

In the opinion of Burr & Forman LLP, Co-Bond Counsel, assuming continued compliance by the City with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Series 2022 Bonds (as such term is defined below) is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions. Interest on the Series 2022 Bonds is not a specific preference for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Series 2022 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal alternative minimum tax. The Series 2022 Bonds and the interest thereon will also be exempt from all State, county, municipal, school district and other taxes or assessments within the State of South Carolina. See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.



CITY OF COLUMBIA, SOUTH CAROLINA
\$73,815,000
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2022

Dated: Delivery Date

Due: February 1, as shown on inside cover

The City of Columbia, South Carolina (the "City") Waterworks and Sewer System Revenue Bonds, Series 2022 (the "Series 2022 Bonds") are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal, redemption premium, if any, and interest on the Series 2022 Bonds will be made. Individual purchases will be made in book-entry form only, in denominations of \$5,000 or any whole multiple thereof. So long as Cede & Co., as partnership nominee of DTC, is the registered owner of the Series 2022 Bonds, references herein to holders or registered owners of the Series 2022 Bonds means Cede & Co., and shall not mean the beneficial owners of the Series 2022 Bonds. Interest on the Series 2022 Bonds shall be payable on each February 1 and August 1, commencing August 1, 2023, until maturity or prior redemption. Principal on the Series 2022 Bonds will be payable in the years and amounts shown on the inside cover hereof. All capitalized terms used on this cover, and not otherwise defined, are defined herein.

The Series 2022 Bonds are being issued under the authority of the Constitution of the State of South Carolina 1895, as amended (the "South Carolina Constitution") and laws of the State of South Carolina, including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and the General Bond Ordinance No. 93-43, enacted by the City Council, the governing body of the City (the "City Council"), on May 21, 1993, as amended and supplemented, including as amended and supplemented particularly by the Fifteenth Supplemental Ordinance No. 2022-012, enacted by the City Council on October 4, 2022 (as amended and supplemented, the "Ordinance").

The Series 2022 Bonds are being issued for the purposes of (i) funding certain improvements, extensions and enlargements (the "2022 Projects") to the Waterworks and Sewer System of the City (the "System"); and (ii) paying the costs incurred in connection with the issuance of the Series 2022 Bonds.

The Series 2022 Bonds, including the interest thereon, are payable solely from the Net Revenues of the System and are secured by a pledge of and lien on the Net Revenues thereof. **THERE WILL BE NO DEBT SERVICE RESERVE FUND ESTABLISHED FOR OR FUNDED WITH THE PROCEEDS OF THE SERIES 2022 BONDS.**

THE SERIES 2022 BONDS WILL BE SUBJECT TO OPTIONAL AND MANDATORY REDEMPTION PRIOR TO MATURITY AS DESCRIBED HEREIN.

THE SERIES 2022 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE SERIES 2022 BONDS SHALL NOT CONSTITUTE DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, ON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE SERIES 2022 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2022 BONDS.

PNC CAPITAL MARKETS LLC

RAYMOND JAMES

SIEBERT WILLIAMS SHANK & CO., LLC

The Series 2022 Bonds are offered when, as and if issued and delivered by the City, subject to the final approving opinions of Burr & Forman LLP, Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, Co-Bond Counsel. Certain legal matters will be passed on for the City by the City Attorney, Teresa A. Knox, Esquire, and for the Underwriters by their co-counsel, Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and Starkes Law Firm, LLC, Columbia, South Carolina. Stifel, Nicolaus & Company, Inc., Columbia, South Carolina, has served as Financial Advisor to the City in connection with the issuance of the Series 2022 Bonds. It is expected that the Series 2022 Bonds will be available for delivery on or about December 8, 2022, through the facilities of DTC against payment therefor.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

This Official Statement is dated November 16, 2022.

SERIES 2022 BONDS MATURITY SCHEDULE**\$39,485,000 SERIAL BONDS**

<u>MATURITY</u> <u>(FEBRUARY 1)</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>PRICE</u>	<u>CUSIP¹</u>
2024	\$ 710,000	5.000%	2.960%	102.280%	198504G97
2025	1,280,000	5.000	2.980	104.167	198504H21
2026	1,340,000	5.000	3.050	105.805	198504H39
2027	1,410,000	5.000	3.060	107.498	198504H47
2028	1,480,000	5.000	3.070	109.120	198504H54
2029	1,555,000	5.000	3.090	110.615	198504H62
2030	1,630,000	5.000	3.150	111.753	198504H70
2031	1,710,000	5.000	3.180	112.968	198504H88
2032	1,800,000	5.000	3.240	113.832	198504H96
2033	1,890,000	5.000	3.280	114.740	198504J29
2034	1,980,000	5.000	3.410	113.537 ^c	198504J37
2035	2,080,000	5.000	3.550	112.260 ^c	198504J45
2036	2,185,000	5.000	3.630	111.537 ^c	198504J52
2037	2,295,000	5.000	3.730	110.642 ^c	198504J60
2038	2,410,000	5.000	3.770	110.286 ^c	198504J78
2039	2,530,000	4.000	4.090	98.939	198504J86
2040	2,630,000	4.125	4.180	99.327	198504J94
2041	2,740,000	4.250	4.250	100.000	198504K27
2042	2,855,000	4.250	4.290	99.476	198504K35
2043	2,975,000	4.250	4.330	98.927	198504K43

TERM BONDS

\$13,380,000 5.000% Term Bond, Due February 1, 2047; Yield: 4.170%; Price: 106.804% ^c; CUSIP¹ 198504K50

\$20,950,000 5.250% Term Bond, Due February 1, 2052; Yield: 4.270%; Price: 107.996% ^c; CUSIP¹ 198504K68

^c Priced to the call date of February 1, 2033

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2022 CUSIP Global Services. All rights reserved. CUSIP® numbers are set forth herein for the convenience of reference only. CUSIP data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers are provided for convenience of reference only. Neither the City nor the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2022 Bonds. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied on as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2022 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER THIS DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE SYSTEM SINCE THE DATE HEREOF.

Information in this Official Statement has been obtained by PNC Capital Markets LLC, Raymond James & Associates, Inc., and Siebert Williams Shank & Co., LLC, as underwriters (the "Underwriters"), from the City and other sources believed to be reliable.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of their responsibility to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Regions Bank, as Registrar and Paying Agent, has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2022 Bonds, or (iii) the tax-exempt status of the interest on the Series 2022 Bonds.

Reference herein to laws, rules, regulations, agreements, reports and other documents, do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made in this Official Statement. Where full texts have not been included as Appendices to this Official Statement, they will be furnished on request.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements," within the meaning of the Securities Act of 1933, as amended (the "1933 Act") or the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "may," "will," "could," "should," "expect," "forecast," "plan," "project," "anticipate," "intend," "believe," "estimate," "budget," "potential," "continue," or the negative of these terms or other similar words. The reader is cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, conditions in the financial markets and real estate market, and various other factors which may be beyond the City's control. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE, OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN CHANGES TO EXPECTATIONS, OR EVENTS, CONDITIONS, OR CIRCUMSTANCES, ON WHICH THE FORWARD-LOOKING STATEMENTS ARE BASED, OCCUR OR FAIL TO OCCUR.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT OR ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 BONDS WILL NOT BE REGISTERED UNDER THE 1933 ACT, AND THE ORDINANCE HAS NOT BEEN REGISTERED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2022 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SERIES 2022 BONDS HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED ON THE ACCURACY OR ADEQUACY OF THE OFFICIAL STATEMENT OR APPROVED THE SERIES 2022 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CITY OF COLUMBIA, SOUTH CAROLINA

1737 Main Street
Columbia, South Carolina 29201
803-545-3050



CITY COUNCIL

Daniel J. Rickenmann, Mayor

COUNCIL MEMBERS

Edward H. McDowell, Jr., Mayor Pro Tem
Will Brennan
Dr. Aditi S. Bussells
Howard E. Duvall, Jr.
Tina N. Herbert
Joe E. Taylor, Jr.

CITY MANAGER

Teresa B. Wilson

**ASSISTANT CITY MANAGER
FOR FINANCE AND ECONOMIC SERVICES**

Jeffery M. Palen

CITY ATTORNEY

Teresa A. Knox, Esquire

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Inc.
Columbia, South Carolina

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APPENDIX F – BOOK-ENTRY SYSTEM

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OFFICIAL STATEMENT
\$73,815,000
CITY OF COLUMBIA, SOUTH CAROLINA
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
SERIES 2022

INTRODUCTION

This Official Statement of the City of Columbia, South Carolina (the “City” or “City of Columbia”), which includes the cover page hereof and the appendices hereto, provides information relating to the City along with its Waterworks and Sewer System Revenue Bonds, Series 2022 (the “Series 2022 Bonds”). The information furnished herein includes a brief description of the Series 2022 Bonds, and the security therefor, the City, and its indebtedness, tax information, economic data, financial information, investment considerations and other matters. Also included are certain information and data pertaining to Richland County, South Carolina (“Richland County” or the “County”), Lexington County, South Carolina (“Lexington County”) and the State of South Carolina (“South Carolina” or the “State”). All information included herein has been provided by the City except where attributed to other sources. The summaries and references to all of the documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

The Series 2022 Bonds, the 2021 Bonds, the 2019 Bonds, the 2018 Bonds, the 2016 Bonds, the 2013 Bonds, the 2009 Bonds and any Additional Bonds (as such terms are defined herein) are referred to herein, collectively, as the “Bonds.” Included in this Official Statement is a brief description of the City’s Waterworks and Sewer System (the “System”) and the Ordinance (as defined herein), pursuant to which the Series 2022 Bonds are authorized and issued by the City. Capitalized terms used herein without specific definition are used as defined in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE.”

Authorization

The Series 2022 Bonds are being issued under the Constitution of the State of South Carolina 1895, as amended (the “South Carolina Constitution”) and laws of the State, including Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, General Bond Ordinance No. 93-43, enacted by the City Council of the City of Columbia, the governing body of the City (the “City Council”), on May 21, 1993, as amended and supplemented (the “General Ordinance”), including as amended and supplemented particularly by the Fifteenth Supplemental Ordinance No. 2022-012, enacted by the City Council on October 4, 2022 (the “Supplemental Ordinance,” and together with the General Ordinance, the “Ordinance”).

