensure that they are identifying all the risks that they do not control. This forces the Vendor to do what a best value Vendor would do, to think in the best interest of the client.

The Pre Award Document should address the concerns of the client. The identification of these concerns is a clarification of the understanding of the client's intent in the best value process. It in no way changes the technical scope or amount of work of the Vendor, but merely confirms that the Vendor has understood the intent of the client. The objectives of these clarifications are to confirm that the Vendor understands the client's intent. The Pre Award Document must include the following items as a minimum:

1. Scope
2. A project financial summary.
3. A summary of accepted/rejected value added options.
4. A complete project schedule.
5. A list of all risks identified by the City with solutions to the risks.
6. A complete list of factors/risks which are outside the control of the Vendor.
7. A project action item checklist.
8. A summary of the Monthly, Quarterly, and Yearly Reports that will be provided.
9. A project and emergency contact list.

PRE AWARD MEETING

The pre award meeting is held at the end of the pre award phase and is used to present a summary of what was developed and agreed upon during the pre award phase. The pre-award meeting is not a question and answer session. The Vendor must not wait for the meeting to ask questions. All coordination and planning with the client should be done prior to the meeting.

The Vendor should give a presentation, which walks the client through the entire project and summarizes all of the coordination/planning done during the pre-award period. The Vendor should bring their team and all the documents specified in the Pre Award Document. The Vendor should come with documents explaining what the client is responsible for in this project and should identify exactly what they want from the client with due dates. The Vendor must convince the client that they have minimized all risks and will not be surprised once the project begins. The pre-award meeting presentation (and meeting minutes, if applicable) will become part of the contract along with the other documents stated the Pre-Award Document.

REMEMBER: The Pre Award Phase provides the Vendor with a final opportunity to protect itself, by allowing the Vendor to carefully pre-plan the project before an award is made. If the Vendor does not identify a risk or risks that they do not control, then the Vendor is stating the risk (stated or not stated) is under their control and a part of their contract to meet the intent of the client.

APPENDIX 8 – WEEKLY RISK REPORTING SYSTEM GUIDE

OVERVIEW

The Weekly Risk Reporting System (WRRS) is a tool for the City in analyzing the performance of the service based on risk. The WRRS is expected to take minimal effort (approximately 5 minutes per week). The WRRS does not substitute or eliminate weekly progress reports or any other traditional reporting systems or meetings that the Vendor may do.

The purpose of the WRRS is to allow the Vendor to manage and document all risks that occur throughout a project. Risk is defined as anything that impacts project cost or project schedule. This includes risks that are caused by the Vendor (or entities contracted by the Vendor), and risks that are caused by the City (scope changes, unforeseen conditions, etc). The City may also require the Vendor to document risks that may impact customer or client satisfaction.

SUBMISSION

The weekly report is an excel file that must be submitted on the Friday of every week. The report is due every week until the project is 100% complete and final payment is made. Please contact the City Partner if you have not received an electronic version of the spreadsheet. The report must be emailed to the City.

The completed report must be saved using the date and name of the project given by the City (Format: YYMMDD_Project Name; For example, 'MRF service for the week ending Friday, August 6, 2010, should be labeled '100806_MRF services). Weekly Reports are to be emailed by midnight of each Friday.

The weekly report consists of scope changes or unforeseen events that are risks to the project in terms of cost, schedule, or client satisfaction including any issues that could potentially develop into a risk. When a new issue is identified, it is added to the project risks, along with the following: Identification date (date the risk was identified), plan to minimize the risk, resolution due date, impact to critical path or schedule (in days), and impact to final cost (in dollars).

Prior to submitting the report, the Vendor must contact the City if there are any risks or potential risks identified. The City Partner is required to provide a satisfaction rating based on the identified risk and the Vendors plan to mitigate the risk. The rating is based on a scale of 1-10 (10 being completely satisfied and 1 being completely dissatisfied). The City Partner may modify their satisfaction ratings at any time throughout the project. When a risk is resolved, the actual date of resolution must be listed.

Vendor is also required to submit a detailed project schedule in the weekly report. The schedule report must contain the Vendor's original schedule along with the current estimated schedule.

Note: The Weekly Reports will be analyzed for accuracy and timely submittals by the City. Upon completion of the project, the Vendor will be evaluated based on their performance on the project. This includes (but is not limited to): overall quality, on-time completion, no cost change orders, no complaints, and submission of accurate weekly reports. The final rating will be used to modify the Vendors Teams PPI scores by up to 100%. The modified rating will be used for competition on future projects.



Risk Analysis-Part C

Procurement Processes

**CITY OF COLUMBIA CDBG-DR PROCUREMENT
REFERENCE GUIDE**

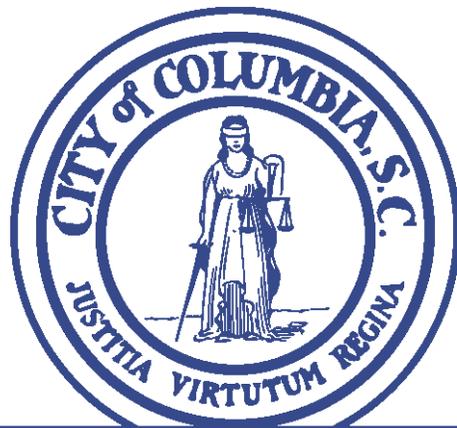
| July 22, 2016

City of Columbia's Quick Reference Procurement Guide (CDBG-DR)

"SC Severe Storms & Flooding

October 2015 Event

DR 4241/3373



We Are Columbia

Procurement by Non-Federal Entities Other Than States

When procuring property and services under a Federal award, all non-Federal entities that are not States must follow 2 CFR Sections 200.318 through 200.326 and the City is also subject to 2 CFR 200.100, as applicable.

Disclaimer: The City of Columbia shall establish procedures in accordance with the City of Columbia's Procurement Regulations, SC Procurement Code, CFR 200, Uniform Rules set forth in C.F.R. 200.317-326 and all other applicable State, Federal & local laws, rules and governing procedures. This guide is intended to be a quick reference guide only for internal users to conduct sound procurement practices as part of the City of Columbia's Disaster Recovery Continuity of Operations (COOP) Plan. Other public entities may be required to follow other guidance but this guide is to be used for SC Severe Storms & Flooding DR 4241/3373 procurement and contracting opportunities conducted by the City of Columbia as of October 2015.

*****This guide is subject to change as updates are released by the Purchasing Division *****

COC Disaster Recovery

Procurement Tips

- Determine the Actual “Need” and verify if the item or service is related to the SC Severe Storms & Flooding DR 4241/3373
- Determine the estimated dollar value of the procurement and complete the COC/CDBG-DR (HUD) Procurement Checklist on page ____
- Contact Purchasing or Contracts Office for procurement assistance
- Submit requisitions through to Purchasing
- Add in the “Account” field in IFAS on your requisition your current (original) account information (See next page)
- Add in the “End Use” field in IFAS on requisition:
SC FLOODING DR 4241/3373
- ***Full & Open Competition Required***
- Encourage Small, Minority & Women-Owned Business Participation
- Utilize labor surplus firms (see definition)
- No Split purchases shall be made to avoid procurement thresholds
- Advertise in SC Business Opportunities (SCBO)
- Solicitations will be posted on COC Website under Procurement Opportunities
- Utilize Emergency Procurement Form only for valid pre-approved “Emergencies” (See pages 6 -7)
- All quotes must be solicited and responses must be in writing prior to orders placed and POs issued
- Price gouging during emergency events is strictly prohibited as outlined in SC Code of Laws Section 39-5-145. If you have concerns about excessive pricing, please contact the Purchasing Office immediately and this matter will be escalated to Legal.
- Vendors/Contractors Debarred or Suspended may not participate in the bid process.

Account Field:

Please see screenshot below for placement of your standard account information (prior to Purchasing changing the account code to the SC Flooding related funding code). This is required in case the item or service is ineligible for reimbursement under FEMA guidelines then the funds will be changed back to the appropriate funding codes you have specified in this block based on your original (non-FEMA) approved budget category.

Also, please remember to place your original (non-CDBG-DR (HUD)) funding codes on the requisition in the normal location for account info which is located to the right of the Unit Price field. **Use object code _____ for all items!** Purchasing will make the necessary changes to reflect CDBG-DR (HUD) _coding.

End Use Field: Please add in this field on your IFAS requisition: SC FLOODING DR_____ if the item or service is storm/flood related.

The screenshot displays the SunGard IFAS requisition form within a Windows Internet Explorer browser window. The form is titled "SunGard - ifas - Windows Internet Explorer". The main form area is divided into several sections. At the top, there are fields for PR, PO, Status, Sec Cd, Aprv, and Next. Below these are tabs for Vendor, RemitTo, ShipTo, BillTo, Reqt'd, Aprv'd, and Printed. The "Details" tab is selected, showing fields for Confirm, Account, Bid #, Contract #, End Use, Buyer, and PO Type. The "End Use" field is highlighted with a red arrow and contains the text "SC FLOODING DR4241". The "PO Total" is shown as \$0.00. Below the form is a table with columns for Item Num, Quantity, Units, Product Code, Description, and Unit Price. The table is currently empty. At the bottom of the form, there are tabs for Items, Taxes, Miscellaneous, Account Distribution, and Item Shipping. The browser window shows a "Find Mode" button and a "100%" zoom level.

Item Num	Quantity	Units	Product Code	Description	Unit Price



COC/FEMA Disaster Recovery Procurement Checklist (Departmental)

Requisition Number: R _____				
Requested Item or Service Description:				
This form shall be used as a procurement checklist and reference tool for Severe Storms and Flooding DR4241/DR3373 procurements only. The final completed checklist and attachments shall be scanned into IFAS and will also be used as part of our final documentation when completing FEMA After Action Reports.				
Check One	Procurement Threshold*	Action Needed	Yes or No	Reference
	Is this request a micro-purchase (less than \$3,500.00)?	If so, did you attach at least one (1) written quote? →		2 CFR §200.320(a)
	Is this request a small purchase (\$3,500.01-\$25,000.00)?	If so, are three (3) written quotes attached? →		2 CFR §200.320(b)
	Is this request a large purchase (\$25,000.01 and higher)?	If so, this procurement must be handled by the Purchasing Division, Engineering's Contracts Office or Construction Bid Coordinators.		COC Appendix G & 2 CFR §§200.317-326
	Did you place the original (non-CDBG-DR (HUD)) funding info in the "ACCOUNT" field on	Review previous page for Instructions.		COC Internal DR 4241 Procedures
	Did you place the appropriate flood code in the END USE field? →	Review previous page for instructions. SC FLOODING DR-4241/3373		COC Internal DR 4241 Procedures

➤ All quotes must be accepted from **responsive and responsible bidders only**.

*The thresholds listed above are a compilation of 2 C.F.R. §200.320 and City of Columbia's Appendix G based on the most stringent threshold per category.

Notes _____

CDBG-DR (HUD) Public Assistance Program Additional Requirements – Procurement Website – Under Construction

The City understands and will adhere to the following requirements as outline in HUD’s Docket No. FR-5938-N-01:

c. *Additional requirements related to procurement (States and local governments)*. HUD may request periodic updates from grantees that employ contractors. A contractor is a third party firm that the grantee acquires through a **procurement process to perform specific functions, consistent with the procurement requirements in the CDBG program regulations**; a subrecipient is not a contractor. For contractors employed to provide discrete services or deliverables only, HUD is establishing an additional alternative requirement to expand on existing provisions of 2 CFR 200.317 through 200.326 and 24 CFR 570.489(g) as follows: (1) Grantees are also required to ensure all contracts and agreements (with subrecipients, recipients, and contractors) clearly state the period of performance or date of completion. (2) Grantees must incorporate performance requirements and penalties into each procured contract or agreement. Contracts that describe work performed by general management consulting services need not adhere to this requirement. (3) Grantees may contract for administrative support but may not delegate or contract to any other party any inherently governmental responsibilities related to management of the funds, such as oversight, policy development, and financial management. HUD will respond to grantee requests for technical assistance on contracting and procurement processes.

e. *Public website*. HUD is requiring grantees to maintain a public website that provides information accounting for how all grant funds are used and managed/administered, including links to all action plans, action plan amendments, performance reports, citizen participation requirements, and activity/program information for activities described in the action plan, **including details of all contracts and ongoing procurement policies**. To meet this requirement, each grantee must make the following items available on its website: (1) the action plan (including all amendments); each QPR (as created using the DRGR system); (2) **procurement policies and procedures**; (3) executed CDBG-DR contracts; and (4) status of services or goods currently being procured by the grantee (e.g., phase of the **procurement**, requirements for proposals, etc.) a copy of contracts the grantee has procured directly; and a summary of all procured contracts, including those procured by the grantee, recipients, or subrecipients. Grantees should post only those contracts subject to 24 CFR 85.36 or in accordance with the State's procurement policies. To assist grantees in preparing this summary, HUD has developed a template. The template can be accessed at:

<https://www.onecpd.info/cdbe:-dr/>.

Grantees are required to use this template, and attach an updated version to the DRGR system each quarter as part of their QPR submissions. Updated summaries must also be posted quarterly on each grantee's website.

Each grantee must submit Risk Analysis Documentation to demonstrate in advance of signing a grant agreement that it has in place proficient controls, procedures, and management capacity. This includes demonstrating financial controls, **procurement processes**, and adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act.[see COC’s page 12 of this document titled Segregation of Duties]

SC Severe Storms & Flooding 2015 – DR 4241

(Form No. to be assigned by Purchasing)

*****SAMPLE ONLY*****

**JUSTIFICATION FOR
EMERGENCY PROCUREMENT**

Based upon the following determination, the proposed procurement action described below is being procured pursuant to the authority of Section 1.17 of the City of Columbia Procurement Regulation, the 1976 South Carolina Code of Laws as amended and 2 C.F.R. §200.320, as applicable.

This governmental body proposes to procure _____
(1)

as an emergency procurement from _____
(2)

The basis for this emergency determination and the reason no other vendor is suitable is:

(3)

_____	_____	_____
Date	Department Head	Date
	_____	_____
	Assistant City Manager	Date
	_____	_____
	Purchasing Agent	Date
	_____	_____
	CFO or Authorized Designee	Date

- Notes: (1) Enter description of goods or services to be procured.
(2) Enter name of emergency contractor.
(3) Enter the determination and basis for emergency procurement.

Rev. _____ - COC Emergency Procurement Form

CDBG-DR (HUD)

DR _____

No. _____

(Form No. to be assigned by Purchasing)

*****SAMPLE ONLY*****

JUSTIFICATION FOR
EMERGENCY PROCUREMENT
PAGE TWO

Note: In accordance with 2 C.F.R. §200.320 (f) (2) – several exemptions may be allowed during an emergency but we must solicit from as many potential sources as practicable under the circumstances. The duration for the contract is limited to take care of the “emergency” only and we must properly solicit for long-term needs.

The following two lists are provided as a guide to assist you with your Emergency Procurement needs:

Pre-contracting Considerations:

- ✓ Determine the City’s immediate need. Is the description or scope of services sufficient enough to reflect only the City’s emergency needs and only for the duration of the “actual” emergency?
- ✓ Validate that you received as much competition as was practical to satisfy the Emergency. Ensure that the price is fair and reasonable by soliciting as many quotes as possible.
- ✓ Verify that there was not an open Emergency Procurement Schedule (Federal, state, etc.) available to obtain the needed items or services.
- ✓ Is funding available and approved prior to authorizing the work to commence?
- ✓ Is this procurement being completed by an authorized COC representative without any conflict of interests?

Post Contracting Considerations:

- ✓ Did the City representative first check to see if there were existing Emergency contracts, approved cooperative or interagency agreements available prior to using this form?
- ✓ Was funding adequately identified prior to authorizing work?
- ✓ Was the competition maximized to the fullest extent possible to handle the emergency?
- ✓ Were CORs/COTRs appointed to oversee performance?
- ✓ Did the COR/COTR document performance?
- ✓ Did the contractor deliver the amount the government ordered?
- ✓ Did the contractor deliver the right items to the appropriate location?
- ✓ Were the performance requirements met? If not, were adjustments made appropriately to the contract and invoice(s) or revised invoices submitted?
- ✓ Did we adjust the quantity, price or delivery terms, if needed?
- ✓ Did someone with the appropriate authority accept the goods or services?
- ✓ Were invoices reviewed to ensure accuracy and conformance to the contract?
- ✓ Was the complete file documented adequately?
- ✓ Were process improvements identified and recorded for future reference?
- ✓ Post documentation has been completed for all verbal quotes for simplified (non-sealed bid) purchases. This information must be provided as soon as possible to include the name of company submitting quote, title/representative, cost and total scope of services or purchase or goods. The COC staff member’s contact info should also be included in case we have further questions.

Ensure that proper documentation is attached prior to forwarding the final form to Purchasing.