Purpose

The Series 2022 Bonds are being issued for the purposes of (i) funding certain improvements, extensions and enlargements (the “2022 Projects”) to the Waterworks and Sewer System of the City (the “System”); and (ii) paying the costs incurred in connection with the issuance of the Series 2022 Bonds. See “SOURCES AND USES OF FUNDS” and “PLAN OF FINANCE.”

THE SERIES 2022 BONDS

General

The Series 2022 Bonds will be dated their date of delivery, will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereto, and will bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) set forth on the inside cover page hereto, payable on August 1, 2023 and semiannually thereafter on February 1 and August 1 of each year (each, an “Interest Payment Date”). The Series 2022 Bonds are issuable initially in book-entry form only, in denominations of \$5,000 or any whole multiple thereof. So long as the Series 2022 Bonds are in book-entry form and are registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”), payments on the Series 2022 Bonds will be made as set forth in “APPENDIX F - BOOK-ENTRY SYSTEM,” attached hereto. Should the Series 2022 Bonds no longer be held in book-entry form, principal of the Series 2022 Bonds, whether due on maturity or redemption, will be payable on the respective maturity dates or redemption dates on presentation and surrender thereof at the corporate trust office of Regions Bank, Atlanta, Georgia, as registrar and paying agent (the “Registrar/Paying Agent”), and interest on the Series 2022 Bonds will be payable by check or draft of the Registrar/Paying Agent mailed to the person in whose name each Series 2022 Bond is registered as of the close of business on the fifteenth day of each month immediately preceding such payment. Interest payments to a person who is a

holder of \$1,000,000 or more in aggregate principal amount of any series of the Series 2022 Bonds not held in book-entry form may be made by wire transfer to an account within the continental United States of America (“U.S.” or “United States”) on timely receipt of a written request of such holder.

The Series 2022 Bonds are subject to optional and mandatory redemption prior to their maturity.

Optional Redemption

Optional Redemption. The Series 2022 Bonds maturing on or after February 1, 2034 are subject to redemption prior to maturity on or after February 1, 2033 at the option of the City, as a whole or in part at any time in such order of their maturities as the City shall determine at the redemption price equal to 100% of the principal amount of the Series 2022 Bonds being redeemed together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Series 2022 Bonds maturing on February 1, 2047 and February 1, 2052 (collectively, the “Series 2022 Term Bonds”) shall each be subject to mandatory sinking fund redemption commencing February 1, 2044 and February 1, 2048, respectively, and will be redeemed (to the extent not previously redeemed) at 100% of the principal amount thereof to be redeemed, plus interest accrued to the redemption date, on February 1 of each of the following years in the respective principal amounts for each year specified below:

SERIES 2022 TERM BOND MATURING FEBRUARY 1, 2047

<u>Year</u>	<u>Amount</u>
2044	\$3,105,000
2045	3,260,000
2046	3,420,000
2047 [†]	3,595,000

[†]Final Maturity

SERIES 2022 TERM BOND MATURING FEBRUARY 1, 2052

<u>Year</u>	<u>Amount</u>
2048	\$3,770,000
2049	3,970,000
2050	4,180,000
2051	4,400,000
2052 [†]	4,630,000

[†]Final Maturity

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the City may (i) deliver to the Registrar/Paying Agent for cancellation any Series 2022 Term Bonds, which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such Series 2022 Term Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the City and cancelled by the Registrar/Paying Agent and not theretofore applied as a credit against any mandatory redemption obligation. Each Series 2022 Term Bond so delivered or previously purchased or redeemed shall be credited by the Registrar/Paying Agent, at one hundred percent (100%) of the principal amount thereof, to the obligation of the City on those mandatory redemption obligations in such order as the City may direct the Registrar/Paying Agent in writing, and the principal amount of the Series 2022 Term Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

General Redemption Provisions; Notice

In the event the Series 2022 Bonds or any portion thereof shall be called for redemption, notice of the redemption, describing (among other things) the Series 2022 Bonds to be redeemed, specifying the redemption date and the redemption price payable on such redemption, shall be mailed by first-class mail, postage prepaid, to the registered owner thereof as shown on the Books of Registry (as defined herein) not less than 30 days and not more than 60 days prior to the redemption date. So long as the Series 2022 Bonds are in book-entry form and are registered in the name of Cede & Co., as the nominee

of DTC, notices of redemption with respect to the Series 2022 Bonds will be given to Cede & Co., and will be distributed by Cede & Co. See “APPENDIX F - BOOK-ENTRY SYSTEM,” attached hereto.

If less than all of the Series 2022 Bonds of any series and maturity are called for redemption, the Series 2022 Bonds of such series and maturity to be redeemed shall be selected by lot within such maturity, subject to the rules of procedure of DTC while the Series 2022 Bonds are held in book-entry form.

If a Series 2022 Bond is subject by its terms to redemption prior to its stated maturity and has been duly called for redemption and notice of the redemption thereof has been duly given as in the Ordinance provided and if moneys for the payment of such Series 2022 Bond at the then applicable redemption price and the interest to accrue to the redemption date on such Series 2022 Bond are held for the purpose of such payment by the Registrar/Paying Agent, then such Series 2022 Bond so called for redemption shall, on the redemption date designated in such notice, become due and payable, and interest on the Series 2022 Bond, as appropriate, so called for redemption shall cease to accrue. The City is entitled to provide for, and give notice of, the redemption of a Series 2022 Bond based on certain conditions being met at or prior to redemption, including, but not limited to, the availability of amounts for such purposes.

SECURITY FOR THE SERIES 2022 BONDS

Pledged Revenues

The Series 2022 Bonds are payable solely from and are secured equally and ratably with the 2021 Bonds, 2019 Bonds, the 2018 Bonds, the 2016 Bonds, the 2013 Bonds, the 2009 Bonds and all bonds hereafter issued on a parity therewith (with respect to the pledge of and lien on the Net Revenues) under the Ordinance (“Additional Bonds”) by a pledge of and lien on Net Revenues (defined herein) of the System.

The term “Net Revenues” means the Revenues of the System after deducting Expenses of Operating and Maintaining the System (defined herein). The term “Revenues” means all fees, tolls, rates, rentals and all other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the City from the operation of the System or arising from the System, excluding the receipts, income, revenues, fees and other charges derived from the operation of Special Facilities (as defined in APPENDIX C). The term “Expenses of Operating and Maintaining the System” means the costs and expenses of operating and maintaining the System in good repair and working order including wages, salaries, costs of materials and supplies, costs of routine repairs, renewals, replacements or alterations occurring in the normal course of business, the reasonable fees and charges of any paying agents and registrars of any Bonds issued pursuant to the Ordinance or any supplemental ordinance, the costs of any audit required by the Ordinance and the premium for all insurance required with respect to the System. Such term does not include any allowance for depreciation or renewals or replacements of capital assets of the System, amounts deemed to be payments in lieu of taxes or other equity transfers and certain non-cash expenses (including, but not limited to, any pension-related or other post-employment benefit-related expenses (other than such amount actually paid) of the System).

The term “2009 Bonds” used herein means the outstanding principal amount of \$81,335,000 of the City’s \$81,860,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009. The term “2013 Bonds” used herein means the outstanding principal amount of \$1,735,000 of the City’s \$75,305,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2013. The term “2016 Bonds” used herein means, collectively, the outstanding principal amounts of \$30,350,000 of the City’s \$63,325,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2016A (the “2016A Bonds”) and \$142,100,000 of the City’s \$146,710,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2016B (the “2016B Bonds”). The term “2018 Bonds” used herein means the outstanding principal amount of \$50,510,000 of the City’s \$87,340,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2018. The term “2019 Bonds” used herein means, collectively, the outstanding principal amounts of \$93,110,000 of the City’s \$131,085,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2019A (the “2019A Bonds”), \$136,320,000 of the City’s \$143,855,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Taxable Series 2019B (the “2019B Bonds”), and \$4,980,000 of the City’s \$6,875,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2019C (the “2019C Bonds”). The term “2021 Bonds” used herein means, collectively, the outstanding principal amounts of \$18,935,000 of the City’s \$18,935,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2021A (the “2021A Bonds”), and \$116,600,000 of the City’s \$116,600,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Taxable Series 2021B (the “2021B Bonds”).

Limited Obligations

THE SERIES 2022 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (OTHER THAN ARTICLE X, SECTION 14, PARAGRAPH 10 OF THE SOUTH CAROLINA CONSTITUTION AUTHORIZING OBLIGATIONS PAYABLE SOLELY FROM SPECIAL

SOURCES NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE) OR STATUTORY LIMITATION. THE SERIES 2022 BONDS SHALL NOT CONSTITUTE DEBT OF THE CITY, NOR A CHARGE, LIEN OR ENCUMBRANCE, LEGAL OR EQUITABLE, ON ANY PROPERTY OF THE CITY OR ON ANY INCOME, RECEIPTS OR REVENUES THEREOF, OTHER THAN THE NET REVENUES OF THE SYSTEM PLEDGED THERETO. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE SERIES 2022 BONDS OR THE INTEREST THEREON AGAINST THE GENERAL FUND OF THE CITY AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED TO BE PLEDGED THERETO. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2022 BONDS.

Rate Covenant

The City has covenanted in the Ordinance to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates and other charges, together with other Revenues and other available moneys, will at all times be sufficient after making due and reasonable allowances for contingencies and for a margin of error in estimates, to provide in each July 1 through June 30 fiscal year of the City, an amount equal to:

- (a) 100 percent of the amounts required to pay Expenses of Operating and Maintaining the System for the then current fiscal year;
- (b) 110 percent of the amounts required to be deposited into each Debt Service Fund (as defined in APPENDIX C), for the Bonds for the then current fiscal year;
- (c) 100 percent of the amounts required to be deposited to each Debt Service Reserve Fund (as defined herein), if any, for the Bonds for the then current fiscal year;
- (d) 100 percent of the amounts required to provide for payment of any Junior Bonds (as defined herein) in the then current fiscal year; and
- (e) any amounts necessary to comply in all respects with the terms of the Ordinance or any other contract or agreement with the holder of a Bond.

Disposition of Revenues and Funds Established by the Ordinance

The following are the additional funds and accounts created and established by the Ordinance:

- (a) Debt Service Fund to be held by the City, including an Interest Account and Principal Account (as such terms are defined in APPENDIX C);
- (b) Debt Service Reserve Fund, if any, to be held by the City; and
- (c) Contingent Fund and Depreciation Fund, each to be held by the City subject to the provisions of the Ordinance described in APPENDIX C hereto under the heading "SUMMARY OF ORDINANCE – Creation and Flow of Funds" and "– Funds Created Under General Bond Ordinance."