COR- Contracting Officer Representative

COTR- Contracting Officer Technical Representative

Rev. _____ - COC Emergency Procurement Form

CDBG-DR (HUD) **DR** _____

(The City of Columbia, a non-Federal entity, will comply with the following Conflict of Interest Guidelines in accordance with 2 CFR 200.318)



Attention City Officials: Further information will be released to City Staff next week to further comply with the Conflict of Interest Policy below. You are encouraged to review and required to adhere to this provision and forms will be released shortly to be completed by the appropriate staff members.

Conflict of Interest Policy

The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of contracts as required in 2 CFR Section 200.318. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

If the non-Federal entity has a parent, affiliate, or subsidiary organization (that is not a State, federally-recognized tribe, or local government), then the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest occur when the non-Federal entity is unable, or appears to be unable, to be impartial in conducting a procurement action involving a related organization because of relationships with a parent company, affiliate, or subsidiary organization.

To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft design plans and specifications, requirements, statements of work, and invitations for bids or requests for proposals must be excluded from competing for such procurements as required in 2 CFR Section 200.319(a).

Ethics & Gifts:

Vendor is subject to the provisions of the 1991 Ethics Reform Act (8-13-100, et seq, South Carolina Code of Laws, 1976, as amended). Under this Act, City employees are prohibited from accepting anything of value from any person. "Anything of value" includes, but is not limited to, lodging, transportation, entertainment, food, meals, beverages, money, gifts, honorariums, discounts and interest-free loans.

Who to call for Disaster Recovery Procurement Assistance relating to CDBG funding:

General Inquiries – (803) 545-3470:

Sandra A. Wright, Director/Purchasing Agent

LaWana Robinson-Lee, CPPO (803)545-3469
Procurement Manager for Goods and
Non-professional services

Shannon Lizewski, CPPO (803) 545-3237
Procurement Manager, Professional Services

Elizabeth Marsh, Junior Buyer (803)545-3472

Cindy Bailey (803)545-3476
Contracts Specialist for Federal
Procurements

Eric Cassell, Special Projects
Administrator (803)545-3369

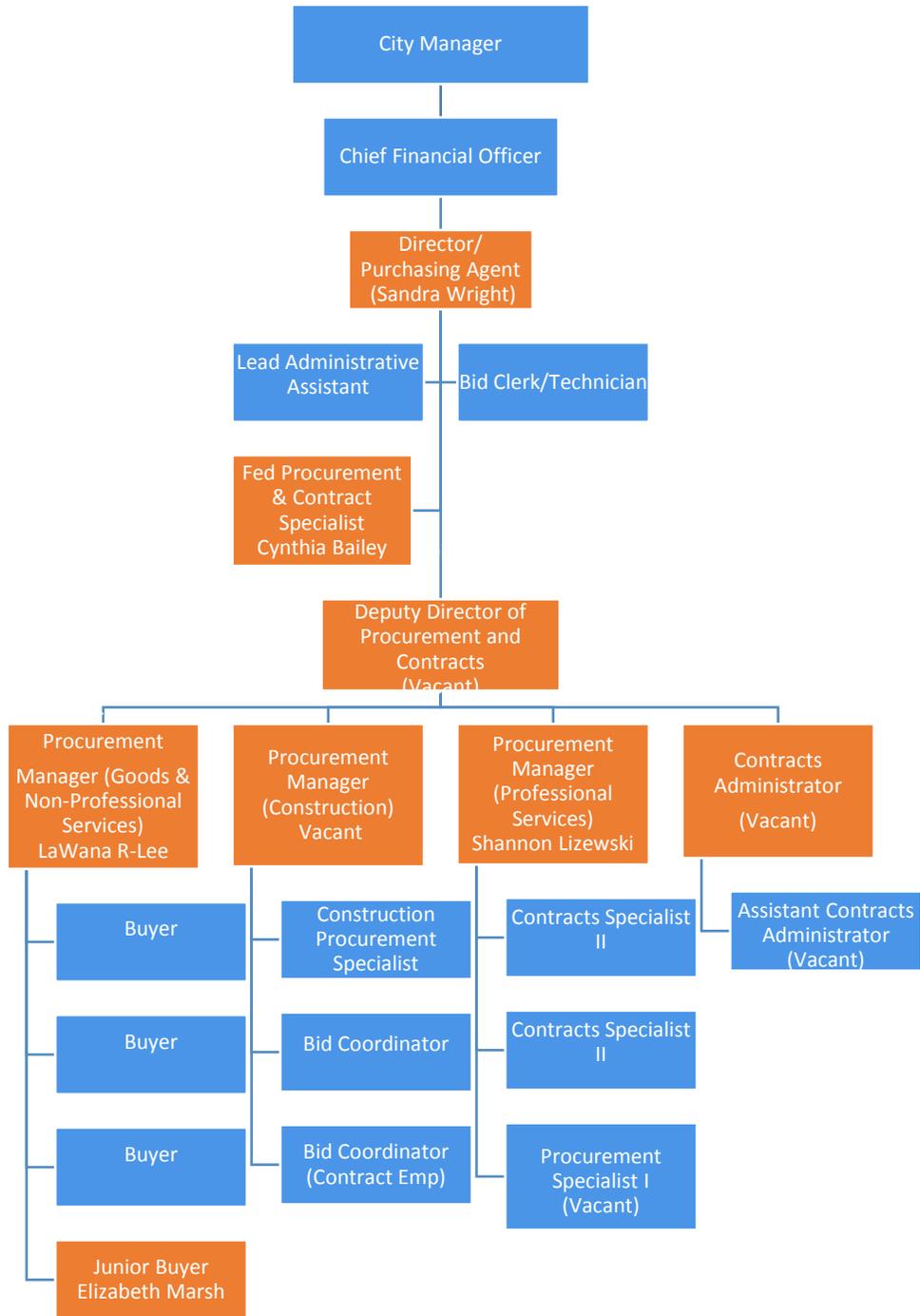
Vacant Positions with some CDBG related duties (see next page):

Deputy Director of Procurement & Contracts

Procurement Manager (Construction)

Contracts Administrator

**City of Columbia Department of Procurement & Contracts
FY 2016/2017 Organization Chart effective July 2016**



The orange boxes denotes positions Procurement & Contracts staff members assigned or will be assigned to work on CDBG-DR related projects.



Segregation of Duties City of Columbia Purchasing Division

Segregation of duties is a vital and critical measure used for effective internal controls in citywide procurement and contracting operations and to further ensure the integrity of the business process. These measures are in place to further reduce the risk of both erroneous and inappropriate actions, deter fraud and fraudulent act. Segregation of duties is a deterrent to fraud and fraudulent acts. A person with multiple functional roles has a greater opportunity to abuse their powers within an organization. Some general categories of separate functions at the city of Columbia include, but may not be limited to, the clear separation of purchasing and finance roles. This also includes a separation of receiving (custody) of assets and recording, payments, monitoring and reviewer approval roles. Some specific examples of segregation of duties are as follows:

- The person who requisitions the purchase of goods or services should not be the person who creates the purchase order or approves the purchase.
- The person who approves the purchase of goods or services should not be the person who processes the invoices for payment.
- The person receiving on an invoice should not be the same individual creating the Purchase Order.
- The person who approves the purchase of goods or services should not be able to obtain custody of checks to the recipient.
- The person who opens the mail should not be the person handling fixed assets, invoicing, checks, etc.

Risk Analysis & Planning: Management is ultimately responsible for oversight, monitoring and review of the internal process. By performing periodic assessments and reviews, this will also reduce risks to the organization.

A matrix to accompany this “Separation of Duties” checklist will be placed in the federal procurement guides (FEMA & CDBG).

THE FOLLOWING PAGES ARE PROVIDED TO ASSIST STAFF MEMBERS WITH DIRECT PURCHASING AUTHORITY AND SHOULD BE USED AS A GENERAL CHECKLIST FOR PROCURING GOODS & SERVICES WITH A POTENTIAL VALUE OVER THE SIMPLIFIED ACQUISITION THRESHOLD LIMITS (>\$25,000).



Procurement Checklist for Purchasing, Contracts Office & Construction Contracting Officials

Project Title:		
CDBG-DR (HUD) Project Worksheet (PW) Number:		
Physical Location and/or GPS Coordinates*:		
Check one: Emergency Work <input type="checkbox"/> Permanent Work <input type="checkbox"/>		
Project Description:		
Document your file and be prepared to validate that you have completed the following:		
SOLICITATION		
	Is the solicitation (competitive invitation to bid (IFB), request for proposal (RFP) or Request for Qualification (RFQ) included in the file?	2 <i>Code of Federal Regulations</i> (CFR) 200.320(c)(d)(f); 44 CFR 13.36 (c)(3)(i)(ii)
	Were prospective respondents allowed a reasonable of time to respond? If so, how many days? _____	44 CFR 13.36(d)(2)(ii)(A)
	Does the solicitation contain a clear and accurate description of the technical requirements for the material, product or services, scope of work (SOW)?	2 CFR 200.319(c)(1-3); 44 CFR 13.36(c) (3)(i)
	Specifications may not contain features that unduly restrict competition	2 CFR 200.319(c)(1-3); 44 CFR 13.36(c)(3)(i)
	Are there unreasonable requirements or unnecessary experience or excessive bonding requirements?	2 CFR 200.319(a)(2)44 CFR 13.36(c)(1)(i-ii)
	Are there any “brand name” products specified without also listing “or equal”?	2 CFR 200.319(a)(6);(44 CFR 13.36(c)(3)(1)
	Does the solicitation file evidence the following:	
	Positive efforts in hiring small-business enterprises to the extent practical?	2 CFR 200.321 (a); 44 CFR 13.36(e)
	Positive efforts in hiring minority-owned business enterprises to the extent practical?	2 CFR 200.321 (a); 44 CFR 13.36(e)
	Positive efforts in hiring women-owned business enterprises to the extent practical?	2 CFR 200.321 (a); 44 CFR 13.36(e)
	Positive efforts in the utilization of labor surplus firms?	2 CFR 200.321 (a); 44 CFR 13.36(e)
	Is the advertisement (city website, Bid Online, SCBO or the State Paper) included in the file? At least two outlets should be used.	44 CFR 13.36(d)(2) et seq.
	Is a record of respondents that were rejected as not responsible/responsive and rejection reasoning included in the file?	2 CFR 200.318(i); 44 CFR 13.36(b)(8)(9)
	Are there an adequate number of responses documented in the file (two or more for large purchases and three or more for small purchases)? Keep records of responses in your file.	2 CFR 200 (c)(1)(ii) 44 CFR 13.36(d)(2) (i)(B) and (d)(3); 44 CFR 13.36(d)(3) (ii); Disaster

		Assistance Policy (DAP) 9580.212
	Are copies of all proposals, to include methodology of evaluation and selection process (e.g. bid summary, tabulation sheet, scoring sheet, cost analysis if needed) included in the file?	2 CFR 200.320(d)(1); 44 CFR 13.36(d)(3)
	Are there any potential conflicts of interest?	2 CFR 200.318 (c); 44 CFR 13.36(b)(3)
WHAT IS THE PROCUREMENT METHOD?		
	Procurement by micro-purchase <\$3,500 (or <\$2,000 of acquisitions for construction subject to the Davis Bacon Act)	2 CFR 200.320(a)
	Procurement by small purchases \$3, 500.01- *\$25,000.00	COC Appendix G
	Procurement by sealed bids (preferred method for construction contracts). Contract awarded to the lowest responsive, responsible bidder with a firm-fixed price contract (lump sum or unit price)	2 CFR 200.320 (c);44 CFR 13.36(d)(2)(ii)(D)
	Procurement by competitive proposal	2 CFR 200.320 (d); 44 CFR 13.36(d)(3)
	<ul style="list-style-type: none"> • If solicitation was for other than “A/E” professional services, was price included as a selection criterion? 	2 CFR 200.320 (d); 44 CFR 13.36(d)(3)
	<ul style="list-style-type: none"> • If solicitation was for A/E services, is a cost analysis included in your file (see COST ANALYSIS REQUIRED)? 	2 CFR 200.320 (d);44 CFR 13.36(d)(3)(v)
	<ul style="list-style-type: none"> • Does the solicitation clearly outline the scoring criteria and associated weights used for selection? 	2 CFR 200.320 (d)(1)(5); 44 CFR 13.36(d)(3)(i); 44 CFR 13.36(c)(3)(ii)
	Procurement by noncompetitive proposals	2 CFR 200.320(f); 44 CFR 13.36(d)(4)
	Is there a justification for the use of this method of procurement included in the file? Is the price fair and reasonable and documented in the file?	2 CFR 200.320(f); 44 CFR 13.36(d)(4)(i)-(iii)
	Are intergovernmental agreements and Federal surplus property (if applicable) included in the file?	2 CFR 200.318(e); 44 CFR 13.36(b)(5-6)
COST ANALYSIS REQUIRED		
	Was A/E or other professional services procured?	2 CFR 200.323 (b); 44 CFR 13.36(f)
	Is the contract a noncompetitive proposal?	2 CFR 200.323(b); 44 CFR 13.36(d)(4)(ii) and (f)
	Does the contract contain modifications and/or change orders?	2 CFR 200.323(a); 44 CFR 13.36(f)
	Competitively procured contracts (small and large); Documentation demonstrating competitive procurement serves as a cost analysis	2 CFR 200.323(a); 44 CFR 13.36(f)
BONDING REQUIREMENTS		
	Is this a construction or facilities improvement contract that exceeds \$25,000.00? If so:	2 CFR 200.325; 44 CFR 13.36(h)
	<ul style="list-style-type: none"> • Did the bid response include a 5% bid bond? 	2 CFR 200.325(a); 44 CFR 13.36(h)(1); LRS 38:2218
	<ul style="list-style-type: none"> • Did the award contractor execute a performance bond for 100% of the contract? 	2 CFR 200.325(b); 44 CFR 13.36(h)(2); LRS 38:2219

	<ul style="list-style-type: none"> Did the award contractor execute a payment bond for the 100% of the contract? 	2 CFR 200.325(c); 44 CFR 13.36(h)(3); LRS 38:2219
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REQUIRED CONTRACT PROVISIONS

	Does the contract (>*\$25,000) contain a provision for administrative and legal remedies for violation or breach of contract?	Appendix II to Part 200(A)- Contract Provisions
	Does the contract (>\$10,000) contain a provision for termination of contract for cause or convenience?	Appendix II to Part 200(B)- Contract Provisions
	Does the contract (>\$10,000) contain a provision to comply with Executive Order (EO) 11246, Equal Employment Opportunity (EEO)?	Appendix II to Part 200(C)- Contract Provisions
	Does the contract (applies to all construction or repair contracts or subcontracts) contain a provision to comply with the Copeland Anti-Kickback Act?	Appendix II to Part 200(D)- Contract Provisions
	Compliance with Davis Bacon Act: Construction contracts in excess of \$2,000 by non-Federal entity must include this provision.	Appendix II to Part 200(D)- Contract Provisions
	Is the contract (>*\$25,000) required to comply with the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708)?	Appendix II to Part 200(E)- Contract Provisions
	Does the contract (applies to contract, subcontracts and grants >\$25,000) contain a provision to comply with the Clean Air Act (42 U.S.C 7401-7971q) and the Federal Water Pollution Control Act as amended (33 U.S.C 1251-1387)?	Appendix II to Part 200(G)- Contract Provisions
	Does the contract contain a provision stating record retention and access requirements to all records? All records, supporting documents and all material pertinent to the award must be retained at least three years.	2 CFR 200.333; 44 CFR 13.42

TYPES OF CONTRACT FOR REIMBURSEMENT

	Lump Sum	2 CFR 214.44 (c); Public Assistance Guide- FEMA 322/June 2007, pages 52-53
	Unit Price	2 CFR 214.44 (c); Public Assistance Guide- FEMA 322/June 2007, pages 52-53
	Cost Plus Fixed Fee	2 CFR 200.323(b); Public Assistance Guide- FEMA 322/June 2007, pages 52-53
	Time and Materials Contracts (Not recommended) : Does it meet all the requirements?	2 CFR 200.318 (j)

PROHIBITED CONTRACTS

	Cost Plus a Percentage of Cost	2 CFR 200.323(d); 44 CFR 13.36 (f)(4)
	Percentage of Construction Cost	2 CFR 200.323(d); 44 CFR 13.36 (f)(4)
	Piggyback	DOLR, Version 2.0 pages 5-128: Public Assistance Policy Digest- FEMA 321/Jan. 2008, page 23

*****SPECIAL NOTE - PLEASE READ & COMPLY*****

Physical locations and/or GPS Coordinates must be properly identified and placed ON THIS FORM to reflect the actual location of the repair or replaced item or service.

COC/CDBG-DR (HUD)/NIGP Procurement & Contracting Terms



We Are Columbia

SC Severe Storms & Flooding CDBG-DR

**(For Internal Use Only
Reference Tool for COC Procurement &
Management Staff)**

**COC/CDBG-DR (HUD)/NIGP Procurement &
Contracting Terms SC Severe Storms & Flooding
CDBG-DR
(For Internal Use – COC Procurement Reference Only)**

Acquisition:

1. As defined under FAR 2.101: Acquiring by contract, with appropriated funds, supplies or services (including construction) by and for the use of the Federal Government, through purchase or lease, whether the supplies or services already exist or must be created, developed, demonstrated, and evaluated.