The Revenues of the System shall be applied at the times, in the amounts and for the purposes as provided or permitted by the Ordinance, and in the following order of priority:

First, for the payment of Expenses of Operating and Maintaining the System;

Second, into the respective Debt Service Funds, the amounts required by the Ordinance or any supplemental ordinance; and

Third, into the respective Debt Service Reserve Funds, if any, the amounts required by the Ordinance or any supplemental ordinance.

If, after applying Revenues of the System as set forth above, there are Revenues remaining, such Revenues shall then be used, first, for the payment of Junior Bonds or to meet any other obligations of the City which are or which shall become charges, liens or encumbrances on the Revenues of the System, junior and subordinate to the lien on the Net Revenues securing the Bonds (including, but not limited to, termination payments under the Series 2009 Swap (as defined herein) and the payment of interest on amounts advanced by the provider of any surety bond, insurance policy or letter of credit as contemplated by the Ordinance; second, to make such deposits to the Contingent Fund as required by the Ordinance to provide

for adequate funds for improvements to the System and build up a proper reserve against contingencies and to the Depreciation Fund as required by the Ordinance to build up a proper reserve for depreciation of the System and third, as the City Council shall from time to time determine to be in the best interest of the City.

Debt Service Reserve Funds

The Ordinance provides that the City, pursuant to an ordinance authorizing the issuance of a series of Bonds, may provide for the establishment of a debt service reserve fund (each, a “Debt Service Reserve Fund”) to be used solely for the purpose of preventing a default in the payment of principal of or interest or premium, if any, on the Bonds of such series.

Whenever the aggregate value of cash and securities in a Debt Service Reserve Fund shall be less than the reserve fund requirement, if any, established with respect to such fund pursuant to a supplemental ordinance authorizing a series of Bonds (“Reserve Fund Requirement”), there shall be deposited in such Debt Service Reserve Fund that amount which, together with equal, successive, monthly deposits in the same amount, will restore the value of the cash and securities in such Debt Service Reserve Fund to the applicable Reserve Fund Requirement during the succeeding 12 months. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE” under the heading “SUMMARY OF ORDINANCE – Funds Created Under General Bond Ordinance – *Debt Service Reserve Funds*.”

THERE WILL BE NO DEBT SERVICE RESERVE FUND ESTABLISHED FOR OR FUNDED WITH THE PROCEEDS OF THE SERIES 2022 BONDS.

Additional and Refunding Bonds

The City may issue Additional Bonds on a parity (with respect to the pledge of and lien on Net Revenues) with the Series 2022 Bonds subject to certain conditions set forth in the Ordinance, including, in the case of Additional Bonds issued other than for the purpose of refunding outstanding Bonds, the requirement that there will be delivered a report, which report is not required to be based on the latest audit of the City, from the City Manager or Finance Director of the City, an Accountant or a Consulting Engineer (as such terms are defined in APPENDIX C), stating that the amount of the Net Revenues of the System for any consecutive 12-month period out of the last 24-month period (“Test Period”) is not less than 130 percent of the sum of the highest combined interest and principal requirements in any fiscal year (“Maximum Debt Service,” as more particularly defined in APPENDIX C) on the Bonds to be outstanding after the issuance of such Additional Bonds for any succeeding fiscal year, provided the amount of Net Revenues for such 12-month period may be adjusted by adding the following:

- (a) in case the rates and charges for the services furnished by the System have been revised and such revised rates and charges have gone into effect prior to the delivery of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such rates and charges had been in effect during such Test Period as determined by a Consulting Engineer or an Accountant; and
- (b) in case an existing sewer system, existing water system or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such existing system or systems to be acquired had been a part of the System during such Test Period (which computation of the additional amount of Net Revenues will be based on the method of computing Net Revenues under the Ordinance and approved by a Consulting Engineer or an Accountant).

Without complying with the foregoing debt service coverage provisions, Additional Bonds may be issued for the purpose of refunding (including by purchase) bonds provided that the Debt Service on all Bonds to be outstanding after the issuance of the proposed series of refunding bonds must not be greater than would have been the Debt Service on all Bonds not then refunded and the Bonds to be refunded. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – *Parity Obligations*.” The term “Debt Service” means, with respect to each series of Bonds and any particular fiscal year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such fiscal year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such series of Bonds and is subject to additional adjustments or assumptions as further described in APPENDIX C.

Junior Bonds and Special Facilities Bonds

The City may issue bonds secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the Series 2022 Bonds or any other obligation or form of indebtedness, including lease purchase obligations secured by a pledge of Net Revenues, after provision has been made for all payments required to be made with respect to the Series 2022 Bonds (“Junior Bonds”), in such amount as it may from time to time determine. The pledge of Net Revenues securing

Junior Bonds must at all times be and remain subordinate and inferior in all respects to the pledge of Net Revenues securing the Series 2022 Bonds. Junior Bonds may be issued to secure funds to defray the cost of improving, extending, enlarging or repairing the System, including the acquisition of a system to be combined into the System, or to refund the Series 2022 Bonds or any other Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing the acquisition, construction or improvement of the System. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – *Junior Bonds*.”

The City may also enter into contracts, leases or other agreements pursuant to which it will agree to construct, operate and pay the costs of Special Facilities which may or may not be discrete and separate units of the System. These Special Facilities may be financed through the issuance of Special Facilities Bonds, subject to certain conditions with respect to the ability of the Special Facilities to generate sufficient revenues to pay for such Special Facilities Bonds. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE” under the heading “SUMMARY OF ORDINANCE – Additional Bonds – *Special Facilities Bonds*.”

SOURCES AND USES OF FUNDS

The proceeds of the sale of the Series 2022 Bonds are expected to be used substantially as follows.

<i>Estimated Sources of Funds</i>	
Principal Amount of Series 2022 Bonds	\$73,815,000.00
Net Original Issue Premium	<u>5,255,324.95</u>
TOTAL SOURCES OF FUNDS	\$79,070,324.95
 <i>Estimated Uses of Funds</i>	
2022 Projects	\$78,000,000.00
Costs of Issuance ⁽¹⁾	<u>1,070,324.95</u>
TOTAL USES OF FUNDS	\$79,070,324.95

⁽¹⁾ Includes Underwriters’ discount, rounding, and certain legal, accounting and other financing expenses incurred by the City.

PLAN OF FINANCE

The proceeds of the Series 2022 Bonds will be deposited into the Construction Fund of 2022 established pursuant to the Supplemental Ordinance. Moneys on deposit in the Construction Fund of 2022 will be used, as needed, to finance the costs of the 2022 Projects, including without limitation payment of engineering, legal and all other expenses incidental to the 2022 Projects and issuance costs of the Series 2022 Bonds.

The 2022 Projects involve ongoing capital improvements to the System. These capital improvements include upgrades, extensions and enlargements to the System, including any one or more of the following: (a) Waterworks System (defined herein) rehabilitation and installation of water lines for water quality and fire protection upgrades, (b) Waterworks System-wide expansions, (c) water treatment plant upgrades, (d) Sanitary Sewer System (defined herein) rehabilitation and installation of sewer lines and manholes, (e) Sanitary Sewer System capacity upgrades, (f) Sanitary Sewer System-wide expansions, (g) upgrades to the Metropolitan Wastewater Treatment Plant (“Metro WWTP”), and (h) any other matters with respect to the above improvements and such other improvements as the City may deem necessary or incidental to the System. Construction is expected to begin in 2022, and scheduled to be substantially completed by or before December 31, 2025.

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FINANCIAL FACTORS

Five-Year Summary

The following table sets forth a summary of the operating revenues, operating expenses, non-operating revenues and non-operating expenses and changes in net position of the System for the fiscal years ended June 30, 2018 (“Fiscal Year 2018”) through June 30, 2022 (“Fiscal Year 2022”). This summary should be read in conjunction with (a) the audited financial statements of the City for the applicable fiscal years, and (b) the information set forth under “Management’s Discussion and Analysis” herein. Included as APPENDIX A to this Official Statement is a portion of the Annual Comprehensive Financial Report f/k/a Comprehensive Annual Financial Report (“ACFR”) of the City for the fiscal year ended June 30, 2021 (“Fiscal Year 2021”). Copies of the City’s ACFRs for prior fiscal years are available on the City’s website at <https://finance.columbiasc.gov/cafrs/>, which is not intended to be an active hyperlink and is not incorporated by reference herein. The City’s independent public accounting firm did not review this Official Statement, nor did it perform any procedures related to any of the information contained in this Official Statement.