2. The process of obtaining supplies, services, or construction through purchase, lease, or grants.

Best Value: An assessment of the return which can be achieved based on the total life cycle cost of the item; may include an analysis of the functionality of the item; can use cost/benefit analysis to define the best combinations of quality, services, time, and cost considerations over the useful life of the acquired item.

A procurement method that emphasizes value over price. The best value might not be the lowest cost. This method is generally achieved through the negotiated Request for Proposal (RFP) method.

Bid sample: A sample to be furnished by a bidder to show the characteristics of a product offered in a bid. Bid samples are used only to determine the responsiveness of the bid. (Nash, Schooner, O'Brien, 1998) - NIGP

CDBG - Community Development Block Grant

Certified cost or pricing data: Contractor certification that to the best of the contractor's knowledge and belief, the cost or pricing data submitted was accurate, complete and current as of a mutually determined date prior to the date of the pricing of any contract, change order, or modification.

Competitive proposals: a method similar to sealed bid procurement in which contracts are awarded on the basis of contractor qualifications instead of on price. This method is often used for procuring architectural or engineering professional services. In addition, this method normally involves more than one source submitting an offer and is used when conditions are not appropriate for sealed bids.

Competition: All procurement transactions will be conducted in such a manner providing for full and open competition consistent with the standards set forth at 24 CFR 85.36

Conflict of Interest: A clash between the public interest and the private pecuniary interest of the individual concerned. (Blacks Law Dictionary, 299, 1990). The term identifies those situations where contractors or public officials may obtain a benefit from a public contract. Conflicts of Interest may result in a breach of ethics or an ethical code. Actual or Perceived Conflict of Interest: Any action, decision or recommendation by an agent or public official acting in an official capacity, the effect of which could be to the private pecuniary benefit or detriment of the person or person's relative.

Contract:

1. A contract is an obligation, such as an accepted offer, between competent parties upon a legal consideration, to do or abstain from doing some act. The essentials elements of a contract are: an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent; legality of purpose; and definiteness.
2. A legally binding promise, enforceable by law.
3. An agreement between parties with binding legal and moral force, usually exchanging goods or services for money or other considerations.

Contracts (Four types of contracts allowed for FEMA reimbursement):

- 1) **Lump sum contracts:** contracts for work within a prescribed boundary with a clearly defined scope and a total price
- 2) **Unit price contracts,** for work done on an item-by-item basis with cost determined per unit
- 3) **Cost-plus-fixed-fee** contracts, either lump sum or unit price contracts with a fixed contractor fee added into the price
- 4) **Time-and-materials** contracts, where the contractor bills the applicant for labor, equipment, materials, and overhead. These contracts should be avoided, but may be allowed for work that is necessary immediately after the disaster has occurred when a clear scope of work cannot be developed. Time-and-materials contracts are allowed in circumstances when they are more cost-effective and appropriate for the amount and type of eligible work to be performed. The costs must be reasonable for the type of work required. Applicants must engage in comprehensive active monitoring activities to ensure contractor efficiency.

If a time-and-materials contract is awarded, the applicants must:

- Monitor and document contractor expenses;
- Have a cost ceiling or “not to exceed” provision in the contract; and
- Contact the State to ensure proper guidelines are followed.

Contracts (Types of contracts allowed for CDBG-DR (HUD) reimbursement):

- 1) **Firm Fixed Price (See IFB definition)**
- 2) **Fixed Price (Competitive Negotiation)** a firm price reached after competitive negotiations
- 3) **Cost Reimbursement (Competition Negotiation)**
- 4) **Time-and-materials or labor hours:** These contracts should be avoided, but may be allowed for work that is necessary when a clear scope of work cannot be developed and no other contract type is suitable under the circumstances. The costs must be reasonable for the type of work required. Applicants must engage in comprehensive active monitoring activities to ensure contractor efficiency; have a cost ceiling or not-to-exceed amount provision in the contract and the contractor exceeds it at his own risk. These types of contracts will be permitted on a limited basis.

Contract Administration: Following the award of a contract, the management actions that must be taken to assure full compliance with all of the terms and conditions contained within the contract document, including price. Action steps that assure that the contractor is in full compliance with the entire contract. Contract administration activities include payment, monitoring of progress, inspection and acceptance, quality assurance, monitoring and surveillance, modifications, negotiations, contract closeout, and other activities. Also see Contract Management.

Contract Management: The overarching process that a governmental agency will use to ensure that the contractor has performed in accordance with the performance standards contained within the statement of work (SOW) or the Performance Work Statement (PWS). A quality assurance plan contained within the contract may include: 100% Inspection, Random Sampling, Periodic Inspection, Customer Input, as well as other methodologies. May also be referred to as Surveillance. Also see Contract Administration and Surveillance.

Contract Modification: Any written alteration in specifications, delivery point, frequency of delivery, period of performance, price, quantity, or other provisions of the contract, accomplished by mutual agreement of the parties to the contract. Also see Amendment, Authorized Deviation, Change Order and Contract Amendment.

Contractor: Any individual or business having a contract with a governmental body to furnish goods, services, or construction for an agreed-upon price.

Contracting Officer (CO): A person with the authority to enter into, administer, and/or terminate contracts, and make related determinations and findings.

Contracting Officer's Representative (COR): An authorized representative for the Contracting Officer.

Contract Renewal: A renewal clause allows an agreement to continue for a defined period if the existing agreement isn't renegotiated within a specified time measured from the expiration of the current contract. The term of renewal depends on the specific contract language, but such clauses generally provide that the contract shall be automatically renewed for the same period (or some lesser term) unless either party, at some stipulated and predetermined time (i.e., 60 days before expiration), gives notice to the other of its desire to end the agreement.

Cost Analysis – The process of verifying proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits to verify cost reasonableness.

Cost analysis is not only required on the basic non-competitive award but also on amendments or modifications of the proposed agreement. The City will negotiate profit as a separate element of the price if no price competition exists.

Cost Estimating Format (CEF): A forward pricing methodology for estimating the total cost of repair for large permanent projects by use of construction industry standards. The format uses a base cost estimate and design and construction contingency factors, applied as a percentage of the base cost. (FEMA.gov)

Davis-Bacon Act: A Federal Law (1931) which requires contractors who perform public works construction projects that are federally funded to pay their workers the prevailing wage rate paid in the area for similar work, as set by the Secretary of Labor.

Day – means, unless otherwise specified, a calendar day.

Declaration: The President's decision that a major disaster qualifies for federal assistance under the Stafford Act. - (FEMA.gov)

Debarment –To prohibit a seller/contractor from bidding on future requirements for cause for a certain period of time. A sanction brought against a seller whereby they may not engage in future procurement actions. To exclude or shut out of future solicitations and contracting opportunities. Also see Suspension.

Debris Removal: Must be generated by a Presidentially declared disaster; located within the designated disaster area; be the legal responsibility of an eligible applicant to remove; and present an immediate threat to life, improved property, or public health and safety (44 CFR §206.223 and §206.224).

Default: The omission or failure to perform a legal or contractual duty, to observe a promise or discharge an obligation, or to perform an agreement. (Black's Law Dictionary, 417, 1990) Failure to make scheduled payments of interest or principal on a loan, bond, or other types of debt.

Defect: The absence of something that is necessary for completeness or perfection, or a deficiency in something essential to a thing's intended or proper use. A product is defective if it is not fit for the ordinary purposes for which it is sold and used. Defects are generally of two types, latent (not apparent to the buyer by reasonable observation) and patent (a defect that is apparent on normal inspection). Also see Latent Defect. (Black's Law Dictionary, 1126, 1990)

Delegation of Authority: The conferring of authority by someone who has it, to another person, in order to accomplish a task.

Deliverable: The completion of a milestone or the accomplishment of a task. Used to measure successful performance. Also see Milestones. (Harney, 1992)

Delivery: The physical transfer of possession from one person to another, as from a carrier, vendor, or contractor to the purchaser. Also see various *Free on Board (F.O.B.)* descriptions.

Delivery Date: A single date, phased date and/or date of a contract.

Delivery Order Contract: An indefinite delivery/indefinite quantity contract for supplies or services that provides for the issuance of orders for services or supplies during the contract period. They may also be referred to as a task order contract.

Delivery Terms: Conditions in a contract regarding freight charges, place and time of delivery, or method of transportation. Also see various Free on Board (F.O.B.) definitions.

Drug-free workplace: The site(s) for the performance of work done by the contractor/grantee in connection with a specific contract/grant at which employees of the contractor/grantee are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession or use of any controlled substance. (U.S. Department of Labor)

Economically Disadvantaged Individuals: Socially disadvantaged individuals whose ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared with others in the same line of business that are not socially disadvantaged.

Electronic Commerce (e-Commerce): The integration of electronic data interchange, electronic funds transfer, and similar techniques into a comprehensive electronic-based system of procurement functions; could include the posting of IFB's and RFP's on electronic bulletin boards, the receipt of bids via electronic data interchange, notification of award by email, and payment via electronic funds transfer. Also referred to as Electronic Sourcing (e -Sourcing).

Emergency Protective Measures (Category B): actions before, during, and after a disaster to eliminate or reduce an immediate threat to life, public health or safety or significant damage to improved public or private property.

Emergency Work: That work which must be done immediately to save lives and to protect improved property, public health and safety, or to avert or lessen the threat of a major disaster. Emergency work frequently includes clearance and removal of debris and temporary restoration of essential public facilities and services. Emergency work and permanent work may be combined into one project only when the emergency work is incidental to the permanent work. If the combination is appropriate, the emergency work needs to be evaluated separately from the permanent work to meet varying eligibility requirements (e.g., force account regular time is eligible for only permanent work).
(Category A-B) – (FEMA.gov)

Facility: Any publicly or privately owned building, works, system, or equipment, built or manufactured, or an improved and maintained natural feature. Land used for agricultural purposes is not a facility. The eligible facility must be located in the designated disaster area and must be the legal responsibility of an eligible applicant.
- (FEMA.gov)

Fair and Reasonable Price: A price that is fair to both contracting parties, considering the agreed upon

conditions, promised quality, and timeliness of contract performance. Purchasing officials may use a variety of techniques to assure a fair and reasonable price, such as, sealed competitive bidding, competitive proposals, price and cost analysis, and benchmarking to other contracts.

Fair Market Value: The price for an item upon which purchaser and vendor agree in an open market when both are fully acquainted with market conditions.

FAR (Federal Acquisition Regulations): The primary document in the Federal Acquisition Regulations System, containing uniform policies and procedures that govern the acquisition activity of all federal agencies. The FAR is prepared, issued and maintained jointly by the Secretary of Defense, the Administrator of General Services and the NASA Administrator. (Nash, Schooner, O'Brien, 1998).

Federal Register: A daily publication available from the Government Printing Office, that lists and discusses the regulations of federal agencies, makes the regulations available for public comment before they are made final, and publishes all final rules and regulations. (www.gpoaccess.gov/fr)

Fee: A sum of money paid for some service.

1. A charge or payment, usually for professional or technical services.

FEMA: Federal Emergency Management Agency

Fixed-Price Contract: A contract providing for a firm price, or a price that may be adjusted only in accordance with contract clauses providing for revisions of the contract price under stated circumstances. The City will include a requirements in all agreements or contracts in which price adjustment may be necessary within the general scope of the contract

Force Account: An applicant's own labor forces and equipment. (FEMA.gov)

Free On Board Destination: Title changes hands from the supplier to the public entity at the destination of the shipment when the public entity signs for the goods; the supplier owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges) which must be specified with the inclusion of additional language. See further definitions below which must state who is responsible for freight charges.

Free on Board (F.O.B.) Destination, Freight Collect: Title passes at destination and buyer pays the freight.

Free on Board (F.O.B.) Destination, Freight Collect and Allowed: Title passes at destination and buyer pays the freight and deducts it from the seller's invoice.

Free on Board (F.O.B.) Destination, Freight Prepaid and Added: Title to the goods passes from the supplier to the agency at the point of destination and supplier pays the freight expense and then adds the freight expense to the agency's invoice. Supplier owns goods in transit and files claims, if any.

Free on Board (F.O.B.) Destination, Freight Prepaid and Allowed: Title passes at destination and seller pays the freight.

Free on Board (F.O.B.) Origin: Title changes hands from the supplier to the public entity at the origin of the shipment. In this scenario, the public entity owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges) which must be specified with the inclusion of additional language. See further definitions below which must state who is responsible for freight charges.

Free on Board (F.O.B.) Origin, Freight Collect: Title passes at origin, and the buyer pays the freight.

Free on Board (F.O.B.) Origin, Freight Prepaid and Added: Title passes at origin, and seller pays the freight and then collects the charges from the purchaser by adding them to the invoice.

Free on Board (F.O.B.) Origin, Freight Prepaid and Allowed: Title to the goods passes from the supplier to the agency at point of origin and supplier pays and bears the freight expense. Agency owns goods in transit and files claims, if any.

Free on Board (F.O.B.) Origin, Freight Prepaid and Charged Back: Title passes at origin; seller pays the freight and adds it on to the seller's invoice.

1. Freight: Supplies, goods, and transportable property being moved between locations.
2. Compensation paid for the transportation of goods or for the use of a carrier.

Full and open competition: The process by which two or more vendors attempt to secure the business of a third party by offering the most favorable price, quality, delivery terms, or service. The concept of competition presumes the existence of a marketplace in which there is more than one vendor supplying similar goods and/or services.

Full Warranty: A warranty as to full performance covering both labor and material; the warrantor must remedy the product within a reasonable time and without charge after notice of a defect or malfunction.

Hazard Mitigation: Any cost-effective measure that will reduce the potential for damage to a facility from a disaster event. - (FEMA.gov)

HUD: Housing and Urban Development

Invitation for Bid (IFB): All documents used to solicit competitive or multi-step sealed bids. *Also known as Invitation To Bid (ITB).*

Labor surplus area (LSA): An area designated by the Secretary of Labor as having concentrated unemployment or underemployment in comparison with other areas. Used as one of the criteria for designating economically disadvantaged vendors/suppliers.

Latent defect: A defect, deficiency or imperfection that is not detected or discovered using generally accepted inspection methods. A defect that surfaces after final acceptance. It is not concealed damage. Also see Defect. (NASPO, 2001)

Major Disaster: As defined under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122), a major disaster is any natural catastrophe (including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance under this Act to supplement the efforts and available resources of States, tribes, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

“May”: Denotes the permissive in a contract clause or specification. Also see “*Shall*”.

Micro-purchase: Means an acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.

Micro-purchase threshold: \$3,500 with the exception of construction contracts which is \$2000.

MBE: Minority Business Enterprise. See Economically Disadvantaged Individuals

Noncompetitive proposals: A method whereby a proposal is received from only one source. Noncompetitive proposals should only be used when the award of a contract is not feasible under small purchase procedures, sealed bids, or competitive proposals, and one of the following circumstances applies:

- The item is available only from a single source
- There is an emergency requirement that does not permit a delay
- Solicitation from a number of sources has been attempted, and competition is determined to be inadequate

Offer: A response to a solicitation that, if accepted, would bind the offeror to perform the resulting contract.

Offeror: The person/entity who submits a proposal in response to an Invitation for Bid (IFB), Request for Proposals (RFP), Request for Qualifications (RFQ) or Request for Quotation (RFQu). One who makes an offer in response to a solicitation. Also see Bidder.

OMB - The United States Office of Management and Budget

Open-End Contract: A contract which sets forth the general provisions of supplies and services that may be delivered or performed within a given period of time, but in which quantity and/or duration is not specified. The quantity and delivery are specified with the placement of orders.

Option to Extend: In accordance with contract terms, an option that allows a continuance of the contract for an additional period of time. Also see option to renew.

Option to Renew: A contract provision that allows a party to reinstate the contract for an additional term, beyond that stated in the original contract, in accordance with contract terms. Also see option to extend.

Order: An instruction issued to a vendor for goods to be delivered to a given place at a given price.

Performance: The technical, operational, and quality characteristics of the end item.

Performance Based Contract: A results-oriented contracting method that focuses on the outputs, quality, or outcomes that may tie at least a portion of a contractor's payment, contract extensions, or contract renewals to the achievement of specific, measurable performance standards and requirements. These contracts may include monetary and non-monetary incentives as well as specific remedies.

Performance Bond: An instrument executed, subsequent to award, by a successful bidder that protects the public entity from loss due to the bidder's inability to complete the contract as agreed. A risk mechanism that secures the fulfillment of all contract requirements. May be referred to as a Completion Bond.

Piggyback Contracts: Contracts with disaster-related work performed by another jurisdiction's contractor with the city piggybacking off the same contract terms and conditions – FEMA does not favor “piggyback contracts” (FEMA.gov). *The City will most likely establish our own contracts with vendors/contractors or use pre-approved and properly executed state or federal contracts (SAW).*

Piggyback (Piggyback Cooperatives): A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by a larger entity. Generally a larger entity will competitively award a contract that will include language allowing for other entities to utilize the contract which may be to their advantage in terms of pricing, thereby gaining economies of scale that they normally would not receive if they competed on their own. Example: A smaller government agency has the ability to use its state issued contract to obtain goods and services which is also known as Riding a Contract.

Permanent Work: That work that must be performed through repairs or replacement to restore an eligible facility on

the basis of its pre-disaster design, use, and current applicable standards. (Category C-G) (FEMA.gov)

Pre-Bid/ Pre-Proposal Conference(Meeting): A meeting held by the buyer with potential bidders/offerors, prior to the opening of the solicitation for the purpose of answering questions, clarifying any ambiguities and responding to general issues in order to establish a common basis for understanding all of the requirements of the solicitation. This may result in the issuance of an addendum to all potential providers. In certain situations, a mandatory conference may be advisable. Also see Bidders Conference and Pre-solicitation Conference.

Pre-solicitation Conference: An informal, typically non-mandatory, meeting inviting comments and suggestions from a representative group of vendors on the draft of a proposed solicitation; this conference provides useful market analysis information to the Buyer; usually used for solicitations involving high technology or complex services. Also see Bidders Conference, Pre-bid/Pre-Proposal conference, Request for Comments (RFC) and Request for Information (RFI).

Price:

1. A value placed on an object or service provided by a seller to a buyer.
2. The money value of a unit of a good, service, or resource.
3. The total amount, in money or other consideration, to be paid or charged for a commodity or service; normally includes all costs (direct labor, overhead, materials) and profit or fee.

Price Adjustment Clause: A clause in a contract allowing for adjustment in price in accordance with circumstances arising during the term of the contract. A provision **that must** be included in contracts requiring contractor certification of cost and pricing data stating that price, including profit or fee, shall be adjusted to exclude any significant sums by which the jurisdiction finds the price was increased because the contractor-furnished cost or pricing data was inaccurate, incomplete, or not current.

Price Agreement: A contractual agreement in which a purchaser contracts with a vendor to provide the purchaser's requirements at a predetermined price. Also see Blanket order, Open end contract, and Requirements contract.

Price Analysis: The process of examining and evaluating a prospective price without performing cost analysis; that is, without evaluating the separate cost elements and profit of the offeror included in that price. The end result of price analysis is to ensure fair and reasonable pricing of a product or service. Price analysis may include a variety of techniques such as comparing proposed prices with prices of same or similar items obtained through market research. (Nash, Schooner, O'Brien, 1998).

Price At Time of Delivery: A term used in sales contracts when market prices are so volatile that the vendor will not give a firm price or use an escalator clause, but will only agree to charge the same price to all customers for similar purchases on the day of shipment or delivery of goods. Also see Open-End Pricing and Price Prevailing at Date of Shipment.

Price Ceiling: Upper limit imposed on the price of a good. The highest price that a buyer is willing to pay. (Business, 2002)

Price Competition: Selection of a contractor, from two or more vendors, based either solely on prices submitted, or on the final prices resulting from a negotiation with all contractors within a competitive range.

Pricing: The process of establishing a reasonable amount to be paid for goods and services. Generally includes labor, material, ancillary costs and profit.

Procurement: Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration. The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage and disposal operations.

Procurement Methods: Methods by which goods, services, or material may be acquired by public purchasers. The methods may include blanket orders, emergency purchases, standing offers, purchase orders, transfers, competitive bidding, competitive negotiation, intergovernmental cooperative agreements, small purchase contracts, purchases via a credit card, etc.

Prohibited Contracts: In accordance with 44 CFR Part 13.36(f) (4), **cost plus percentage of cost** contracts shall not be used. Use of such contracts may result in FEMA limiting the Public Assistance grant to an amount determined to be reasonable based on the eligible work performed. Contracts that are awarded by an applicant to **debarred contractors** are prohibited pursuant to 44 CFR Part 13.35; thus, no Federal funding can be awarded for eligible work completed.

Purchase order: A purchaser's written document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, delivery schedule, terms of payment, and transportation.

Purchase Requisition (PR): A document created by a requestor authorizing the commencement of a purchasing transaction. Typically will include a description of the need and other information that is relative to the transaction. May be submitted in hard copy or via eProcurement software.

Qualified Bidder: A bidder determined by the purchasing organization to meet the minimum standards of business competence, reputation, financial ability, and product quality for placement on the bidders list. Also see Responsible Bidder.

Qualified Products List (QPL): A list of items (products) that have been examined and tested and have satisfied all applicable qualification requirements. These lists are used on procurements to restrict bidders/offerors to those products on the lists. This may also be referred to as an Approved Brands List (ABL) or an Approved Products List (APL). (Nash, Schooner, O'Brien, 1998) –

Qualified Products List (QPL) Specifications: QPL Specifications are based on a list of products identified by manufacturers' names and model numbers, which are the only items which will be acceptable. These are used when quality is such a critical factor and testing so lengthy or expensive that the agency wants to stay with proven products. The list is prepared by testing products, either in the lab or in daily use. Items may be added to the list by the supplier demonstrating their quality by meeting specifications that have been defined by the using entity.

Reasonable Cost: A reasonable cost is defined by the Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* and Circular A-122, *Cost Principles for Non-Profit Organizations*, as a cost which in its nature and amount does not exceed that which would be incurred by a prudent person under the circumstance prevailing at the time the decision was made to incur the cost. Considerations include evaluating historical costs for similar work, analyzing costs for similar work in the region, reviewing published unit cost data for the work, or comparing costs with the FEMA Schedule of Equipment Rates and Cost Codes. The source of costs may include: the applicant's force account labor, equipment, and materials; contracted services; and mutual aid agreements. Costs are discussed further in Chapter 2, *Costs*.

Reasonable Cost: A cost that by its nature or amount does not exceed what would normally be incurred by an ordinarily prudent person in the conduct of competitive business. Often used in the context of “fair and reasonable” cost/price.

Receipt: Written acknowledgement that one party has obtained money or something of value from the other, without any affirmative obligation upon either party.

Receiving: The function of accepting from all sources all items of supply used in the organization.

Receiving report: A document used in the receiving and inspection process that identifies the item, quantity, and date of delivery. It may also note any discrepancies or problems.

Reference: A component of due diligence to determine the capability of performing contractual requirements whereby previous businesses are contacted concerning the potential contractors skills, qualifications and capabilities.

Request for Comments (RFC): A document generated prior to an authorized procurement in order to request feedback from the contracting community or potential proposers/bidders, to seek information about a product or service in order to assist in the finalization of technical specifications, design specifications, or a statement of work. Also see Pre-Solicitation Conference and Request for Information (RFI). (ISM, 2000)

Request for Information (RFI): A non-binding method whereby a jurisdiction publishes via newspaper, internet, or direct mail its need for input from interested parties for an upcoming solicitation. A procurement practice used to obtain comments, feedback or reactions from potential suppliers (contractors) prior to the issuing of a solicitation. Generally price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc. Also see Pre-Solicitation Conference and Request for Comments (RFC).

Request for Proposal (RFP): The document used to solicit proposals from potential providers for goods and services (Offerors). Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price prior to contract award. May include a provision for the negotiation of Best and Final Offers. May be a single step or multi-step process. Introduced in the Armed Services Procurement Act of 1962 as well as by the Competition in Contracting Act of 1984.

Request for Qualifications (RFQu): A document which is issued by a procurement entity to obtain statements of the qualifications of potential development teams or individuals (i.e. consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation.

Request for Quotation (RFQ): A small order amount purchasing method. Generally used for small orders under a certain dollar threshold, such as \$1,000.00. A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance and reliability.

Requisition: An internal document by which a using agency sends details of supplies, services, or materials required to the purchasing department.

Rescission of Contract: The relieving of a party from all obligations under a contract. A remedy for mutual mistake when reformation is not possible, and for other defects in contract formation such a duress, fraud, misrepresentation and unconscionability. (Nash, Schooner, O’Brien, 1998)

Residual Value: The proceeds, less removal and disposal costs, if any, realized upon disposition of a tangible capital asset (*FAR 31.001*).

Responsible Bidder/Offeror: A contractor, business entity or individual who is fully capable of meeting all of the requirements of the solicitation and subsequent contract. Must possess the full capability, including financial and technical, to perform as contractually required. Must be able to fully document the ability to provide good faith performance. Also see Qualified Bidder.

Responsive Bidder/Offeror: A contractor, business entity or individual who has submitted a bid or request for proposal **that fully conforms in all material respects** to the IFB/RFP and all of its requirements, including all form and substance.

Restocking Charges: On occasion, a public entity may inadvertently order more product or equipment than is required or, in error, order the wrong material. This is the charge incurred when returning the oversupply to the seller. It is good practice to include a restocking charge clause allowing the public entity to return the product for a negotiated restocking fee.

Sealed Bids: A formal method where bids are publicly advertised and solicited, and the contract is awarded to the responsible bidder whose proposal is the lowest in price. This method is the preferred method for procuring construction contracts (FEMA.gov).

Service/Services Contract:

1. An agreement calling for a contractor's time and effort.
2. The furnishing of labor, time, or effort by a contractor or vendor, which may involve to a lesser degree, the delivery or supply of products. The UCC/state commercial codes only apply to a procurement of a product, while state common law would apply if it is considered a procurement of a service.

Scope of Work: A detailed, written description of the conceptual requirements for the project contained within a Request for Proposal. The scope of work should establish a clear understanding of what is required by the entity.

“Shall”: denotes the **imperative** in contract clauses and terms.

Sherman Antitrust Act (U.S. Law): Passed by Congress in 1890, it prohibits contracts and conspiracies in restraint of trade, conspiracies to monopolize trade, and attempts to monopolize. The act makes price fixing, bid rigging, territorial market allocation, and some types of tying arrangements and boycotts illegal. Also see Clayton Act, Price Fixing and Tying Arrangement. (Business, 2002)

“Should”: signifies something you ought to do or indicating a desirable or expected state. (COC)

Simplified Acquisition Procedures: policies and procedures for the acquisition of supplies and services, including construction, research and development, and commercial items, the aggregate amount of which does not exceed the simplified acquisition threshold.

Simplified Acquisition Thresholds: means \$150,000 ([41 U.S.C. 134](#)), except for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack

Small Business: An independently owned firm, corporation, or establishment, having a small number of employees, low volume of sales, small amount of assets, and limited impact on the market.

Small Business Act: 1999 act which establishes the Federal Government's responsibility to aid, counsel, assist, and promote the interests of small businesses (as defined by the Small Business Administration), and to place with such businesses a fair proportion of Federal Government purchases and contracts for goods and services.

Small Business Administration (SBA): An independent agency of the Federal Government that offers managerial and financial assistance to small businesses. The SBA mission is to maintain and strengthen the nation's economy by aiding, counseling, and assisting the interests of small businesses. (www.sbs.gov)

Small Disadvantaged Business: A business offered preferential treatment: a small business that qualifies for preferential consideration for government contracts, usually because it is largely owned by a socially and economically disadvantaged person or group. Also see Economically Disadvantaged Individuals, Historically Underutilized Business (HUB), Minority-Owned Business (MBE) and WBE. (Encarta® World English Dictionary © & (P) 1998-2004 Microsoft Corporation. All rights reserved.)

Small Purchase: Any procurement not exceeding a given upper monetary limit, as established by law, regulation, executive order, etc. Usually applies to purchases of small dollar amounts under a certain monetary threshold.

Small purchase procedures: An informal method for securing services or supplies that do not cost more than \$25,000 by obtaining several price quotes from different sources.

Socioeconomic Programs: Using governmental purchasing power to promote public policy. Examples include: encouraging living wage programs in public contracting, establishing small business and minority procurement goals and establishing environmental procurement initiatives. (Schiller, 2000)

Sole Source Procurement: A situation created due to the inability to obtain competition. May result because only one vendor or supplier possesses the unique ability or capability to meet the particular requirements of the solicitation. The purchasing authority may require a justification from the requesting agency explaining why this is the only source for the requirement.

Sole Sourcing: U.S. - Selection of one particular supplier to the exclusion of all others. This decision may be based on lack of competition, proprietary technology, copyright or a supplier's unique capability. In government procurement, a sole source justification may be required from the requestor. Also see Single Sourcing.

Solicitation: An invitation for bids, a request for proposals, telephone calls or any document used to obtain bids or proposals for the purpose of entering into a contract. Also see Bid and Tender.

Sourcing: The identification and selection of the supplier whose costs, qualities, technologies, timeliness, dependability, and service best meet the organization's needs. (Burt, Dobler, Starling, 2003, 16)

Special Considerations: FEMA uses the term "special considerations" to describe issues other than basic program eligibility that affect the scope of work and funding for a project. Applicants have a critical role in identifying and resolving special considerations issues. The applicant should assist FEMA by identifying the issues as early as possible and providing the information necessary for review. A brief description of environmental and historic preservation special considerations that relate to debris operations are set forth below.

Special Procurement: A type of procurement, as practicable under the circumstances and initiated by the head of the entity, for an unusual or unique situation. The contract is not awarded based on the application of requirements of competitive sealed bidding or competitive sealed proposals that could be contrary to the public interest or the needs of the entity.

Stafford Act: The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, §42 U.S.C. 5121, et seq which authorizes FEMA's current disaster assistance programs and the Hazard Mitigation Program. The Program provides assistance for debris removal, implementation of emergency protective measures, and permanent restoration of eligible facilities and infrastructure. - (FEMA.gov & [Public Assistance Debris Guide @ Fema.gov](#))

Statement of Work: The response from the supplier/contractor outlining very specifically how the supplier proposes to complete the work as outlined in the Scope of Work. It defines what will be done, how, by whom, and cost factors.

Statutes: The written laws approved by legislatures, parliaments or house of assembly. Also known as legislation.

Statutory Law: The written law established by enactments of government, expressing the will of the legislature. A statute is the written law as opposed to common law, which is unwritten law. Statutes are written at all levels of government.

Surplus:

1. Results in an overstock situation when the quantity of goods on hand exceeds the quantity of goods needed. The overstocked goods may be returned to the vendor, sold at auction or disposed of in a method acceptable to the entity.
2. Refers to goods or materials that are obsolete or no longer needed by the agency and are designated for disposal. Surplus becomes available for disposal outside of the entity because of some unforeseen situation that affects the use of the item. An example would be chairs or desks that have been replaced with new items. Also see Obsolete Supplies/Equipment.

Suspension: Prohibiting a supplier from submitting bids and offers for a definite or indefinite period of time. A temporary determination to exclude a supplier from obtaining any contracts for a period of time, usually before initiating debarment. Reasons for this action may include poor performance, late deliveries, violations of previous contract terms, etc. Also see Debarment.

Task order: See Delivery order contract

Technical Proposal: A response to a solicitation which describes in detail what an Offeror proposes to furnish and the method of delivery. May be part of a two-step response contained within an offer, the second part being the price proposal.

Technical Specifications: Specifications that establish the material and operating requirements of products and services.

Temporary labor/hires: Temporary laborer to backfill regular staff who are performing eligible work.

Term Contract: A type of contract in which a source of supply is established for a specified period of time for specified services or supplies; usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.

Termination for Convenience: A contract clause which may be contained within boilerplate language that allows for contract to be ended at the discretion of the governmental entity. Action by which the purchasing entity, in accordance with contract provisions, unilaterally cancels all or part of the contract work for the best interest of the jurisdiction, and with no reflection on the contractor's performance. Also see Cancellation of a Contract, Discharge by Mutual Assent, and Termination for Default.

Termination for Default: A contract clause which may be contained within boilerplate language that allows either contracting party the right to cancel a contract, either in whole or in part, due to failure of the other party to perform satisfactorily. Also see Cancellation of a Contract, Discharge by Mutual Assent and Termination for Convenience.

Terms and Conditions (T's and C's): Standard boilerplate language that includes standard clauses and rules which apply to bids and offers formally solicited that may become incorporated into the final contract. Also see Boilerplate.

Terms of Contract: Stipulations made in contracts.

Terms of Payment: The methods of payment stipulated in a sales or purchasing contract.

Unallowable Cost: Any cost which, in accordance with pertinent laws or regulations, cannot be included in prices or cost-reimbursements under a contract to which the cost is allocable. (Nash, Schooner, O'Brien, 1998)

Unbalanced Bid: A bid that contains pricing aberrations, for example, low or nominal prices may be bid for some items and high or enhanced prices may be bid for other work. This may happen in time and material contracts or construction contracts where upfront payment may be made for mobilization. It is wise policy to state in the bid documents that "unbalanced bids may be deemed non-responsive". Unbalanced bids may be deemed to be non-responsive, and may be both mathematically unbalanced and materially unbalanced. Many public entities utilize a bid analysis procedure to help identify unbalanced bids; example: State of Wisconsin DOT Construction and Materials Manual, Section 2.1.2.1.1, revised 10/98. Also see Front-End Loading. (Miller, 2006)

Underemployment: An economic condition where people seeking full-time paid employment work only part time or are employed at jobs below their capability. (Schiller, 2000)

Unemployment: The inability of labor-force participants to find jobs. An economic condition in which a percentage of the population wants to work but is unable to find sustainable employment. (Bishop, 2004)

Uniform Administrative Requirements for Grants in Aid to States and Local Governments: Document issued by the Office of Management and Budget (OMB) in 1988 to establish uniform administration rules for federal grants and cooperative agreements. Also see OMB Circular A-102.