	2018	2019	2020	2021	(unaudited) 2022
Operating Revenues					
Charges for Services	\$137,049,776	\$147,624,943	\$158,320,026	\$157,941,466	\$177,171,864
Other Operating Revenue	<u>11,683</u>	<u>—</u>	<u>—</u>	<u>1,200</u>	<u>47,878</u>
Total Operating Revenues	\$137,061,459	\$147,624,943	\$158,320,026	\$157,942,666	\$177,219,741
Operating Expenses					
Personnel Services	\$38,488,347	\$39,849,139	\$42,218,565	\$46,687,801	\$44,718,517
Materials and Supplies	13,050,073	10,932,937	12,609,345	13,062,687	14,286,601
Other Services and Charges	24,657,719	37,026,045	28,562,870	33,242,407	36,080,443
Federal and State Grant Expenses ^(a)	2,207,866	208,363	1,317,244	871,541	—
Heat, Light and Power	6,388,825	5,789,471	6,263,599	5,961,557	6,344,556
Depreciation	39,532,110	41,786,221	40,316,022	39,492,667	39,492,667
Claims and Premiums	<u>750,000</u>	<u>41,000</u>	<u>25,830</u>	<u>23,484</u>	<u>—</u>
Total Operating Expenses	\$125,074,940	\$135,633,176	\$131,313,475	\$139,342,144	\$140,922,784
Operating Income	\$11,986,519	\$11,991,767	\$27,006,551	\$18,600,522	\$36,296,957
Non-Operating Revenues/ (Expenses)					
Investment Income (Loss)	\$1,696,590	\$7,381,337	\$6,495,347	\$611,346	^(f) \$(1,953,709)
Other Non-Operating Revenue	318,286	288,206	336,820	262,490	291,735
Federal and State Grant Revenue	—	^(b) 70,628	^(b) 807,946	^(b) 1,930,701	589,449
Gain (Loss) from Sale of Assets	(218,977)	79,916	(189,869)	(965,903)	304,574
Interest Expense	(14,297,611)	^(c) (22,961,387)	(5,539,418)	^(c) (22,973,323)	(22,621,823)
Amortization of Bond Costs-Deferred Charges ^(d)	<u>(2,449,638)</u>	<u>(1,394,160)</u>	<u>(4,684,375)</u>	<u>(4,173,583)</u>	<u>(3,062,211)</u>
Total Non-Operating Revenues/(Expenses)	\$(14,951,350)	\$(16,535,460)	\$(2,773,549)	\$(25,308,272)	\$(26,451,985)
Income (Loss) Before Contributions and Transfers	\$(2,964,831)	\$(4,543,693)	\$24,233,002	\$(6,707,750)	\$9,844,972
Capital Contributions and Transfers					
Transfers In	—	—	—	259,166	—
Transfers Out	(6,818,649)	(7,181,315)	(13,381,553)	(10,158,252)	(6,990,020)
Capital Grants	—	—	18,380	—	—
Development Contributions	<u>5,817,810</u>	<u>5,785,610</u>	<u>6,958,105</u>	<u>10,901,680</u>	<u>7,144,765</u>
Total Capital Contributions and Transfers	\$(1,000,839)	\$(1,395,705)	\$(6,405,068)	\$1,002,594	\$154,745
Change in Net Position	\$(3,965,670)	\$(5,939,398)	\$17,827,934	\$(5,705,156)	\$9,999,717
Net Position – Beginning	<u>549,592,037</u>	^(e) <u>505,562,157</u>	<u>499,622,759</u>	<u>517,450,693</u>	<u>511,745,537</u>
Net Position – Ending	<u>\$545,626,367</u>	<u>\$499,622,759</u>	<u>\$517,450,693</u>	<u>\$511,745,537</u>	<u>\$521,745,254</u>

(a) This line item includes expenditures primarily related to the Rain Event, as defined and more particularly described under “THE CITY AND THE SYSTEM – Impact of Weather Event” herein.

(b) Represents amounts received by the City from federal and state sources for reimbursement of expenses primarily related to the Rain Event.

(c) The increase in Interest Expense from Fiscal Year 2018 to the fiscal year ended June 30, 2019 (“Fiscal Year 2019”) is primarily a result of the City’s implementation of GASB Statement No. 89, which requires that interest cost incurred before the end of a construction period be recognized as an expense. Increases in Interest Expense in Fiscal Year 2021 are attributable to the issuance of additional revenue bonds.

(d) The “Amortization of Bond Costs-Deferred Charges,” represents a combination of two ACFR line items: “Bond Related Costs,” and “Amortization of Deferred Charges.” The separation of the two items in the ACFR reflects that, pursuant to GASB Statement No. 65, bond issuance costs are no longer amortized.

(e) The Net Position-Beginning was restated from \$545,626,367 to \$505,562,157 as a result of the City’s discovery that prior year FEMA grant revenues were overstated and OPEB (as defined herein) liability and related expense were not properly allocated. The City corrected the overstatement and the allocation by decreasing beginning fund balance by \$4,265,179 and \$35,799,031, respectively.

(f) Total unrealized losses during Fiscal Year 2022 of \$4,120,845.59 on certain fixed income investments of the System were offset by \$2,167,136.90 in total investment income resulting in the net loss reflected here.

NOTE: Totals may not sum due to rounding.

Management's Discussion and Analysis

The System's financial condition remains sound. Debt service coverage exceeds required levels, Operating Revenues remain strong, and management has continued its program of aggressive upgrades to System infrastructure. The City's main initiatives within the past five fiscal years have been "Clean Water 2020," which includes continued repairs and upgrades to the Sanitary Sewer System to prevent sanitary sewer outflows in compliance with the Consent Decree (as defined herein), and customer-service driven initiatives comprised primarily of the implementation of an automated meter reading system which will continue through 2022.

In the most recent fiscal years, although the City has increased its number of customers, water sales have largely remained flat due to increasing water efficiency and conservation and above-average precipitation. However, the City still experienced overall growth in Charges for Services for Fiscal Year 2018, Fiscal Year 2019 and Fiscal Year 2020 due to the City Council increasing combined water and sewer rates approximately 4.75%, 9.76% and 7.06%, respectively. In light of the COVID-19 pandemic, City Council elected not to impose a rate increase for Fiscal Year 2021. The slight decline in Charges for Services for Fiscal Year 2021 is attributable to remote work policies implemented during the pandemic and an increase in bad debt expense from \$4,974,107 in Fiscal Year 2020 to \$9,711,122 in Fiscal Year 2021. See "-Historical Debt Service Coverage of the System" below. As a result of a decrease in bad debt expense to \$616,961, an approximately 6.1% increase in water production and an approximately 5.02% rate increase approved by City Council and instituted in Fiscal Year 2022, Charges for Services increased by approximately 12% in Fiscal Year 2022 over the prior year. City Council voted not to impose a rate increase in the fiscal year ended June 30, 2023 ("Fiscal Year 2023").

In Fiscal Year 2019, Fiscal Year 2021 and Fiscal Year 2022, the City experienced increases in Other Services and Charges over prior fiscal years, largely due to expenditures for professional services relating to assessments of the System infrastructure, which among other things, are being undertaken for purposes of complying with the Consent Decree and preliminary design plans for future System improvements which are not immediately undertaken.

The City has also incurred additional operating expenses during certain fiscal years due to expenditures related to the Rain Event, as defined in and more particularly described under "THE CITY AND THE SYSTEM – Impact of Weather Event" herein. For Fiscal Year 2019, Fiscal Year 2020, and Fiscal Year 2021, Rain Event-related expenses were partially offset by Federal Emergency Management Agency ("FEMA") grant revenues received during the same reporting periods of \$52,971, \$723,148, and \$1,481,643. The City did not receive any FEMA grant revenues in Fiscal Year 2018 to offset the Rain Event-related expenses incurred during the same reporting period.

Investment Income substantially increased in Fiscal Year 2019 and remained strong in Fiscal Year 2020 as a result of favorable market conditions and redeploying the City's investments following an analysis of the performance of its investments and bank accounts. Due to unrealized losses on certain of the City's fixed income investments which were partially offset by positive investment earnings, Investment Income decreased in Fiscal Year 2022.

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Historical Debt Service Coverage of the System

The following table sets forth the Revenues, Expenses of Operating and Maintaining the System, Net Revenues, debt service requirements and debt service coverage of the System for Fiscal Year 2018 through Fiscal Year 2022.

<u>Fiscal Year</u> ¹	<u>Revenues</u> ⁵	<u>Expenses of Operating and Maintaining the System</u>	<u>Net Revenues</u>	<u>Debt Service Requirements</u>	<u>Debt Service Coverage</u>
2018	\$138,857,358	\$85,542,830	\$53,314,528	\$32,086,099	1.66x
2019	155,445,030	92,846,955	62,598,075	35,408,526	1.77x
2020 ^{2,3}	165,960,139	88,732,763	77,227,376	36,416,905	2.12x
2021 ²	160,747,203	96,047,152	64,700,051	41,892,588	1.54x
2022 ⁴	176,147,216	101,430,117	74,717,099	43,424,754	1.72x

¹ Revenues in Fiscal Year 2019 through Fiscal Year 2021 include amounts received from federal and state sources primarily for reimbursement of Rain Event-related expenses. Expenses of Operating and Maintaining the System for Fiscal Year 2018 through Fiscal Year 2021 include expenses related primarily to the Rain Event. See “FINANCIAL FACTORS – Five-Year Summary” herein.

² Debt service on the 2019 Bonds does not include any reduction related to the application of capitalized interest.

³ The City made certain amendments to the General Ordinance which took effect upon issuance of the 2019 Bonds. The financial impact of these amendments is included in the calculations of Expenses of Operating and Maintaining the System, Net Revenues, and debt service coverage beginning with Fiscal Year 2020 to the extent such information is available.

⁴ Debt service on the 2021 Bonds does not include any reduction related to the application of capitalized interest.

⁵ The City incurred bad debt expense in Fiscal Year 2018 of \$1,221,642, in Fiscal Year 2019 of \$2,089,004, in Fiscal Year 2020 of \$4,974,107, in Fiscal Year 2021 of \$9,711,122, and in Fiscal Year 2022 of \$616,961. All amounts written off due to bad debt expense cause a corresponding decrease to Revenues, Net Revenues and debt service coverage. The increases in bad debt expense in Fiscal Year 2020 and Fiscal Year 2021 were driven by pandemic-related economic factors. Based on the decrease in bad debt expense in Fiscal Year 2022, the City expects bad debt expense is returning to pre-pandemic levels going forward. See “THE CITY AND THE SYSTEM – Water and Sewer Billing and Collection Policies” herein.

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Projected Debt Service Requirements of the System

The following table sets forth the aggregate debt service requirements of the System, beginning with Fiscal Year 2023 for the 2009 Bonds, the 2013 Bonds, the 2016 Bonds, the 2018 Bonds, the 2019 Bonds, the 2021 Bonds and the Series 2022 Bonds.

Fiscal Year	Existing Debt Service [†]	Series 2022 Bonds			Aggregate Debt Service
		Principal	Interest	Total	
2023	\$45,361,113	—	—	—	\$ 45,361,113
2024	45,359,624	\$ 710,000	\$4,165,033	\$4,875,033	50,234,658
2025	45,355,613	1,280,000	3,595,038	4,875,038	50,230,651
2026	45,359,458	1,340,000	3,531,038	4,871,038	50,230,495
2027	45,350,638	1,410,000	3,464,038	4,874,038	50,224,675
2028	45,359,443	1,480,000	3,393,538	4,873,538	50,232,981
2029	45,352,604	1,555,000	3,319,538	4,874,538	50,227,141
2030	45,356,899	1,630,000	3,241,788	4,871,788	50,228,687
2031	45,360,860	1,710,000	3,160,288	4,870,288	50,231,147
2032	45,352,015	1,800,000	3,074,788	4,874,788	50,226,803
2033	45,357,941	1,890,000	2,984,788	4,874,788	50,232,728
2034	45,355,259	1,980,000	2,890,288	4,870,288	50,225,546
2035	45,360,309	2,080,000	2,791,288	4,871,288	50,231,596
2036	45,358,828	2,185,000	2,687,288	4,872,288	50,231,115
2037	45,360,674	2,295,000	2,578,038	4,873,038	50,233,712
2038	45,359,519	2,410,000	2,463,288	4,873,288	50,232,807
2039	45,357,139	2,530,000	2,342,788	4,872,788	50,229,926
2040	45,355,586	2,630,000	2,241,588	4,871,588	50,227,173
2041	45,355,046	2,740,000	2,133,100	4,873,100	50,228,146
2042	22,245,791	2,855,000	2,016,650	4,871,650	27,117,441
2043	22,345,916	2,975,000	1,895,313	4,870,313	27,216,229
2044	17,985,379	3,105,000	1,768,875	4,873,875	22,859,254
2045	18,022,198	3,260,000	1,613,625	4,873,625	22,895,823
2046	18,050,759	3,420,000	1,450,625	4,870,625	22,921,384
2047	14,266,659	3,595,000	1,279,625	4,874,625	19,141,284
2048	14,270,827	3,770,000	1,099,875	4,869,875	19,140,702
2049	8,953,244	3,970,000	901,950	4,871,950	13,825,194
2050	948,581	4,180,000	693,525	4,873,525	5,822,106
2051	952,088	4,400,000	474,075	4,874,075	5,826,163
2052	—	4,630,000	243,075	4,873,075	4,873,075
	\$999,830,008	\$73,815,000	\$67,494,746	\$141,309,746	\$1,141,139,754

NOTE: Totals may not sum due to rounding.

[†]Debt service for the 2009 Bonds has been calculated assuming a fixed interest rate of 4.354% per annum, which is the rate payable by the City under the Series 2009 Swap, plus all annual unaudited costs associated with the replacement credit facility scheduled to expire in August 2025.

Projected Debt Service Coverage of the System

Debt service coverage as projected and prepared by the City for Fiscal Year 2023 through the fiscal year ending June 30, 2027, is as set forth below.

Fiscal <u>Year</u>	<u>Net Revenues</u> [†]	Existing Debt Service <u>Requirements</u>	Series 2022 Bonds <u>Debt Service</u>	Total Debt Service <u>Requirements</u>	<u>Coverage</u>
2023	\$83,213,000	\$45,361,113	–	\$45,361,113	1.83x
2024	83,213,000	45,359,624	\$4,875,033	50,234,658	1.66x
2025	83,213,000	45,355,613	4,875,038	50,230,651	1.66x
2026	83,213,000	45,359,458	4,871,038	50,230,495	1.66x
2027	83,213,000	45,350,638	4,874,038	50,224,675	1.66x

[†] Net revenues for Fiscal Year 2023 have been calculated utilizing the System's most recent rate study which reflects (i) no additional rate increases adopted by City Council since an approximately 5.02% increase went into effect on July 1, 2021, (ii) assumed 0.75% growth in customer accounts between Fiscal Year 2022 and Fiscal Year 2023, and (iii) assumed 4.00% increase in operating expenses between Fiscal Year 2022 and Fiscal Year 2023. No additional changes in revenues or expenses are assumed for the fiscal years ending June 30, 2024 through 2027.

The figures set forth in the table above are projections. The actual results of operations of the System will be dependent on the amounts by which revenues and expenses increase or decrease. Revenues will be dependent on the actual number of System customers, levels of customer usage, the rates charged by the City and other factors. Expenses will be dependent on the actual levels of customer usage, the number of customers, rates, the cost of treating water and wastewater, future maintenance requirements, financing needs, health care, retirement and post-employment requirements, and other factors. Further, debt service takes into account solely the bonds described above, and does not take into account future indebtedness or future water and sewer rate increases or decreases that may be approved by City Council. No assurance can be given that the projections set forth above will be realized.

Debt Structure

2009 Bonds

Pursuant to the General Ordinance, the Fifth Supplemental Ordinance enacted by the City Council on September 19, 2007, and the Seventh Supplemental Ordinance enacted by the City Council on August 19, 2009, the City issued the 2009 Bonds in the original principal amount of \$81,860,000 to defray the costs of improvements to the System. The 2009 Bonds are currently outstanding in the principal amount of \$81,335,000.

2013 Bonds

Pursuant to the General Ordinance and the Tenth Supplemental Ordinance enacted by the City Council on September 13, 2013, the City issued the 2013 Bonds in the original principal amount \$75,305,000 to defray the costs of improvements to the System. The 2013 Bonds are currently outstanding in the principal amount of \$1,735,000.

2016A Bonds

Pursuant to the General Ordinance and the Eleventh Supplemental Ordinance enacted by the City Council on September 6, 2016 (the "Eleventh Supplemental Ordinance"), the City issued the 2016A Bonds in the original principal amount \$63,325,000 to defray the costs of improvements to the System. The 2016A Bonds are currently outstanding in the principal amount of \$30,350,000.

2016B Bonds

Pursuant to the General Ordinance and the Eleventh Supplemental Ordinance, the City issued the 2016B Bonds in the original principal amount \$146,710,000 to advance refund portions of several prior bond issues of the City. The 2016B Bonds are currently outstanding in the principal amount of \$142,100,000.

2018 Bonds

Pursuant to the General Ordinance and the Twelfth Supplemental Ordinance enacted by the City Council on May 1, 2018, the City issued the 2018 Bonds in the original principal amount \$87,340,000 to defray the costs of improvements to the System. The 2018 Bonds are currently outstanding in the principal amount of \$50,510,000.

2019A Bonds

Pursuant to the General Ordinance and the Thirteenth Supplemental Ordinance enacted by the City Council on September 17, 2019 (the “Thirteenth Supplemental Ordinance”), the City issued the 2019A Bonds in the original principal amount \$131,085,000 to defray the costs of improvements to the System. The 2019A Bonds are currently outstanding in the principal amount of \$93,110,000.

2019B Bonds

Pursuant to the General Ordinance and the Thirteenth Supplemental Ordinance, the City issued the 2019B Bonds in the original principal amount \$143,855,000 to advance refund certain outstanding indebtedness of the City. The 2019B Bonds are currently outstanding in the principal amount of \$136,320,000.

2019C Bonds

Pursuant to the General Ordinance and the Thirteenth Supplemental Ordinance, the City issued the 2019C Bonds in the original principal amount \$6,875,000 to currently refund certain outstanding indebtedness of the City. The 2019C Bonds are currently outstanding in the principal amount of \$4,980,000.

2021A Bonds

Pursuant to the General Ordinance and the Fourteenth Supplemental Ordinance, the City issued the 2021A Bonds in the original principal amount \$18,935,000 to defray the costs of improvements to the System. The 2021A Bonds are currently outstanding in the principal amount of \$18,935,000.

2021B Bonds

Pursuant to the General Ordinance and the Fourteenth Supplemental Ordinance, the City issued the 2021B Bonds in the original principal amount \$116,600,000 to advance refund certain outstanding indebtedness of the City. The 2021B Bonds are currently outstanding in the principal amount of \$116,600,000.

Series 2009 Swap (Junior Lien Pledge)

The City’s payment obligations under the Series 2009 Swap, including any termination payment, if any, are secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge hereof securing the Bonds. The Series 2009 Swap is secured by a pledge of Net Revenues of the System junior and subordinate in all respects to the pledge thereof securing the Bonds.

THE CITY AND THE SYSTEM

General Description

The City, located at the geographic center of the State, was formed in 1786. It is the county seat of the County and the capital of the State. In addition to being the governmental center of the State, the City is also the business, finance, education and transportation center of the State. The System provides water treatment and distribution services through its waterworks system (the “Waterworks System”) to approximately 159,000 billed water accounts in the Columbia Metropolitan Statistical Area (the “Columbia MSA”), including approximately 47,000 In-City customers and 112,000 Out-of-City customers, as of the end of Fiscal Year 2022. The System provides sewer treatment and collection services through its Sanitary Sewer System to approximately 65,000 billed sewer customers in the Columbia MSA, including approximately 37,000 In-City customers and 28,000 Out-of-City customers, as of the end of Fiscal Year 2022.

For further information regarding the City and the Columbia MSA, see APPENDIX B attached hereto.

Administration of the City

The City is governed by a council-manager form of government. The Mayor and City Council, who are elected for four-year staggered terms, are vested with the legislative and policy-making powers of the City. Day-to-day activities are administered by a council-appointed City Manager who serves as the chief executive officer of the City and is responsible to the City Council for proper administration of all affairs of the City. The City Manager serves an indefinite term and is subject to removal by a majority vote of the City Council. Financial affairs are under the supervision of the Assistant City Manager for Finance and Economic Services who is appointed by the City Manager. The Finance Director reports to the Assistant City Manager for Finance and Economic Services and is responsible for debt administration, investments and appropriation expenditures and is custodian of all City funds.

The present members of the City Council, their occupations, and the dates which their current terms end are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Ends</u>
Daniel J. Rickenmann, Mayor	Business Consultant	December 31, 2025
Edward H. McDowell, Jr., Mayor Pro Tem	Retired	December 31, 2023
Will Brennan	Business Owner	December 31, 2023
Dr. Aditi S. Bussells	Public Health Researcher	December 31, 2025
Howard E. Duvall, Jr.	Retired	December 31, 2023
Tina N. Herbert	Attorney	December 31, 2025
Joe E. Taylor, Jr.	Business Owner	December 31, 2025

Teresa B. Wilson has served as City Manager since January 2013. Ms. Wilson has served as the City's Director of Governmental Affairs and Assistant City Manager for Community Programs, Economic Development and Government Services. Ms. Wilson graduated from the University of South Carolina's Honors College and the University of South Carolina School of Law. Prior to joining the City, Ms. Wilson served as Government and Community Relations Coordinator for the University of South Carolina's Office of the President, and also served as a liaison for the University of South Carolina and the City of Columbia, as well as a number of community organizations.

Jeffery M. Palen has served as the Assistant City Manager for Finance and Economic Services and Chief Financial Officer since January 2013. Prior to his current position, Mr. Palen served as the City's Treasurer beginning in November 2008, and as hospital chief financial officer with Health Management Associates from 2005 to 2008. Mr. Palen graduated with a Bachelor of Science in Business and a Master's Degree in Business Administration from the University of South Carolina. Mr. Palen has held various positions in both the private and public sectors, including serving as the Deputy Treasurer and the Deputy Auditor for Lexington County.