Unit: A standard or basic quantity into which an item of supply is divided, issued, or used, such as a unit cost or unit of measurement.

Unit Cost: The cost of a unit of product or service, found by dividing the total costs for a given period of operation by the number of units produced in that period of operation.

Unit Labor Cost: Hourly wage rate divided by output per labor-hour. (Schiller, 2000)

Unit Price: The cost per unit of a product or service; e.g., price per ton, per labor hour, or per foot.

Unnecessarily restrictive: A term used when specifications or terms and conditions limit competition arbitrarily, without reasonably promoting the fulfillment of the procurement needs of a contracting authority.

Value Added:

1. The increase in worth of a product or service as it moves through various stages of production and distribution.
2. What contribution a service function within an organization can make toward return on investment, increased productivity, or improved customer service. (Business, 2002)

Value Analysis: An organized effort directed at analyzing the functions of a product or service including specifications, standards, practices and procedures with the intent to satisfy the required function at the lowest possible cost without impacting functional need and suitability. Also see *Value Engineering*. (Nash, Schooner, O'Brien, 1998)

Vendor: A supplier/seller of goods and services. A reference to a provider of a product or service

AFFIRMATIVE ACTION PROCUREMENT AND CONTRACTING GOALS

It is the goal of the City of Columbia, SC to maximize opportunities for historically Disadvantaged Enterprise Businesses (DBEs) including, but not limited to, Small Businesses (SBEs), Minority Businesses (MBEs), Women-Owned Businesses (WBEs). The City has implemented an overall citywide 10% goal to encourage socially and economically disadvantaged business participation. This goal extends to bidders, subcontractors and suppliers on its procurement and contracting offerings.

Additional information on the City's affirmative action goals and objectives may be obtained by contacting the following office:

City of Columbia Office of Business Opportunities
1225 Lady Street, Suite 102
Columbia, SC 29201
(803) 545-3950
www.columbiasc.net/OBO

The City's success in tracking the amount of business received by SBE, MBE and WBE FIRMS (whether as a prime contractor or subcontractor) is dependent upon the business community partnering with us in this important endeavor. Each firm submitting a bid, offeror or RFQ shall ensure their proposed submittal identifies the percentage of subcontracting anticipated for this effort. Please complete the Small Business Form included in your bid packet and sign to certify if your business is a SMWBE and the anticipated percentage of work that you intend to subcontract to assist the City with its DBE goals.

The City reserves the rights to review and evaluate each proposal (RFP and RFQu) and provide points to the evaluation criteria up to 10% points, as applicable.

By signing this bid proposal or Contract, as applicable, the Contractor or Offeror certifies that reasonable good faith efforts have been made to encourage participation of the aforementioned suppliers and subcontractors and also have included certified minority and women-owned business enterprises on this project. Further, the Offeror or Contractor also certifies that the business will retain the documentation of these efforts and provide information to the City upon request.

The Successful contractor must comply with the terms and conditions as outlined herein. The Contractor, shall, in the performance of the contract/agreement, make constructive efforts to assist the City in complying with best practices in contracting as it relates to meeting affirmative action objectives.

(In addition to above, the following language is recommended to be added to all federally funding projects)

The Successful contractor must adhere to federal regulations 2CFR 200.321 and 24 CFR 85.36E and take the following affirmative steps to ensure that Small and Minority Businesses, Women-Owned Businesses and Labor Surplus Area firms are utilized to the fullest extent possible:

2 CFR 200.321 - Procurement and Affirmative Action - Small and Minority Businesses, Women-Owned Businesses, and Labor Surplus Area Firms

Organizations must take the following affirmative steps to ensure these firms are used when possible:

1. Place qualified small, minority, and woman-owned business on solicitation lists;
2. Assure that such businesses are solicited when they are potential sources;
3. Divide total requirement, when economically feasible, into smaller tasks or quantities to permit maximum participation by such businesses;
4. Establish delivery schedules, where requirements permit, which encourage such business to respond;
5. Use service and assistance from such organization as SBA, Minority Business Development Agency of the Department of Commerce; and
6. Require prime contractors to take the same affirmative steps.

24 CFR 85.36.E - Contracting with small and minority firms, women's business enterprise and labor surplus area firms.

1. The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible.
2. Affirmative steps shall include:
 - i. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - ii. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
 - iv. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
 - v. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
 - vi. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

(The following info is recommended to be inserted in the final contract)

SUBCONTRACTING GOALS

As a result of this contract/agreement, the subcontracting goals are as follows:

SB Goals _____ %
 MBE _____ %
 WBE _____ %
 LSA _____ %

The contractor will also be expected to ensure subcontractor performance during the period of performance and include optional periods as applicable. Achievement of these goals is expected during the life of the contract/agreement to include any changes incorporated by modification to the contract/agreement.

The following document is recommended to be placed in all solicitations: _____

APPENDIX (Blank)

SMALL, MINORITY, WOMEN-OWNED BUSINESS OBJECTIVES

INCLUDING LABOR SURPLUS UTILIZATION PLAN

INSTRUCTIONS: This form must be submitted with any bid, proposal, or proposed negotiated contract or within a reasonable time thereafter, but prior to contract award. This Utilization Plan must contain a detailed description of the supplies and/or services to be provided by each certified Small, Minority and Women-owned Business Enterprise (SMWBE) under the contract. This form includes federally required Labor Surplus Utilization efforts. Attach additional sheets if necessary.

If you are a SBE, MBE WBE, or other type of disadvantaged business enterprise, please check one of the following boxes:

SBE MBE WBE Other _____

1. In the spaces below, report the anticipated dollars that you intend to subcontract to each business type if a contract or agreement is awarded to your firm. (If you do not intend to subcontract any work to others, even if you are a S/M/WBE, put zeros in the spaces below).

Total **SBE Participation Percentage** to be subcontracted _____%

Total **MBE Participation Percentage** to be subcontracted _____%

Total **WBE Participation Percentage** to be subcontracted _____% _

Total **Other DBE Participation Percentage** to be subcontracted _____% _

2. If you are not a SBE, MBE, or WBE and you do not plan to utilize such firms in this agreement, please state your reasons and use an additional page if needed:

LABOR SURPLUS UTILIZATION PLAN

In accordance with federal requirements, the City also encourages the use of firms located in labor Surplus areas. A Labor Surplus area is an area designated by the Secretary of Labor as having concentrated unemployment or underemployment in comparison with other areas. Used as one of the criteria for designating economically disadvantaged vendors/suppliers. **If your business is located in a labor surplus area, please check here:**

Define the LSA here _____

The City anticipates that this effort will be continued to the maximum extent practicable throughout the life of the contract or agreement. Any changes or modification to the contract/ agreement will include, at a minimum the same proposed goals included in the negotiated agreement/contract.

The goals provided by the Successful Offeror shall be incorporated into the final contractual agreement between the parties or as amended through final contract negotiations.

By submitting this Exhibit, the respondent certifies he/she is an authorized representative of the company, understands and will comply with all requirements herein in any awarded action.

Signature

(Print Name)

Date

Business Name



Risk Analysis-Part D

Duplication of Benefits

**CITY OF COLUMBIA DUPLICATION OF BENEFITS
PROCEDURES**

| July 22, 2016



City of Columbia

Procedures to Ensure Timely Expenditures of CDBG-DR Funding

In accordance with Federal Register Vol. 81, No. 117 (Notice), the City of Columbia must track and document the timely expenditure of disaster recovery CDBG funding (CDBG-DR) received to recover from the severe storms and flooding resulting from Hurricane Joaquin (DR 4241/3373). In order to ensure expenditure of all CDBG-DR funds within the required six-year period, the City of Columbia must submit projections regarding the obligation and expenditure of all CDBG-DR funds over the life of the award as well as the anticipated outcomes associated with program activities. These projections enable the City of Columbia and the Department of Housing and Urban Development (HUD) to evaluate progress on program activities and ensure recovery efforts are achieved in a timely manner. In order to achieve these goals, the city has established the following procedures to implement strict guidelines for all city administered projects and within grant agreements with sub-recipients. In addition, the city will provide technical assistance and support to all sub-recipients as needed so that quarterly goals are met and funds are expended within all deadlines.

Projection of CDBG-DR Expenditures and Outcomes

As part of the initial Action Plan, the City of Columbia will outline CDBG-DR program activities, method of distribution, and anticipated projections for the timely expenditure of funding to meet the six year deadline established in the Notice. Within 90 days of Action Plan approval by HUD, the City will amend its published action plan to project quarterly expenditures and anticipated program outcomes. These projections will be based on each quarter's expected performance beginning with the quarter funds are available to the city and continuing each quarter until all funds are expended. The published action plan will be amended to accommodate any subsequent changes, updates or revision of the projections. In addition to amending the initial Action Plan, the city will submit its projections to HUD within 120 days after the grantee's initial Action Plan has been submitted via the Disaster Recovery Grant Reporting (DRGR) system. The projections will be posted on the city's Flood Recovery Website in order to enable HUD, and the public to track proposed versus actual performance of each program. In order to develop these projections, the city will use the *"HUD Template for Grantee Projections"*.

Procedures to Track Program Performance

HUD requires that grantees enter information in the Disaster Recovery Grant Reporting System (DRGR) in sufficient detail to permit the Department's review of grantee performance on a quarterly basis through the Quarterly Performance Report (QPR). In addition to program progress and outcomes, the city is required to report summary information on monitoring visits and reports, audits, and technical assistance conducted as part of city oversight of disaster recovery programs. The QPR will also include a summary indicating the number of oversight visits and reports. The city will use data entered into the DRGR action plan and the QPR, transactional data from the DRGR system, and other information provided by sub-recipients to provide reports to HUD and the public, as well as to: (1) monitor for anomalies or performance problems that suggest fraud, abuse of funds, and duplication of benefits; (2) reconcile budgets, obligations, funding draws, and expenditures; (3) calculate expenditures to determine compliance with administrative and public service caps and the overall percentage of funds that benefit low- and moderate-income persons; and (4) analyze the risk of city administered and sub-recipient programs to determine monitoring priorities and opportunities to provide technical assistance. The city will submit a QPR through the DRGR system no later than 30 days following the end of each calendar quarter. Within 3 days of submission to HUD, each QPR will be posted on the city's official Flood Recovery website.

In order to meet quarterly goals, the city will establish monthly performance metrics for city and sub-recipient administered programs. Performance metrics will be based upon program type and established benchmarks established to achieve quarterly projections as reported in the DRGR. These metrics will be incorporated into all sub-recipient grant agreements in order to measure performance and reallocate funding if necessary.

Monitoring

The City of Columbia will monitor performance reports and provide technical assistance to city assigned Program Managers and sub-recipients as necessary in order to ensure the timely obligation and expenditure of CDBG-DR funds. In addition, each program will be monitored at least once annually for compliance with federal regulations and program performance. Risk assessments, desktop and on-site visits will be conducted in accordance with the city's current "*Community Development Department Monitoring Strategy*". City or sub-recipient administered programs that are not meeting monthly or quarterly performance metrics are subject to potential reprogramming to other CDBG-DR programs.

Technical Assistance

An initial risk analysis will be conducted on each city and sub-recipient program in order to determine the level of monitoring necessary. High risk programs and sub-recipients will be monitored on site in the same fiscal year in which the risk analysis was conducted so that technical assistance can be provided to ensure all federal requirements and the performance metrics are met. On-going technical assistance regarding program reporting and metrics will be provided upon signing a grant agreement and as necessary thereafter.

Reallocation

Both city and sub-recipient administered programs are subject to reallocation to other programs or sub-recipients if participation and/or expenditure rates do not meet quarterly projections. The city will prepare and submit Action Plan Amendments to re-program funds for programs that are not anticipated to meet quarterly performance metrics or anticipated outcomes as necessary.

Responsible Agency

The City of Columbia Community Development Department, in conjunction with the Budget and Program Management Office, is tasked with the responsibility of oversight, tracking, and reporting of CDBG-DR obligation and expenditure rates on a monthly and quarterly basis. This agency will also be responsible for entering recovery program data into the DRGR System and upload of the QPR and other performance reports to the city's official Flood Recovery Website.



Risk Analysis-Part F Managing CDBG-DR Funds

**CITY OF COLUMBIA PROCEDURES TO
EFFECTIVELY MANAGE CDBG-DR FUNDS**

| July 22, 2016



City of Columbia

Procedures to Effectively Manage CDBG-DR Funds

In accordance with Federal Register Vol. 81, No. 117 (Notice), the City of Columbia must have adequate procedures to effectively monitor and manage funds that are disbursed to sub-recipients and/or individual applicants. In addition, the Notice requires that the city has policies in place to address fraud, waste, and abuse.

Sub-recipient Monitoring Plan

The City of Columbia Community Development Department will use its existing risk based monitoring strategy to monitor the program activities and performance of sub-recipients. This monitoring strategy includes a process to conduct a risk analysis in order to determine the level of monitoring that will be conducted. High risk sub-recipients, project sponsors, and CHDOs are monitored onsite in the same fiscal year in which the risk analysis is conducted. In addition to onsite visits, the city undertakes annual remote or desktop monitoring for all sub-recipients, project sponsors and CHDOs. Remote or desktop monitoring is conducted by evaluating various in-house materials such as: applications for funding, written agreements, reimbursement requests, progress reports, drawdown reports, previous monitoring determinations and audits. This monitoring process allows the City to better track program progress and provide technical assistance as needed.

The following positions are responsible for monitoring the various program areas:

Staff Position	Program Areas
Community Development Administrator	CDBG, HOME, HOPWA
CD Compliance Specialist	CDBG, HOPWA, Labor Standards, Sec. 3/MBE/WBE URA
CD Compliance Specialist	CDBG, HOME, Fair Housing, Lead-Based Paint, ERR
Sr. Loan Officer/HOME Coordinator	HOME/CHDO
CD Coordinator	Financials
CD Facilities Manager	Construction Management

Due to the receipt of CDBG-DR funds, the city anticipates that this staff will be expanded to monitor additional sub-recipients and individual applicants. This staffing adjustment will be included in the Pre-Implementation Plan.

In addition to the City of Columbia Monitoring Strategy, the city also provides sub-recipients with a Grant Administration Manual that provides sub-recipients with in-depth review of the city's monitoring process and the documentation required for a monitoring visit. In addition to onsite or desktop reviews, the city also requires sub-recipients to submit a monthly report detailing the implementation and administration of the activity or program. The monthly programmatic report includes the following:

- Progress in meeting stated goals and objectives;
- Changes in staff or Board of Directors;
- Problems encountered and steps taken to resolve them;
- Other general information as appropriate;
- A "Monthly Sub-recipient Client Summary" which captures the income, ethnicity, and household status of clients receiving CDBG-funded assistance within the reporting period.

Monthly programmatic reports are due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided. In addition to the programmatic reports, sub-recipients are also required to submit a monthly report concerning the financial and accounting status of the activity or program which includes the following:

- Summary of all disbursements of CDBG funds.
- Summary of all requests for reimbursement of CDBG funds.
- Report on percentage of CDBG funds expended and remaining by cost category.

This report is also due in the City Community Development office by the fifteenth (15th) working day of the month following the month when services were provided.

Based on monitoring results, reporting, and other criteria, City Community Development staff may meet with sub-recipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined in the agreement. An on-site visit may occur to discuss the service activity shortfall. On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program was intended are being served and that in the event of an audit, the required client information is being maintained.

Based on the information received from the sub-recipient, City Community Development staff submits monthly reports on sub-recipient goals and progress to City Management. Staff may recommend corrective action to be taken should other efforts at obtaining compliance be ineffective.

Applicant Monitoring

In order to minimize the misuse of CDBG-DR funds and reduce the likelihood of applicant fraud, the city will require individual applicants to sign certifications at the application and grant agreement phases of the program. Certifications will require that individual applicants acknowledge and certify that:

- Information provided in the application for assistance is complete and accurate.
- Reported damages or losses are caused as a result of the declared disaster.
- All funding for assistance received as a result of the disaster has been disclosed.
- They acknowledge and understand that Duplication of Benefits (DOB) is not allowed by federal regulations and agree to subrogation of any additional funding received for the same purpose.
- The damaged residence is their primary (not secondary) home, if applicable.
- Collusion with or kickbacks from program contractors is not allowed.
- They have no conflict of interest with city officials, sub-recipients (if applicable), or program contractors.
- There is potential repayment of funding or prosecution for making false, misleading, and/or incomplete statements and/or documentation.

In addition to signing the above notarized statements, the city and sub-recipients shall develop monitoring plans for each program to ensure that the applicants are in compliance with the terms of their grant agreement and covenant (if applicable). The city will be responsible for reviewing and approving sub-recipient monitoring plans and reports. Compliance and monitoring plans and reports will be made available to HUD upon request.