Kristine Githara was hired as the City's Finance Director on March 21, 2022. Prior to joining the City, Ms. Githara was most recently the Deputy Finance Director at the City of Littleton in Colorado. Prior to her time in Littleton, Ms. Githara worked in finance with a public school system for 15 years and earned her CPA while working as an auditor for an accounting firm that provided services to cities, counties and school districts. Ms. Githara is a graduate of Marquette University.

The System operates under the name "Columbia Water," and is administered by the City through the City Manager. Under the City Manager's direction, the financial operations of the System are administered by the Assistant City Manager for Finance and Economic Services. The Utilities Department operates the System's two water treatment plants, water storage and pumping stations, and the wastewater plant and sewer lift stations, and maintains all water distribution and treatment sewer collection mains. A total of approximately 500 persons are employed in managerial, clerical, maintenance and other capacities relating to the System.

The Assistant City Manager of Columbia Water is Clint Shealy, P.E., who has served in this capacity since July 2017. Mr. Shealy is a licensed Water Treatment Plant Operator and Professional Engineer. Prior to being named Assistant City Manager of Columbia Water, Mr. Shealy served as the City's Director of Utilities and Water Works Superintendent. Prior to coming to Columbia Water, Mr. Shealy worked for the South Carolina Department of Health and Environmental Control and engineering firms BP Barber & Associates, Inc. and Black and Veatch Corporation. Mr. Shealy is a registered Professional Engineer in the State. He earned his Bachelor of Science degree in Engineering from Clemson University.

Initial recommendations for expansion or renovation of the System are made by the Assistant City Manager of Columbia Water. The recommendations are then reviewed by the City Manager and submitted to the City Council for review and approval as part of the budget process. Increases in rates for the System must be reviewed and adopted by the City Council prior to going into effect.

Service Area

The service area of the Waterworks System includes all of the City of Columbia, portions of the County and Lexington County, as well as the City of Forest Acres, the Towns of Arcadia Lakes, Chapin and Irmo, and the Fort Jackson Military Reservation ("Fort Jackson"). The service area of the Sanitary Sewer System includes all of the City of Columbia and portions of the County, including Fort Jackson, and portions of Lexington County and the City of West Columbia. The entire System covers approximately 320 square miles with a population of approximately 410,000 persons living within that area. The population in the overall service area of the System has generally been increasing since the 1950s due in large measure to the growth of the service area of the System outside of the City.

The City has exclusive rights to provide water and sewer services within the City limits and non-exclusive rights outside of the City limits. Both the County and Lexington County have the legal authority to provide water and sewer service within the unincorporated areas of those counties not presently served by municipalities or special purpose districts, but each has

only provided services on a limited basis. The County currently provides water or sewer services only in small, isolated areas. Lexington County and several municipalities in Lexington County formed the Joint Municipal Water and Sewer Commission (“JMWSC”) for the purpose of providing water and sewer services on an integrated, county-wide basis, but it is the City’s understanding that neither JMWSC nor Lexington County intend to provide water or sewer services in unincorporated areas of Lexington County already being served by the City. Several municipalities in the County and Lexington County currently provide water and/or sewer services to residents within those municipalities. One large special purpose district, East Richland County Public Service District, provides sewer services to a portion of the County (including certain of the incorporated municipalities therein, e.g., the City of Forest Acres and the Town of Arcadia Lakes).

Service to areas outside of the City limits currently accounts for approximately 76% of the revenues of the Waterworks System and 57% of the revenues of the Sanitary Sewer System of the City. The average water rates for customers outside the City are approximately 1.7 times higher than the average rates for customers inside the City and the average sewer rates for customers outside the City are approximately 1.7 times higher than the average rates for customers inside the City. Because the City already has an extensive water and sewer system in place in large areas of both Richland and Lexington Counties, and because it can offer services to prospective new customers at competitive rates, the City believes that it can continue enlarging the size of its service area in the unincorporated areas of Richland and Lexington Counties.

Ten Largest Customers

The following table sets forth the ten largest water and sewer customers for Fiscal Year 2022 by total revenue.

<u>Company</u>	<u>No. of Meters</u>	<u>Consumption (100 gallons)</u>	<u>Water Revenue</u>	<u>Sewer Revenue</u>	<u>Total Revenue</u>
State of South Carolina†	528	5,601,009	\$2,665,847	\$3,702,877	\$6,368,725
Prisma Health Richland†	27	1,403,750	526,372	814,403	1,340,774
Mark Anthony Brewing Inc.	1	389,698	319,591	526,776	846,368
Fort Jackson†	15	4,275,790	844,358	1,281	845,639
Shaw Industries Group Inc.†	2	1,008,786	808,743	-	808,743
Town of Winnsboro	1	1,422,959	785,624	-	785,624
Town of Chapin Utilities Dept	10	993,832	781,709	-	781,709
Richland County Finance Department	5	313,426	217,422	362,367	579,789
WJBD Veterans Hospital	3	470,308	208,726	325,764	534,489
Westinghouse Nuclear Fuel	1	522,013	<u>429,371</u>	<u>—</u>	<u>429,371</u>
TOTAL			\$7,587,763	\$5,733,468	\$13,321,231

† Aggregate customers (accounts grouped by name)

Impact of Weather Event

In early October of 2015, the City experienced an unprecedented rain event involving 20-24 inches of rainfall (“Rain Event”), which resulted in significant flooding throughout the City. Multiple sewer and water lines ruptured or broke and the City experienced a 60-foot wide breach in the Columbia Canal, which the City uses to provide water for one of its water treatment facilities. Federal disaster aid was made available to the State to supplement State, County, and local recovery efforts in the City and surrounding areas affected by the severe storms and flooding.

Following the Rain Event, the City identified 189 repair projects (175 of which were specifically related to the System), not inclusive of the Columbia Canal repairs. The City has materially completed substantially all of the repair projects, except for a few minor projects, pending permitting. The City expended \$19,651,532 from cash on hand on the non-Columbia Canal related repair projects. The City has received approximately \$15,908,705 in reimbursements for non-Columbia Canal related repair projects and other requests for reimbursement are under review by FEMA. The City cannot guarantee whether all expenditures on the non-Columbia Canal related repair projects will qualify for FEMA reimbursement.

The City estimates that the cost of repairs and mitigation to the Columbia Canal could be up to \$100,000,000. Such repairs and mitigation efforts are presently anticipated to include restoration, replacement or rehabilitation of the embankment, head gates, and hydro-electric plant, and the construction of a secondary water supply which the City believes is necessary to provide a more stable water supply and reduce the hazard level of the Columbia Canal.

The City reached an agreement with FEMA to receive approximately \$42 million from FEMA related to the repair to the Columbia Canal. The City has sought and is continuing to seek separate federal funding sources for repair and mitigation projects not covered under the scope of the agreement with FEMA. The City has received approval for an approximately \$8 million Community Development Block Grant-Mitigation Action Plan to fund construction for the replacement of the head gates and was awarded a Building Resilient Infrastructure and Communities FEMA grant to pay for approximately 75% of the \$45 million in estimated costs of constructing a secondary water supply. The City expects that it will complete all repairs and mitigation efforts stemming from the Rain Event by 2025.

Without regard to other potential long-term mitigation improvements, and assuming all relevant levels of reimbursement, the City estimates the impact of the Rain Event on the City's net position to be less than \$1,000,000 and does not anticipate any material impact to the operation and maintenance expenses of the System or to net capital expenditures related to the System.

Waterworks System

General

The sources of raw water for the Waterworks System are the Broad River, via the Columbia Canal (which has an average flow of 3,000 cubic feet per second) and Lake Murray. The City has purchased rights from Dominion Energy South Carolina, Inc. ("Dominion South Carolina") to draw up to 100 million gallons per day ("MGD") of raw water from Lake Murray. The term of this contract is coterminous with Dominion South Carolina's license to operate a hydro station on Lake Murray.

The City owns the Columbia Hydro Station and the Columbia Canal. The water treatment plant located on the Columbia Canal (the "Canal Plant") generally serves the area south of Interstate 20 and east of the Broad River. The Canal Plant was originally constructed in 1906 and has undergone multiple expansions. Those expansions include a major building renovation and filter upgrade completed in 1998 and raw water and finished water pumping expansions completed in 2013. Additionally, improvements and modernization of the finished water pumping and storage at the Canal Plant was completed in 2021 and rehabilitation of existing filters is ongoing.

The Canal Plant has a total raw water pumping capacity of 125 MGD with a sustained raw water pumping capacity of 85 MGD. The Canal Plant has a rated capacity for treatment of raw water of 84 MGD. The Canal Plant is currently producing an average flow of approximately 34 MGD with a maximum demand of 60 MGD.

The water treatment plant on Lake Murray (the "Lake Murray Plant"), constructed in 1983, has a raw water pumping capacity of 105 MGD. The Lake Murray Plant was expanded in 2006 to increase finished water pumping capacity from 40 MGD to 105 MGD and water treatment capacity from 30 MGD to 75 MGD. Additionally, improvements and modernization of pumping and solids handling equipment was completed in 2017 and rehabilitation of existing filters at the Lake Murray Plant is ongoing. The Lake Murray Plant generally serves the area north of Interstate 20. The average treatment and pumping rate at the Lake Murray Plant is 31 MGD with a maximum demand of 55 MGD.

The City believes that the water sources provided by the Broad River and Lake Murray are adequate to provide ample water to meet the current and foreseeable needs of the System, and that the Canal Plant and the Lake Murray Plant, as expanded and upgraded, will be adequate to continue to meet water treatment needs of the System for at least the next 30 years.

Approximately 2,400 miles of predominantly ductile iron and PVC pipelines, ranging in size from 4-inch to 64-inch diameters, comprise the Waterworks System's distribution network. The City places considerable emphasis on replacing smaller and deteriorated water mains and installing additional fire hydrants for optimal fire protection, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. The City maintains two 3-MG storage reservoirs for finished water at the Canal Plant, two 5-MG storage reservoirs at the Lake Murray Plant and 22 other storage tanks with an aggregate storage capacity of 44 MG.

The City owns all of the pipes, storage tanks, pumping stations and water treatment facilities that it uses to distribute water to customers. The pipes and all other parts of the water delivery system are expected to have at least a 75-year useful life. Existing pipes are typically installed in rights-of-way owned by the City, the County or Lexington County or the State, with new lines being placed in exclusive easements when possible. The City owns in fee simple the land on which the Canal Plant and Lake Murray Plant are located and most of the land on which pump stations and storage tanks are located.