Internal Auditor

In conjunction with the administration and oversight of CDBG-DR funding, the City of Columbia will hire an independent internal auditor who will report directly to the City Manager. The role of the internal auditor will be to conduct internal monitoring/audits of city administered CDBG-DR programs as directed. The auditor will also be responsible for the coordination and response to external audits or monitoring by city, state, and federal agencies. In addition, the auditor will be responsible for the detection and prevention of fraud, waste, and abuse in city

and sub-recipient administered programs as well as coordinating allegations of fraud with city, state, and federal law enforcement agencies. This responsibility includes the presentation of cases to HUD OIG for prosecution if necessary. This staffing adjustment will be included in the Pre-Implementation Plan.

Anti-Fraud Waste and Abuse

In order to minimize fraud, waste, and abuse in CDBG-DR programs, the city will require each sub-recipient to demonstrate that they have procedures and/or systems in place to identify and report potential fraud, waste and abuse in their CDBG-DR program(s) prior to the release of funds. If suspected fraud is identified, sub-recipients will be required to immediately report the information to the City of Columbia City Manager or Internal Auditor. The city will in turn refer the matter to the HUD Office of Inspector General (HUD OIG) and other law enforcement agencies where appropriate.

In concert with the HUD OIG and other law enforcement agencies, the city will take appropriate measures to address such allegations as the circumstances dictate. In the event that the city has actual knowledge of a misappropriation of funds or assets, the matter will additionally be referred to the applicable office of district attorney and/or office of the state Inspector General, if not already notified. In addition, the city will conduct regular monitoring of sub-recipients and will report any potential fraud, waste and abuse to these same agencies.

Conflict of Interest statements are included in the City of Columbia Personnel Policies and all sub-recipient grant agreements. These statements mandate that no person who exercises or has exercised any functions or responsibilities with CDBG-DR activities shall obtain a financial interest of benefit from any CDBG-DR project or program. The city will only consider an exception to these provisions after the sub-recipient has: 1) disclosed the full nature of the conflict and submitted documentation that the disclosure has been made public and 2) provided a legal opinion stating that there is no violation of city, state, or federal law if the exception is granted.

In addition, the City of Columbia Flood Recovery Website will have the phone number of city and federal law enforcement agencies in order for external parties to report allegations of fraud.

Responsible Agency

The City of Columbia Community Development Department, in conjunction with the Budget and Program Management Office, is tasked with the responsibility of oversight and monitoring

of all individual grant recipients and sub-recipients for compliance with grant agreements and federal regulations. The Independent Internal Auditor, in conjunction with the City Manager, will be responsible for internal audit of city administered programs, audit/monitoring response, and prevention of fraud, waste, and abuse.



Risk Analysis-Part G CDBG-DR Website

**CITY OF COLUMBIA PROCEDURES TO MAINTAIN A
COMPREHENSIVE CDBG-DR WEBSITE**

| July 22, 2016



City of Columbia

Procedures to Maintain a Comprehensive CDBG-DR Website

In accordance with Federal Register Vol. 81, No. 117 (Notice), the City of Columbia must have adequate procedures to maintain a comprehensive website regarding all disaster recovery activities. Prior to the issuance of the Notice, the City of Columbia established a separate webpage for the flood recovery at <http://columbiasc.gov/flood>. To date, this website has been used to report the status of FEMA DR 4241 flood recovery projects and other general information for the public. As a result of CDBG-DR funds being appropriated, the city will create a separate CDBG-DR website to conform to the requirements in the Notice. The City's CDBG-DR webpage will also be updated on a regular basis in accordance with the following procedures and standards so that it will contain links to information regarding the use and management of grant funds, links to all action plans and action plan amendments, performance reports, citizen participation notices, and program information for activities described in the action plan, including details of all contracts and ongoing procurement policies.

Procedures for the Upload of Action Plan and Action Plan Amendments

Prior to the city adopting the initial Action Plan for the CDBG-DR grant, or any substantial amendment to the grant, the city will publish the proposed Action Plan or Action Plan Amendment to the CDBG-DR website in English, Spanish and accessible formats as required by Section 508 of the Rehabilitation Act of 1973, as amended. In addition the notice and proposed Action Plan will be posted in prominent location on the website so that citizens, affected local governments, and other interested parties have at least 14 days to examine the plan or amendment's contents. The website will also solicit public comments and provide instructions on the submittal of comments to the city for consideration. The topic of disaster recovery and Action Plan notices will also be navigable from the city's website and Flood Recovery webpage.

In addition, the Community Development Department will ensure that every amendment to the Action Plan (substantial and non-substantial) is appropriately numbered with any amendment highlighted, or otherwise identified, within the context of the entire action plan, with a section that identifies exactly the content that is being added, deleted, or changed. The action plan amendment will also include a revised budget allocation table that reflects the entirety of all funds, as amended. At all times the city's most recent version of the uploaded action plan will be accessible for viewing as a single document at any given point in time, rather than the public or HUD having to view and cross-reference changes among multiple amendments.

Posting of DRGR and other Performance Reports

The city will post all Disaster Recovery Grant Reporting (DRGR) reports within 3 days of submission to HUD. In the event the QPR is rejected by HUD, the city will post the revised version, as approved by HUD, within 3 days of the approval. DRGR reporting staff will be responsible for ensuring that the QPR is uploaded to the CDBG-DR website on the same day that they are submitted to HUD.

Use of Grant Funds

In addition to the QPR, the city will post a report showing the total amount and status of the congressional appropriation (and any subsequent appropriation) plus the total budgeted for each CDBG-DR approved program, amount of funding obligated and expended, and remaining balances. This report will be updated quarterly by DRGR reporting staff and will be posted in conjunction with the QPR.

Procurement Policies and Solicitations

The City of Columbia CDBG-DR Procurement Policies and all CDBG-DR solicitations will be posted on the website at the same time they are posted in the newspaper or other required websites. At a minimum, all solicitations shall include the type of procurement (RFP, RFQ, etc.), description of the services to be provided, Addendums, due date of the proposal, and date of award. The Procurement and Contracts Department will be responsible for providing the Public Relations and Media Department with procurement policies and solicitations for all CDBG-DR contracts.

CDBG-DR Contracts and Status

All CDBG-DR Contracts subject to 24 CFR 85.36 and/or in accordance with city procurement policies will be posted on the city's CDBG-DR website. This includes contracts that the city procured directly and also those entered into by the city's sub-recipients. In addition to original contracts, all approved amendments and task orders will

also be uploaded to the website. At a minimum, the listing for each contract will include a key phrase or statement regarding the purpose of the contract, name of the contractor, original and current contractual value, number of contract amendments, amount expended, and start date. Contract and subsequent amendments or Task Orders will be posted within 3 days of approval. The Procurement and Contracts Office will be responsible for providing the Public Relations and Media Department with CDBG-DR contracts, information related to the contracts, and any subsequent amendments or approved Task Orders.

Program Policies and Documents

All program policies and required documents (sample application, grant agreement documents, etc.) will also be posted to the CDBG-DR Website so that they are accessible to applicants who may have questions or need additional information. As program policies and required documentation change during implementation, updated versions will be uploaded to the website with approved changes listed. Community Development Department staff will be responsible for providing updated policies and documents to the Public Relations and Media Department for upload to the website as necessary.

Applicant Status

HUD is requiring grantees to utilize various mediums of communication, such as websites or other means in order to provide individual applicants for recovery assistance with timely information on the status of their application. Due to the level of security necessary to protect an applicant's Personally Identifiable Information (PII) and other grant information from external predatory practices, the city of Columbia will upload a flow chart to the CDBG-DR Website showing each stage of the grant process so that applicants, who will receive letters as their status changes in the program, will be able to understand the required steps from the initial application intake to project close out.

Section 504 and 508 Compliance

In addition to the requirement to ensure that all information related to the City of Columbia flood recovery is available on the city's public website, this information will also be provided in a format that is accessible to persons with disabilities and non-English speaking persons. For this reason, it is the intent of the city to ensure that program notifications and documents comply with Sections 504 and 508 of the Rehabilitation Act of 1973, as amended. Compliance with these regulations will assist people with disabilities to access information in an electronic format and eliminate language barriers. In addition, the following statement will be placed on the Flood Recovery webpage to notify the general public regarding non-discrimination and the availability of reasonable accommodations upon request.

*“The **City of Columbia** does not discriminate on the basis of race, color, national origin, sex, age, religion or disability, and provides, upon request, reasonable accommodation, including auxiliary aids and services, to afford an individual with a disability an equal opportunity to participate in all services, programs and activities. Towards this end, we continually strive to make our web platform friendly to screen readers and other accessibility-related software, and provide accessible documents where possible. Any person requiring assistance, or would like a copy of a specific document, should contact the Human Resources Employee Relations Officer at 803-545-4265”*

Responsible Agency

The City of Columbia Community Development Department will coordinate all updates to the city’s CDBG-DR website in order to ensure that all content meets the city’s website requirements and is accessible to person with disabilities or language barriers within the timeframes established in the Notice. The Community Development Department will provide the initial Action Plan and subsequent amendments 10 days in advance of the anticipated posting date in order to ensure sufficient time to translate the documents and notices into Spanish. The Community Development Department and/or DRGR reporting staff will also publish the QPR to the City’s CDBG-DR website on the same day that it is submitted so that it and any revisions can be uploaded within the 3 day timeframe established by HUD. In addition, the Community Development Department will publish CDBG-DR program policies and required documentation as updated. The Procurement and Contracts Department will be responsible to provide procurement and contractual information to the Community Development Department for upload and updating within 3 days of approval.



Risk Analysis-Part H

Timely Status Information

**CITY OF COLUMBIA PROCEDURES TO ENSURE
TIMELY INFORMATION ON APPLICATION STATUS**

| July 22, 2016



City of Columbia

Procedures to Ensure Timely Information on Application Status

In accordance with Federal Register Vol. 81, No. 117 (Notice), the City of Columbia must have adequate procedures in place to facilitate effective communication to individual applicants to ensure that they are well informed on the status of their application for disaster recovery assistance. While disaster recovery programs vary in type, size and complexity, the following procedure serves as a basis for the development of communication strategies for each program as it is developed and administered by the city or sub-recipient.

Procedures for Providing Applicant Status

The City of Columbia, in conjunction with sub-recipients if applicable, will customize communication policies and procedures for each program that involves CDBG-DR funding to individual applicants. Using this model, applicants in both city and sub-recipient administered programs will receive Case or Claims Managers who will be responsible to communicate via in person meetings and written letters to program applicants during all phases of program activities from applicant intake to close out. In order to ensure that this communication occurs in a timely manner, Case or Claims Managers will have performance metrics by which to notify applicants via letter with follow up phone calls at key stages during the life cycle of the program. All written correspondence to the applicant must be uploaded into the system of record and/or hard copy file within 24 hours of any notification by regular mail in the applicant's preferred language. Depending upon program type, examples of key program stages may include:

- Applicant Intake
- Application Complete
- Eligibility and Benefit Determination Complete/Notification of Eligibility or Ineligibility

- Environmental Review Complete
- Grant/Subrogation Agreement Complete
- Notice to Proceed (if applicable)
- Change Orders (if applicable)
- Construction Complete/Initiation of Warranty Period (if applicable)
- Monitoring review and status (Compliant or Non-Compliant)
- Close out status complete or grant recovery

In addition, all programs will provide applicants with written grievance procedures at application intake. All applicant grievances shall be documented in a centralized log/repository for each program with a written response provided via regular mail within 15 days. All written correspondence to individual applicants will be uploaded to the system of record and/or placed in hard copy files within 24 hours of mailing. Case or Claims Managers will also be required to make a follow up phone call to notify the applicant regarding the outcome of their claim and explain that they will receive a response letter via regular mail.

Although HUD is encouraging grantees to utilize various mediums of communication, such as websites or other means in order to provide applicants with timely information on the status of their application, the city will not utilize the flood recovery website for this purpose. Due to the level of security necessary to protect an applicant's Personally Identifiable Information (PII) and other grant information from external predatory practices, the city of Columbia will only utilize the flood recovery website to upload informational data and documents to include a flow chart depicting each stage of the grant process so that applicants, who will receive letters as their status changes in the program, will be able to understand the required steps from the initial application intake to project close out. In addition, all program policies and required documentation will be uploaded to the flood recovery website in a manner that is compliant with Section 504 and 508 standards to increase accessibility to disabled applicants and eliminate any language barriers that may exist.

Protection of Personally Identifiable Information (PII)

The City of Columbia will establish "*Procedures to Protect Personally Identifiable Information (PII)*" (see Attachment B2 Draft) in order to communicate the city's requirements related to the proper handling and securing of Personally Identifiable Information (PII) for both city and sub-recipient administered programs. The purpose of this policy is to ensure the confidentiality and integrity of PII information provided in a hard copy format and/or electronically stored or transmitted over the City of Columbia or sub-recipient computer networks and telephone systems. The policy will outline methods to collect, document, and properly dispose of applicant hard copy paperwork that contains PII as well as establishing acceptable uses and methods of transmission of PII data. All program staff, to include sub-recipient staff, will be

provided a copy of the city's PII policies and will be required to sign an acknowledgement form confirming their acknowledgment and understanding of the policy. Basic components of the policy will establish the proper protocols to:

- Ensure proper handling of hard copy documentation and files.
- Secure hard copy PII in applicant files or documents that are being actively reviewed or worked.
- Establish parameters related to the use of applicant data transmitted and maintained in electronic media.
- Outline potential disciplinary actions for violations of the city policy.
- Establish protocols should a breach of data occur during the administration of the city's CDBG-DR Programs

Responsible Agency

The City of Columbia Community Development Department will be responsible for developing communication strategies for each CDBG-DR program in conjunction with sub-recipients, if applicable. In addition, the Community Development Department will be responsible for establishing and monitoring program grievance procedures in order to ensure that program grievances are adequately documented and meet the 15 day response requirement. The City of Columbia IT Department will be responsible for the development and enforcement of the PII Policy to ensure that all program staff understand and comply with city policy in order to adequately protect applicant PII. In addition, Community Development will ensure that all existing and new CDGB-DR program staff of Community Development or sub recipients of CDBG-DR funds sign a certification form in order to document that the City has distributed these policies.

Required Certifications

Implementation Plan Checklist (CDBG-DR Grants under Public Law 114-113)

Each State or UGLG receiving a direct allocation in the Notice must submit an Implementation Plan to that contains the following information that described the grantee's capacity to carry out the recovery :

Question	Answer
1. Capacity. Does the Grantee's Implementation Plan include the following:	
a. Assessment of capacity to carry out recovery efforts?	Yes
b. Timeline with milestones describing when and how the Grantee will address all capacity gaps identified?	Yes
2. Staffing. Has the Grantee's Implementation Plan identified personnel that will be in place for the following functions:	
a. Case management, in proportion to applicant population?	Yes
b. Program managers for housing, economic revitalization, and infrastructure programs?	Yes
c. Procurement/ contract management?	Yes
d. Environmental compliance and compliance with applicable requirements?	Yes
e. Monitoring and quality assurance?	Yes
f. Financial management?	Yes
3. Internal and Interagency Coordination. Does the Grantee's Implementation Plan describe the following:	
a. How it will ensure effective communication between different departments and divisions carrying out CDBG-DR activities within the grantee's organizational structure?	Yes
b. How it will ensure effective communication with other local and regional planning efforts to ensure consistency?	Yes
4. Technical Assistance. Does the Grantee's Implementation Plan describe the following:	
a. Procurement of technical assistance for any personnel that the Grantee does not employ at the time of Action Plan submission?	Yes
b. Provision of technical assistance to fill knowledge gaps or technical expertise to ensure timely recovery?	Yes
5. Accountability. Does the Grantee's Implementation Plan describe the following:	
a. The lead principal agency responsible for the implementation of the CDBG-DR award?	Yes
b. The head of the lead principal agency will report directly to the chief executive officer of the jurisdiction?	No*
As described in the Implementation Plan, the Community Development Department reports directly to the Assistant City Manager of Operations and Development Services. Due to the utilization of existing departments, CDBG infrastructure in place, and available staff to implement the city's CDBG-DR programs, the city does not feel that a restructuring of the organization is necessary.	
Has the Grantee met all Requirements?	Yes
If No, describe basis for conclusion:	
Does the Grantee certify as to the accuracy and validity of the responses provided?	Yes
Signature of Official Responsible for CDBG-DR Recovery Implementation:	
	
Printed Name of Official Responsible for CDBG-DR Recovery Implementation:	
<i>Teresa Wilson, City Manager</i>	



CDBG-DR Pre-Award Implementation Plan

CITY OF COLUMBIA

Version 1.0 | July 22, 2016

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EXHIBITS

- Exhibit A: City of Columbia Organizational Chart
- Exhibit B: Community Development Department Organizational Chart
- Exhibit C: Procurement Department Organizational Chart
- Exhibit D: Pre-Award Implementation Timeline

INTRODUCTION

The City of Columbia Community Development Department was established in 1975 after Congress enacted Title I of the Housing and Urban Development (HUD) Act in 1974 which consolidated a number of categorical grant programs into the Community Development Block Grant Program (CDBG). Since this time, the City of Columbia has been an entitlement jurisdiction for federal formula grants through the Community Development Block Grant (CDBG) Program, HOME Investment Partnerships (HOME) Program, and Housing Opportunities for Persons with Aids (HOPWA) Program. As such, the Community Development Department has over 40 years of experience managing federally funded programs in compliance with federal, state, and local regulations. For that reason, the City of Columbia has a great deal of institutional knowledge and infrastructure in place to serve as a solid foundation for the management and administration of CDBG-DR Programs. Building upon this extensive experience, the Community Development Department will serve as the primary agency responsible for the management of the city's allocation of CDBG-DR funding.