The City maintains an ongoing program of upgrading, modernizing and rehabilitating the Waterworks System, the costs of which are paid from System Revenues, proceeds of revenue bonds of the System and State and Federal grants. See "Capital Expenditures" herein.

Operations

The total number of customers of the Waterworks System has grown by more than 11% over the past ten fiscal years. The major part of the growth has occurred as a result of new Out-of-City customers being added. Information on Revenues is set forth for both the Waterworks System and Sanitary Sewer System on a combined basis in “FINANCIAL FACTORS.” The table below shows the number of water customers during the past ten fiscal years:

Number of Billed Customers on Waterworks System

<u>Fiscal Year Ended</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
<u>June 30</u>			
2013	41,249	97,355	138,604
2014	40,896	99,113	140,009
2015	40,530	99,506	140,036
2016	41,133	99,837	140,970
2017	41,741	101,576	143,317
2018	42,279	103,025	145,304
2019	42,262	102,839	145,465
2020	44,261	106,762	151,023
2021	45,963	113,261	159,224
2022	46,875	112,328	159,203

Special Contracts

The City has entered into contracts with Fort Jackson, the Town of Chapin (“Chapin”), and the Town of Winnsboro (“Winnsboro”) to provide water service. The contract with Fort Jackson, which was first entered into as of March 25, 1987, provides that the City will be paid at rates subject to renegotiation on the request of either party with reasonable cause. In February 2011, an approximately 15% rate increase went into effect for water service provided to Fort Jackson. The rates provided under the February 2011 contract, which had an effective date through June 2021, will continue until the City and Fort Jackson renegotiate a new rate agreement. The City plans to initiate negotiations with Fort Jackson to reset the rates under the February 2011 contract.

Under the City’s contract with Chapin, which was first entered into in 1988, the City acquired a portion of Chapin’s water system and received exclusive rights to furnish bulk water to Chapin. Chapin customers are charged the standard Out-of-City rates. The City’s current wholesale supply agreement with Chapin was entered into in 1999 and had a 15-year term. Pursuant to the terms of the contract, the City will supply water to Chapin on a month to month basis until a new agreement is renegotiated.

The City’s contract with Winnsboro is also a bulk water supply agreement, pursuant to which Winnsboro customers pay the City’s standard Out-of-City rate. The term of the City’s agreement with Winnsboro expired in 2018. The agreement includes a 5-year extension for which the City plans to initiate negotiations in the near future.

Waterworks System Rates

Information on rates and fees of the Waterworks System is set forth in “Water and Sewer Rates and Fees” herein.

Federal and State Requirements

The City currently holds the necessary permits and approvals from the South Carolina Department of Health and Environmental Control (“DHEC”) to operate a water treatment and distribution system. The Waterworks System currently meets all material federal and State requirements regarding a public water supply system. See “Environmental Matters – General.”

Sanitary Sewer System

The City’s Sanitary Sewer System (the “Sanitary Sewer System”) consists of over 1,000 miles of sewer lines ranging in diameter from 4 inches to 60 inches, 55 sewage lift stations and a central treatment facility known as the Metro WWTP. The Metro WWTP, a biological oxidation extended aeration treatment facility located on the Congaree River three miles south of the City, was originally constructed in 1970 and expanded in 1982 to 40 MGD and again in 1998 to 60 MGD. Currently the average daily flow to the Metro WWTP is about 34 MGD. Nearly five percent of the flow to the Metro WWTP is industrial. The City expects that the Metro WWTP, as expanded and upgraded, will be adequate to provide sewage treatment for the Sanitary Sewer System through the year 2060.

The City owns all of the sewer lines, lift stations and treatment facilities of the Sanitary Sewer System. The sewer lines are expected to have at least a 50-75 year useful life, with proper maintenance. The sewage lift stations are being rehabilitated as needed and are on a maintenance schedule, and most stations are expected to have a useful life of at least 15 years at construction or after rehabilitation is completed. Sewer lines are typically installed in easements or in rights-of-way owned by the City, Richland or Lexington County or the State, with new lines being placed in exclusive easements when possible. The City owns in fee simple the land on which the Metro WWTP and many of the sewage lift station sites are located.

The City maintains an ongoing program of upgrading, rehabilitating, and modernizing of the Sanitary Sewer System, the costs of which are paid from System Revenues and from the proceeds of revenue bonds of the System. See “Capital Expenditures” herein.

Operations

The table below shows the number of customers of the Sanitary Sewer System over the past ten fiscal years.

Number of Billed Customers on Sanitary Sewer System

<u>Fiscal Year Ended June 30</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>Total</u>
2013	33,185	26,515	59,700
2014	33,182	27,057	60,239
2015	32,704	26,972	59,676
2016	33,508	27,269	60,777
2017	33,803	27,549	61,352
2018	34,105	28,012	62,117
2019	34,279	28,406	62,685
2020	34,511	28,047	62,558
2021	35,480	27,903	63,383
2022	36,646	28,450	65,097

Special Contracts

The City entered into an agreement with the City of West Columbia (“West Columbia”) in 1975 and with Fort Jackson in 1967 relating to the provision of sewer services and the maintenance of components of the Sanitary Sewer System. The parties agreed to contribute financially to the construction, operation, maintenance, supervision and repair of certain components of the Sanitary Sewer System. The City assumed responsibility for the operation of these components, in return for which the City is paid a base monthly charge plus various other charges based on gallons of sewage discharged. The City and West Columbia entered into an Amended and Restated Agreement on July 7, 2015, which replaced the 1975 agreement. The Amended and Restated Agreement has a 30 year term with optional 5 year extensions. The current agreement with Fort Jackson was entered into in 1987 and does not have a termination date.

The City entered into an agreement with Blue Granite (formerly Carolina Water Service) regarding sanitary sewer service for their Friarsgate system. The City provides treatment of their sanitary sewer at a monthly fee based on the metered sewer discharged to the Sanitary Sewer System. This agreement was signed in 2018 and has a 25-year term with the option for two 10-year renewals.

The City entered into an agreement with Richland County regarding sanitary sewer service for the Lower Richland area sewer system. The City provides treatment of the sanitary sewer at a monthly fee per Equivalent Residential Unit served. This agreement was signed in 2019 with a four year term and may be extended for additional terms.

Sanitary Sewer System Rates

Information on rates and fees of the Sanitary Sewer System is set forth in “Water and Sewer Rates and Fees” herein. The most recent rate increase became effective July 1, 2021.

Federal and State Requirements

The Sanitary Sewer System currently holds the necessary permits and approvals from DHEC to operate its sewage collection and treatment system. Except as described in the EPA and DHEC Actions section below, the Sanitary Sewer System currently meets all material federal and State requirements in regard to a sewage collection and treatment system. See “Environmental Matters – General” and “– Permits and Ordinances.”

Water and Sewer Rates and Fees

General

The rates charged by the City for water and sewer service are not subject to approval by any federal or State regulatory body. The City's current rates, effective July 1, 2021, are set forth below. Based on these revised rates, the average monthly water and sewer bill for a residential In-City user, based on water usage of 800 cubic feet, is \$64.55 and for a residential Out-of-City user with similar water usage is \$109.86. The City has regularly increased rates as necessary, and effected rate increases to provide sufficient revenues for payment of projected increased costs of operation, expansion of the System, increases in debt service and to maintain required debt service coverage ratios. See "FINANCIAL FACTORS – Historical Debt Service Coverage of the System" and "– Projected Debt Service Coverage of the System." The City works with a rate consultant which provides recommendations to the City with respect to the timing and amount of rate increases. Administration considers the recommendation from the rate consultant along with the annual budget of the System and other anticipated capital expenditures before presenting a rate recommendation to City Council for its consideration.

Water Rates

Monthly Water Service Rates

<u>Meter Size</u>	<u>In-City</u>	<u>Out-of-City</u>
5/8"	\$ 8.53	\$ 14.50
1"	14.24	24.21
1 ½"	21.33	36.27
2"	34.12	58.02
3"	68.27	116.04
4"	106.65	181.31
6"	213.57	363.06
8"	341.29	580.19
10"	677.63	1,151.97

Additional Water Rates

(per 100 cubic feet after first 300 cubic feet used)

	<u>Residential</u>		<u>Commercial</u>		<u>Irrigation</u>	
	<u>In-City</u>	<u>Out-of-City</u>	<u>In-City</u>	<u>Out-of-City</u>	<u>In-City</u>	<u>Out-of-City</u>
Next 9,700	\$ 3.06	\$ 5.21	\$ 2.91	\$ 4.95	\$ 5.21	\$ 8.85
Next 90,000	2.91	4.95	2.75	4.67	4.95	8.42
Over 100,000	2.76	4.67	2.57	4.39	4.67	7.96

Base Sewer Charges

Monthly Sewer Service Charges

<u>Meter Size</u>	<u>In-City</u>	<u>Out-of-City</u>
5/8"	\$ 8.53	\$ 14.50
1"	8.53	14.50
1 ½"	8.53	14.50
2"	13.65	23.20
3"	27.30	46.40
4"	42.66	72.51
6"	85.32	145.05
8"	136.77	232.07
10"	213.31	362.62

Sewer Service Rates

(per 100 cubic feet of water used)

<u>In-City</u>	<u>Out-of-City</u>
\$4.43	\$7.54

Maximum sewer service rates on single-family residences during the months of April through October are based on an assumed usage of 1,400 cubic feet of water and during the months of November through March are based on actual usage. Sewer rates for apartment buildings and trailer parks are the base rate per dwelling unit plus the rate per 100 cubic feet reflected by water consumption. Sewer rates for hotels, motels, dormitories and rooming houses are one-half of the base rate of a single-family residence per room plus a base fee on meter connection size plus the rate per 100 cubic feet reflected by water consumption.

Comparison of Water Rates in the Columbia MSA

In addition to the City, the following entities provide water service in the Columbia MSA: JMWSC, Blue Granite Water Company, Midlands Utility Company, the City of West Columbia, the City of Cayce, and the Town of Lexington. The chart below compares current average monthly water bills for each of the three largest providers of water service.

<u>Provider</u>	<u>Average Monthly Water Bill[†]</u>	
	(In-City)	(Out-of-City)
City of Columbia	\$ 20.77	\$ 35.34
City of West Columbia	25.50	51.00
City of Cayce	31.61	63.22

[†] Based on 5,250 gallons of water.