SCOPE & APPROACH

The City of Columbia CDBG-DR Pre-Award Implementation Plan is intended to provide the U.S. Department of Housing and Urban Development (HUD) with assurances that the City has conducted an internal assessment of existing capabilities and capacity for the administration of CDBG-DR funding allocated as a result of the October 2015 flood event (PL 114-113). In addition, this assessment outlines the city's implementation plan and timeline for the management of CDBG-DR funding upon HUD approval of the initial Action Plan and eventual release of funds. This assessment was conducted in conjunction with the city's Risk Analysis and addresses the following areas in order to ensure compliance with the Federal Register Notice and HUD regulations:

- Environmental Compliance
- Financial Management
- Procurement and Contract Management
- Information Technology (IT)
- Reporting
- Case Management
- Compliance and Monitoring
- Quality Assurance and Quality Control

ENVIRONMENTAL CLEARANCE

HUD assisted projects like CDBG-DR (Community Development Block Grant- Disaster Recovery) projects require a historic preservation compliance review, otherwise known as Section 106 review, which requires federal agencies to consider any impacts their projects may have to historic properties. This review process can be completed as outlined in 36 CFR 800 for individual projects or a Programmatic Agreement (PA) may be developed as an alternative to expedite the review process for multiple projects. HUD environmental regulations [24 CFR 58] require states and units of general local government to assume responsibility for environmental review of HUD-assisted projects. These Responsible Entities (REs) act as the federal agency in carrying out environmental

reviews, including Section 106 reviews. As an entitlement city and experienced RE, Columbia currently has an environmental review process and contractor in place to conduct environmental reviews for CDBG-DR projects.

However, as part of the process to obtain and administer CDBG-DR funding, the city is currently working with HUD to assess the benefits of adopting the FEMA Programmatic Agreement currently in place for South Carolina and HUD proposed Addendum. Adoption of the FEMA PA and Addendum will assist the city to expedite Section 106 reviews of CDBG-DR funded projects. In order to sign on to the FEMA PA and Addendum, the city has been informed and acknowledges that it must:

- Conduct outreach to inform other potentially interested parties such as local historic preservation review Commissions (whether or not the city participates in the SHPO's Certified Local governments Program), local historic preservation organizations, and the public about the proposed HUD Addendum before adoption.
- Hire city staff or a consultant who is a qualified historic preservation professional who meets the Secretary of the Interior's Professional Qualification Standards with Section 106 experience.
- Submit the qualifications of the city's historic preservation professional and a cover memo that includes details regarding the type, number and locations of potential projects in order to receive approval.
- Undertake Tier II reviews in accordance with Appendix B of the Programmatic Agreement.
- Meet the annual reporting requirements contained in the FEMA PA which requires the submittal of annual reports by June 30th. These reports must summarize the actions taken by the city in the previous calendar year to implement the terms of this Agreement, statistics on undertakings reviewed, and recommendations for actions or revisions to be considered.

At this time, it is anticipated that the City of Columbia will utilize its existing consulting firm to coordinate the environmental and Section 106 process with Community Development Department CDBG-DR Project Managers. If the city adopts the FEMA PA and Addendum, the city will also hire a qualified historic preservation consultant to meet the requirements listed above if the existing firm under contract does not meet these qualifications.

The timeframe for the completion of these actions is September 20, 2016 so that the city is prepared to complete Tier I Environmental Reviews and Request Release of Funds as soon as possible.

FINANCIAL MANAGEMENT

In order to demonstrate that proficient financial controls are in place, the City of Columbia has completed the "*Public Law 114-113 Guide for Review of Financial Management*" (the Financial Management Guide) as part of completing Part B. Financial Controls of the P.L. 114-113 Risk Analysis documentation. Based upon this review and the city's processes currently in place governing its annual allocation of CDBG entitlement funding, it has been determined that the City of Columbia has sufficient financial controls in place to administer CDBG-DR funding. However,

as part of this review process the Finance Department has identified the need for additional finance staff in order to adequately track and monitor the obligation and expenditure of CDBG-DR funds. For this reason, the city intends to hire an additional Financial Analyst for the Finance Department in order to supplement existing staff and coordinate all CDBG-DR activities (draw requests, invoices, etc.) with the Community Development Department. In addition to hiring staff, the Finance Department is currently in the process of transitioning to 2 CFR Part 200 standards for both city and subrecipient audits and in the process of procuring Fidelity Bonding for city financial personnel assigned to CDBG-DR programs. All subrecipient agreements will also be amended to include Fidelity Bonding requirements for all CDBG-DR programs as applicable. Finally, the city will periodically evaluate the key internal controls of all CDBG-DR projects and programs (*see Internal Controls Checklist submitted as part of the Guide to Financial Management Part B2*). The city's Internal Auditor, in conjunction with Community Development and Finance staff, will coordinate the completion of these reviews.

The timeline for the completion of these actions is November 1, 2016.

PROCUREMENT AND CONTRACT MANAGEMENT

In preparation for CDBG-DR funding, the City evaluated its procurement processes and procedures to ensure compliance with 2 CFR 200 through 200.326. As a result, the City of Columbia Procurement Department has developed and adopted the CDBG-DR Procurement Guide (*see Risk Analysis Attachment C-1*) to ensure compliance with 2 CFR Part 200. In conjunction with this review, the Procurement Department also evaluated its existing capacity in order to ensure sufficient staffing for CDBG-DR procurement and contract management activities. As a result the department has realigned existing staff and filled all necessary positions to assume new DR responsibilities as shown in Exhibit C of this plan.

No further action is required.

INFORMATION TECHNOLOGY (IT)

In addition to normal IT operations, it is anticipated that the city will need to enhance existing IT solutions (Zoom Grants) and/or procure an IT contractor in order to develop a system (s) of record to for tracking and reporting of CDBG-DR programs as well as retaining program documentation. As such, the city intends to evaluate its existing IT solution and initiate the procurement process to hire an IT contractor who can develop a customized IT solution for the management of disaster recovery programs, if necessary.

The timeframe for completing an evaluation of Zoom Grants and assessing additional IT solutions is September 1, 2016.

REPORTING

In order to meet HUD's DRGR requirements, the Community Development Department will designate an existing or new staff person to serve as the DRGR Reporting Analyst. The Reporting Analyst will be responsible for entering program information into HUD's Disaster Recovery Grant Reporting (DRGR) System, submittal of the Quarterly Performance Reports (QPR), and upload of the QPR to the city's website within 3 days of submittal to HUD. In addition to DRGR reporting,

the Reporting Analyst will also be responsible for the developing and monitoring CDBG-DR expenditure rates and program performance through the use of the HUD template “*CDBG DR Grantee Projections for Expenditures and Outcomes.*” The Reporting Analyst will work with Community Development Department Program Managers to ensure that reporting information is complete and accurate. These reports will be used to assist program managers to:

- Establish timelines for all city programs, tracking expenditure rates and managing the drawdown of CDBG-DR dollars.
- Align program timelines and expenditure rates with grant agreements (6 year completion date).
- Create meaningful program budgets based upon current and projected drawdown rates.
- Develop reallocation strategies or program alternatives to increase expenditure rates.
- Effectively track Administrative and Program Delivery dollars in order to minimize costs and maximize the amount of funding available for recovery activities.
- Evaluate program staffing levels and utilization in order to increase efficiency and reduce costs.
- Ensure that 70% of all CDBG-DR dollars are used to meet the LMI National Objective.

The timeline for filling this position with new or existing staff is November 1, 2016 so that the Reporting Analyst can be adequately trained on the DRGR system and prepared to enter program information into the system once HUD approves the city’s Action Plan.

CASE MANAGEMENT

In accordance with Federal Register Vol. 81, No. 117 (Notice), the City of Columbia must have adequate procedures in place to facilitate effective communication to individual applicants to ensure that they are well informed on the status of their application for disaster recovery assistance. For this reason, the city intends to implement a robust case management approach for programs involving individual applicants. At this time, the city is considering whether or not to contract for case management services or performing these services with in house/on-boarded personnel. This decision will be based upon program design, capacity of city departments, estimated number of eligible applicants, and potential need for a call center and/or document management capabilities.

In either case, Case Managers will be assigned by program area (Housing Rehabilitation, Elevation, Acquisition/Buyout, Economic Development, etc.) with the number of assigned applicants determined by the estimated number of potential applicants, type and design of the CDBG-DR Program. At this time it is envisioned that Case Managers will be assigned to applicants for the duration of program activities from intake to close out but this may vary by program type. In general, Case Managers will be responsible for the collection of applicant and third party verified information, eligibility and benefits determinations, providing all HUD required program notifications, and correspondence related to the status of applicants files or outcome of program appeals in accordance with the city’s “*Procedures to Ensure Timely Information*

on Application Status” (Risk Analysis Attachment H1). Prior to providing funding assistance or initiating construction activities, files will receive a QA/QC reviews by QA/QC Analysts in order to ensure complete and accurate files. The QA/QC reviews will be performed independently under the direction of the city’s Internal Auditor.

In conjunction with the city’s Case Management effort, the city’s designated Section 504 or Special Needs Coordinator will be responsible for ensuring that accessibility requests from disabled applicants are handled appropriately and that in house visits are conducted with applicants who are unable to access program facilities. In addition, the city already has a firm under contract to provide translation services for applicants unable to effectively communicate in English.

The timeline for developing and onboarding the city’s Case Management Program is November 1, 2016.

COMPLIANCE AND MONITORING

Due to the complexities of CDBG-DR programs and some outsourcing of key internal controls, proactive compliance and monitoring plans are necessary to ensure that program applicants are in compliance with program requirements and that contractors and subrecipients are performing in accordance with their approved contracts/subrecipient agreements. For this reason, the city’s Community Development Department will hire at least will hire at least 2 DR Compliance & Monitoring Specialists and 2 DR Housing Inspectors. The Compliance Specialists will:

- Create Compliance and Monitoring Plans for subrecipients, vendors, and program beneficiaries.
- Conduct Compliance and Monitoring activities and provide Technical Assistance as necessary.
- Develop tracking system and reporting for documenting Compliance and Monitoring initiatives, technical assistance activities, contract deliverables, and performance metrics.

The timeline for developing and onboarding the city’s Compliance and Monitoring Program is January 1, 2017.

QUALITY ASSURANCE AND QUALITY CONTROL

In order to ensure program compliance with federal regulations and accuracy of program calculations and benefits, the City of Columbia will conduct a Risk Assessment and develop a comprehensive QA/QC Plan governing all CDBG-DR programs. The Quality Assurance and Quality Control plan will be developed to meet the requirements of the Federal Register Notice and city’s grant agreement with HUD in order to ensure complete and accurate project files. In addition, the purpose of the QA/QC Plan is also to identify issues relating to compliance with US Housing and Urban Development (HUD) regulations, implementation of best practices for disaster recovery, ensuring quality design and construction, and maintaining integrity and public confidence in the

Program. More importantly, the implementation of this plan will strive to achieve the following goals:

- Identification and correction of errors prior to project funding or reimbursement.
- Ensure that the program is operating within the terms of the grant agreement with HUD.
- Assure that program expenditures/draw requests are eligible based on applicable laws and CDBG regulations.
- Determine if the program has adequate programmatic and financial controls.
- Continuously assess the capacity of all program areas over the life of the project.
- Monitor, evaluate and recommend improvements for program processes.
- Comply with federal monitoring requirements of 24 CFR 570.501(b) and with 24 CFR 84.51 and 85.40.
- Ensure record keeping requirements are met and maintained throughout the life of the program and beyond close out in accordance with record retention requirements.
- Issue findings and concerns where applicable in order to reduce HUD monitoring concerns, findings, and/or repayment.
- Follow-up with any compliance issue, assure corrective actions and controls are in place, and provide technical support.
- Continuously identify areas of opportunity and provide technical assistance.
- Implement continuous process improvement.

The timeline for developing the City's QA/QC Program is January 1, 2017. The QA/QC Plan will be developed under the direction of the city's Internal Auditor.

ORGANIZATIONAL STRUCTURE

The City of Columbia is managed by a "Council-Manager" form of government with the Office of Community Development Department reporting directly to the Assistant City Manager of Operations and Development Services. In order to carry out the city's CDBG-DR programs, there are several city departments that must augment existing staff and capacity in order to ensure the effective management and timely expenditure of CDBG-DR funding in compliance with the Federal Register Notice and HUD regulations. The attached organizational charts show the existing departments in blue and anticipated staff augmentation that will be necessary in yellow as shown in Exhibits A, B and C. This staffing augmentation plan is based upon the assessments conducted as part of the city's Risk Analysis as well as the areas outlined in this plan.

The City of Columbia FY 2016/2017 Organizational Chart (Exhibit A) shows the addition of the following positions:

- **1 Internal Auditor** position will be created which reports directly to the City Manager. The role of the independent auditor will be to conduct internal monitoring/audits of city administered programs as directed. The auditor will also be responsible for the review and evaluation of internal controls related to the city's CDBG-DR programs and coordination of external audits or monitoring by city, state, and federal agencies. In addition, the internal

auditor will be responsible for managing CDBG-DR QA/QC processes and coordinating the city's efforts to detect fraud, waste, and abuse in CDBG-DR programs.

- The city's legal department will retain outside legal counsel as needed to assist in the review and approval of all CDBG-DR program documents (grant agreements, subrogation documents, covenants, etc.), review ownership/title issues, address legal matters or lawsuits, and the coordination of the release or partial release of covenants; as necessary.
- 1 **Finance Analyst** will be added to the Finance Department in order to assist with the review of draw requests, invoices, and requests for reimbursement by subrecipients.
- **Qualified Historic Preservation Professional** will be hired or contracted if the city agrees to the FEMA PA and Addendum.

In addition to the personnel listed above, additional staffing for the Community Development Department is shown on Exhibit B. Additional staffing includes:

- **DR Program Manager** will be hired for the management of Housing, Infrastructure, Economic Development, and Compliance Monitoring as necessary in order to facilitate effective management of daily program operations and assigned staff.
- **DR Housing Coordinator** will be hired to serve as and housing program managers. The number will vary by housing program type, design and estimated number of eligible applicants.
- **Case Managers.** The number of case managers will be adjusted based upon the level of interest in the city's recovery programs and use of subrecipients for program administration. In addition, the number will vary by program type, design, estimated eligible applicants. This function may also be contracted out depending upon the anticipated case load of CDBG-DR Programs. One existing staff member or on-boarded personnel will be assigned as the Section 504 and Special Needs Coordinator.
- 1 **DRGR Reporting Specialist** will be designated for DRGR reporting and the management of program milestones and metrics (expenditure rates, program performance, etc.).
- **DR Compliance and Monitoring Specialists.** At this time, it is anticipated that one to two compliance and monitoring specialists will be necessary for each program area (i.e. Housing, Economic Development, and Infrastructure).
- **DR Housing Inspectors** – will be hired to monitor and inspect housing rehabilitation and construction to ensure compliance with City building codes and CDBG-DR requirements. The number will vary by housing program types, design and estimated number of eligible applicants.

Exhibit C shows the organizational structure of the city's Procurement Department. The revised organizational chart depicts the department's staffing realignment and additional positions that have been created to manage procurements and contracts related to the receipt of disaster recovery funding.

It should be noted that the Community Development Department will evaluate the need for supplemental staffing services, contracted services, or subrecipient support as programs are designed and the number of eligible applicants is better defined. The timeline for onboarding or reassigning all necessary CDBG-DR personnel is January 1, 2017.

CDBG-DR PROGRAM MANAGEMENT INITIATIVES

In conjunction with the development of the Action Plan, the city's CDBG-DR compliant website will be launched in advance of the Action Plan Comment Period in order to display the Action Plan and allow for the submittal of public comment on the plan. In addition, city staff will begin the development of specific program policies, guidelines, and intake documents upon submittal of the Action Plan to HUD and will adjust program designs based upon feedback obtained as part of the approval process.

Supplemental to the efforts identified in this Implementation Plan, the City of Columbia will initiate the following in order to streamline CDBG-DR initiatives:

- Execution of data sharing agreements with FEMA, SBA, and larger insurance companies
- Finalize an updated records retention policy specifically designed for CDBG-DR programs (see attached draft)
- Modifications to Contract and Grant Agreement templates related to the protection of PII and performance measures to ensure the timely expenditures of CDBG-DR funds.
- Development of CDBG-DR Compliance and Monitoring Plans
- Establish Change Control Board (CCB) Procedures to track and memorialize program policy changes. These procedures will ensure that changes to policies are up-to-date and posted on the city's website and also distributed to staff, contractors, and subrecipients affected by the policy.
- Policies and procedures for the reporting and escalation of Anti-Fraud, Waste, and Abuse issues.

TECHNICAL ASSISTANCE

At this time, the City of Columbia has contracted with Landmark/Plexos to provide technical assistance to the city for the application and administration of both FEMA and HUD funds. The Plexos/Landmark team has experienced personnel with expertise in a variety of federally funded programs. The team assembled for the City of Columbia has had direct responsibility for the concurrent oversight and management of federally funded FEMA and CDBG-DR projects totaling over \$14 billion and have provided grants management services and technical assistance to numerous grantees and sub-recipients of both FEMA and CDBG-DR funding specifically associated with Hurricanes Katrina, Rita, Gustav, Ike, Isaac, and Sandy.

In addition, the city will continue to provide and document all technical assistance provided to other agencies and subrecipients for reporting in HUD's DRGR system. This technical assistance will be documented and reported in the city's Quarterly Performance Report (QPR) to HUD.

INTERNAL AND INTERAGENCY COORDINATION

The City has created a multi-departmental work group that is serving as oversight of the City's overall flood recovery process. The Community Development DR program staff will participate in the work group to ensure internal coordination with other departments that participate in the CDBG-DR programs.

In addition, the City of Columbia is actively coordinating the city's recovery efforts with the South Carolina Disaster Recovery Office, Richland County, and Lexington County in order to ensure consistency in recovery data, duplication of benefit calculations, the environmental review process, and program design. These coordinated efforts will be continued during the CDBG-DR recovery process to effectively manage the expectations of program applicants and promote consistency in processing and program benefits in order to eliminate confusion regarding available disaster recovery services and benefits.

TIMELINE FOR IMPLEMENTATION

The timeline for implementation of the City of Columbia Implementation Plan is shown on Exhibit D.

Exhibit A

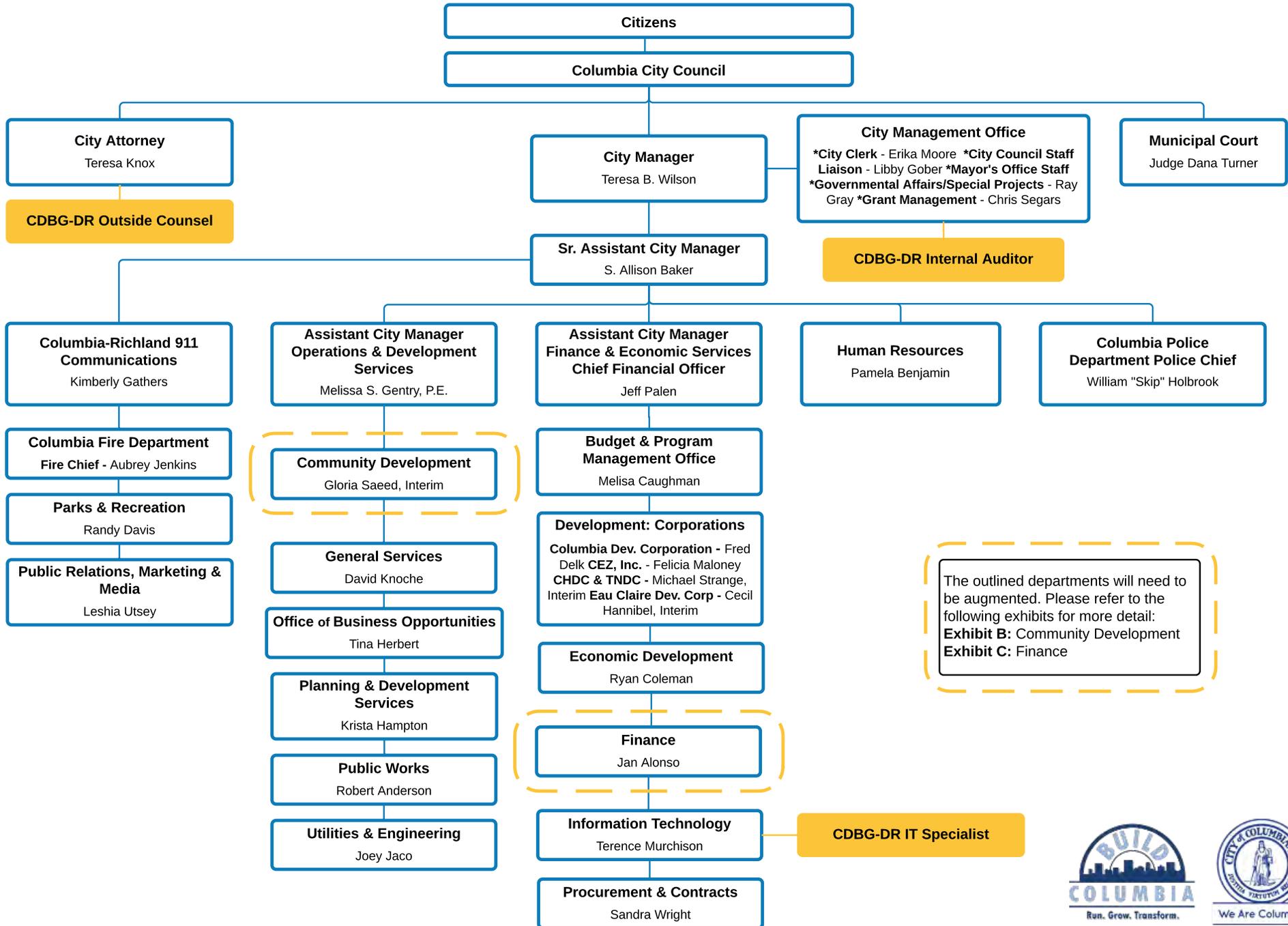


Exhibit B

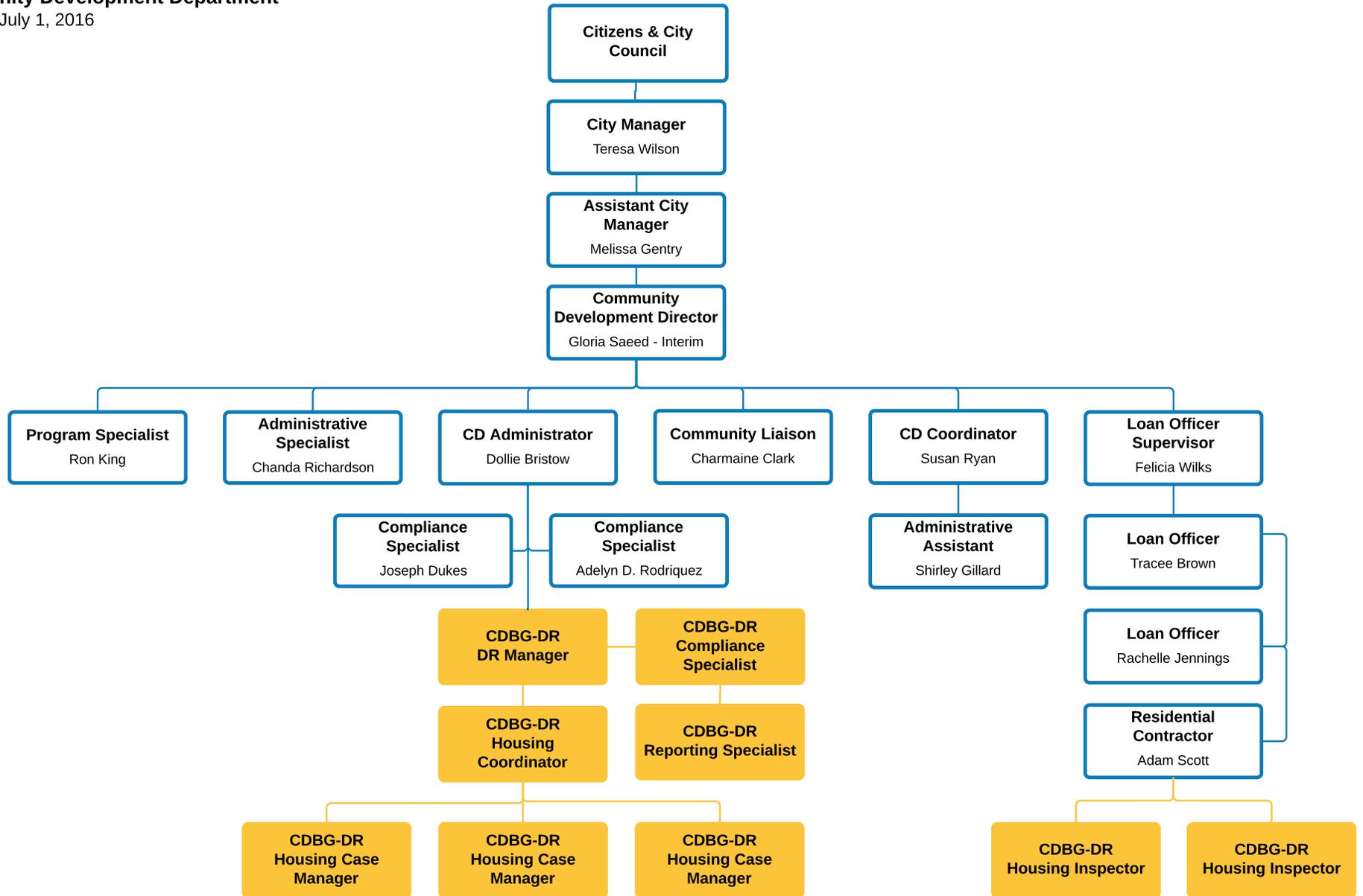


Exhibit C

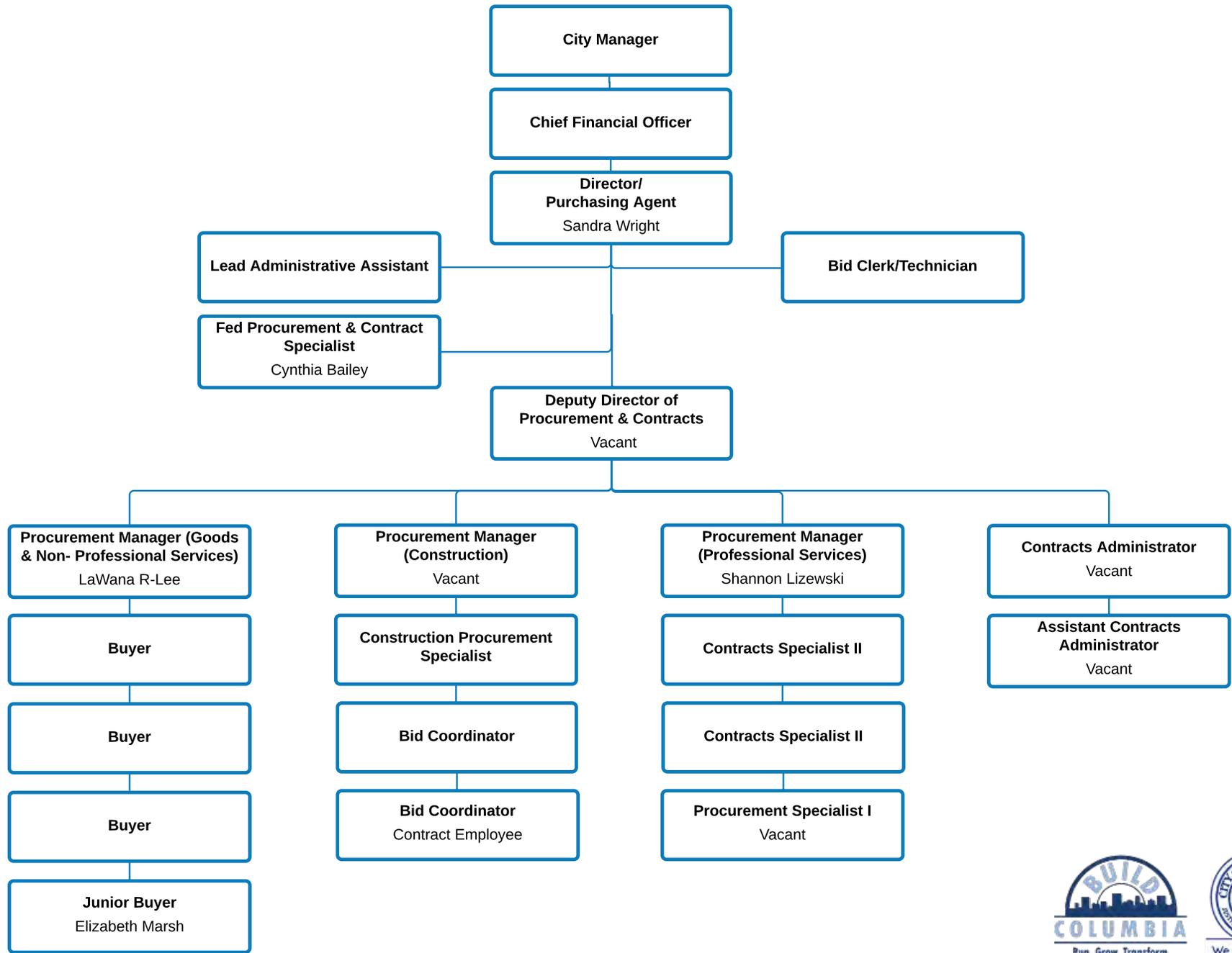
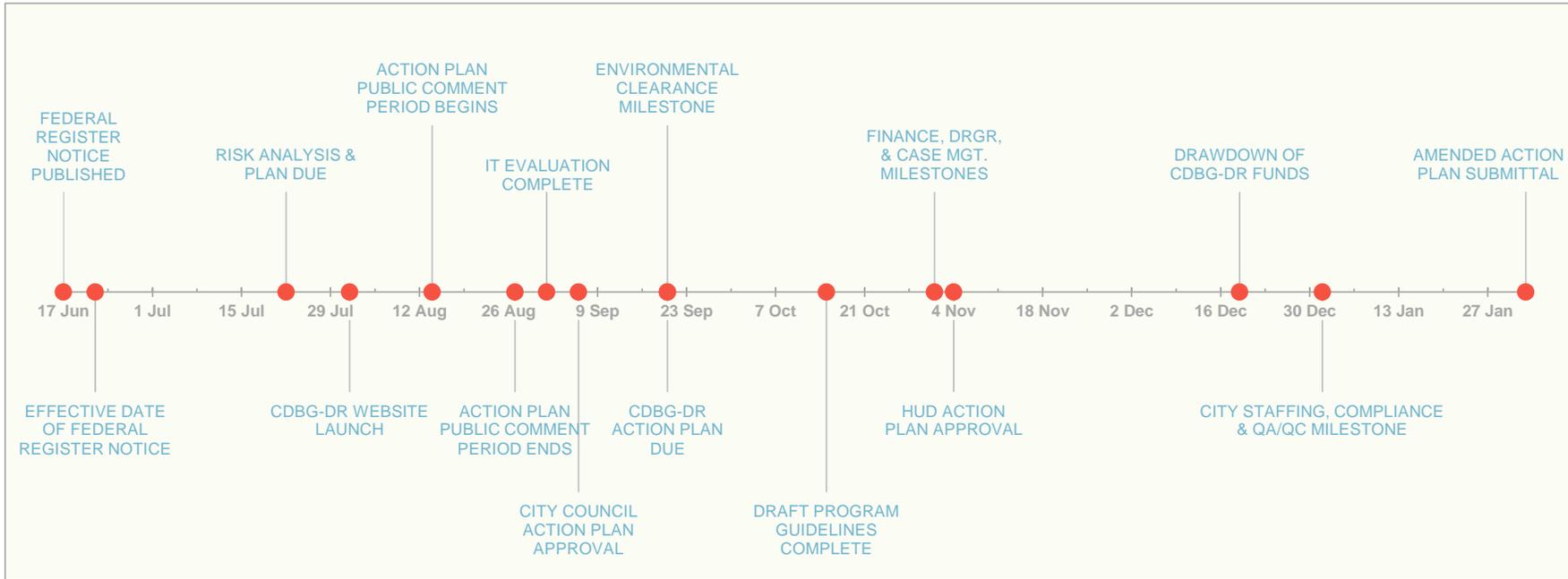


EXHIBIT D: CDBG-DR Pre-Award Implementation Timeline

City of Columbia



PROJECT DETAILS			
DATE	MILESTONE	DATE	MILESTONE
6/17/2016	Federal Register Notice Published	9/20/2016	CDBG-DR Action Plan Due
6/22/2016	Effective Date of Federal Register Notice	9/20/2016	Environmental Clearance Milestone
7/22/2016	Risk Analysis & Implementation Plan Due	10/15/2016	Draft Program Guidelines Complete
8/1/2016	CDBG-DR Website Launch	11/1/2016	Finance, DRGR Reporting & Case Mgt. Milestones
8/14/2016	Action Plan Public Comment Period Begins	11/4/2016	HUD Action Plan Approval
8/27/2016	Action Plan Public Comment Period Ends	12/19/2016	Drawdown of Funds
9/1/2016	IT Evaluation Complete	1/1/2017	City Staffing, Compliance & QA/QC Milestones
9/6/2016	City Council Action Plan Approval	2/2/2017	Amended Action Plan Submitted