Water and Sewer Tap Fees

The City charges new customers to the Waterworks System a tap fee that ranges from \$2,512 for a ¾-inch meter to \$8,490.00 for a 2-inch meter and a connection fee that ranges from \$3,161.00 to \$8,279.00 for meters that are 4 inches and above. The City charges new customers to the Sanitary Sewer System a tap fee of \$300 (Developer Install) or \$1,300.00 (City Install) for each tap. Water and sewer tap fees generated a total of \$3,252,300 (unaudited) in revenues for the System in Fiscal Year 2022.

Sewer Capacity Fee

The City began charging new customers of the Sanitary Sewer System a sewer capacity fee on October 1, 1987. The fee is intended to provide an additional source of moneys for upgrading and expansion of the Metro WWTP. The current standard sewer capacity fee is \$2,640 per new or expanding capacity customer. However, special reduced fees are available for customers utilizing greater than 300,000 gallons per day or for redeveloped properties accompanying a change in use. Sanitary Sewer System sewer capacity fees generated a total of \$2,394,596 (unaudited) in revenues in Fiscal Year 2022.

Water and Sewer Billing and Collection Policies

New or transferring account fees are charged to customers (new and existing) who request service. Bills are mailed to customers on a periodic basis throughout the month and are payable on receipt. Customers receiving both water and sewer services receive combined bills for these services. Water or sewer service accounts that are two months or more in arrears are terminated for non-payment. Advance notice of 10 days is given prior to such termination action. Customers must pay a \$40 fee to have services reconnected.

In response to the outbreak of COVID-19 and as a means to not disrupt service during the pandemic, on March 12, 2020, the City suspended termination of service for non-payment of water and sewer bills and unauthorized consumption of inactive accounts. In October 2020, the City placed 14,499 accounts that were over 30 days past due on a 6-month payment arrangement to spread out the past due balance for customers and to encourage payment. In December 2020, the City began disconnecting water service for inactive accounts (e.g., accounts for which no active billing contact was available) that were showing unauthorized consumption, which resulted in several new accounts being established. In January 2021, the City began notifying customers with overdue balances that their water service would be disconnected beginning in February if the previous payment arrangements have not been honored. The City has proceeded with disconnections for non-payment since February 2021. The City is also pursuing collection for past due balances through the State's set-off debt collection program.

Capital Expenditures

The City has historically expanded and improved the System primarily with proceeds of revenue bonds and Revenues of the System. During Fiscal Year 2018 through Fiscal Year 2022, the City expended approximately \$334,565,348 for System expansion and improvement, including approximately \$71,287,914 expended in Fiscal Year 2022. The following table shows the amounts expended from proceeds of revenue bonds and System Revenues for capital improvements to the System, including cash-funded projects that fall outside the City's Capital Improvements Program, undertaken during Fiscal Year 2018 through Fiscal Year 2022.

Capital Improvements Undertaken

<u>Fiscal Year Ended June 30</u>	<u>Capital Improvements Financed with Bond Proceeds</u>	<u>Capital Improvements Financed with System Revenues</u>	<u>Total Capital Improvements</u>
2018	\$21,376,918	\$16,397,602	\$37,774,520
2019	73,584,430	5,520,004	79,104,434
2020	68,480,783	3,274,366	71,755,149
2021	70,077,777	4,565,554	74,643,331
2022	<u>55,197,270</u>	<u>16,090,644</u>	<u>71,287,914</u>
TOTAL	\$288,717,178	\$45,848,170	\$334,565,348

Capital Improvements Program

Future capital expenditures to expand and improve the System are managed by the City through a rolling five-year Capital Improvements Program, which is approved annually by City Council as part of the adoption of the City's Budget Ordinance. The current Capital Improvements Program covers the five-year period from Fiscal Year 2023 through the fiscal year ending June 30, 2027 ("Fiscal Year 2027"). Under the current Capital Improvement Program, the City anticipates capital expenditures of approximately \$40,000,000 in Fiscal Year 2023 and \$120,000,000 in each year through Fiscal Year 2027. As the City nears completion of the issues identified in the Consent Decree, anticipated capital expenditures will move from approximately two-thirds devoted to the Sanitary Sewer System and the remaining one-third devoted to the Waterworks System to a more even split between the two System components. The improvements made to the System under the Capital Improvements Program are expected to include engineering, storage tanks, water plant additions, increased sewer capacity, lines, pump stations, easements and land.

The City expects to fund the Capital Improvements Program with, among other sources, Revenues of the System (including capital payments from West Columbia), proceeds of bonds, and State and Federal grants. Although the breakdown between debt and other sources used to fund the capital expenditures for the Capital Improvements Program varies, approximately 33% of the Fiscal Year 2022 and 100% of the Fiscal Year 2023 annual capital expenditures for the Capital Improvements Program are estimated to be funded from System Revenues (including capital payments from West Columbia) and State and Federal grants, but in subsequent fiscal years are anticipated be in the range of 25-30%. Proceeds of the Series 2022 Bonds will be used to fund new capital expenditures originally budgeted for Fiscal Year 2022 of the Capital Improvements Program and will not be funded from System Revenues.

Environmental Matters

General

Operation of the System is subject to regulation by certain federal, State and local authorities. Federal and State standards and procedures that currently regulate and control operation of the System may change from time to time as a result of continuing legislative, regulatory and judicial action. Therefore, there is no assurance that the facilities comprising the System currently in operation, under construction or contemplated will always remain subject to the regulations currently in effect, or will always be in compliance with future regulations.

An inability to comply with various governmental regulations and standards could result in reduced operating levels or complete shutdown of such facilities not in compliance. Furthermore, compliance with such governmental regulations and standards may substantially increase capital and operating costs.

Permits and Ordinances

The System is in substantial compliance with current regulatory requirements of the United States Environmental Protection Agency (the “EPA”) and DHEC, and the requirements and conditions of all permits required to operate the System are in order. The City currently has the following permits in effect:

<u>Permit</u>	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Description</u>
DHEC Wastewater NPDES Permit #SC0020940 (“NPDES Permit”)	June 1, 2018	May 31, 2023 [†]	Authorization to discharge treated effluent in accordance with the National Pollutant Discharge Elimination System (the “NPDES”) into the Congaree River
Public Water System Operating Permit System #401001		No Expiration Date	Authorization to operate a water treatment plant
S.C. Water Resources Commission, Interbasin Transfer Permit 1013-IB	August 29, 2008	August 29, 2028	Authorization to transfer water between river basins in South Carolina for its potable water treatment plant(s)

[†] Pursuant to applicable regulations, the NPDES Permit will remain in effect beyond May 31, 2023, upon the submittal of an application for renewal of the NPDES Permit on or before December 2, 2022.

The City has had a Wastewater Services Ordinance in place since March 19, 1974. Revisions to this ordinance are periodically made to reflect changes in federal, State and local standards. The City has operated an Industrial Pretreatment Program pursuant to the Federal General Pretreatment Regulations and approved by DHEC since October 1, 1984. The City includes West Columbia under this program pursuant to an inter-jurisdictional agreement executed January 8, 1986. Nine categorical and eight significant non-categorical industries are currently regulated under this program.

The City is also authorized to discharge stormwater from the Metro WWTP under NPDES General Permit for the Storm Water Discharges Associated with Industrial Activities (Except Construction) issued by DHEC on May 26, 2022.

EPA and DHEC Actions

On September 9, 2013, after a lengthy period of negotiations among the City, the EPA, the U.S. Department of Justice (the “DOJ”) and DHEC, the EPA, the DOJ and DHEC lodged a Consent Decree (the “Consent Decree”) with the U.S. District Court for the District of South Carolina (the “District Court”), in which the City agreed to settle allegations by the EPA, the DOJ and DHEC regarding the numerous alleged violations by the City of the Clean Water Act, including the frequent occurrence of sanitary sewer overflows from the Sanitary Sewer System over a specified time period (the “CWA Violations”). Based on comments received during the public comment period on the terms of the Consent Decree, the parties agreed to certain revisions to the Supplemental Environmental Project (the “SEP”) required under the Consent Decree. On May 21, 2014, the District Court entered an order approving the Consent Decree.

The terms of the 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 SEP aimed at restoring and reducing flooding along segments of Rocky Branch, Smith Branch, and Gills Creek. The City has completed the SEP required under the Consent Decree. With respect to capital improvements to be implemented under the Consent Decree, the City anticipates total remaining expenditures of approximately \$500,000,000 will be required over a period of approximately eight years in order to complete the requirements of the Consent Decree. The City’s five-year Capital Improvements Program has been revised and will continue to be revised (if necessary) to enable the City to meet all of its obligations under the Consent Decree within the prescribed timeframes. In addition, the City was required to pay a civil penalty in the amount of \$476,400 to resolve the alleged CWA Violations.

On October 6, 2015, the City notified the DOJ, the EPA and DHEC of a force majeure event, namely the Rain Event. On October 13, 2015, the City submitted a written report concerning the Rain Event and provided a supplemental report on March 24, 2016, with a request for additional time to meet certain deadlines in the Consent Decree and in implementation schedules of program documents submitted pursuant to the Consent Decree. The City also requested an extension for

stipulated penalties for sanitary sewer overflows. By letter dated June 2, 2016, the EPA granted all of the extensions requested as a result of the Rain Event.

On April 7, 2020, the City notified the DOJ, the EPA and DHEC of another *force majeure* event having occurred as a result of the COVID-19 pandemic. The City provided an interim report on February 2, 2021, providing additional details and identifying certain deadlines in the Consent Decree for which additional time may be needed.

As a result of the final Consent Decree, the City may be liable for additional civil penalties should it not comply with the terms of the Consent Decree. The City intends to fully comply with the terms of the Consent Decree, as modified, and undertake the capital improvements required by the Consent Decree. The City does not expect its compliance with the Consent Decree to have a materially adverse impact on the financial condition of the System or the City.

On May 2, 2018, DHEC reissued the NPDES Permit, effective June 1, 2018, with an expiration date of May 31, 2023. As required by the terms of the NPDES Permit and applicable regulations, the City will submit its application for renewal of the NPDES Permit on or before December 2, 2022.

Pension Obligations

Retirement Plan

The South Carolina Retirement Systems (the “Systems”), as administered by the South Carolina Public Employees Benefit Authority (the “Authority”), maintains five independent cost sharing, multi-employer defined benefit plans. The City is a participating employer in the Systems and, generally, the City’s employees are covered by the Systems’ South Carolina Retirement System (the “SCRS”) or the Police Officers Retirement System (the “PORS”) plans, unless the employee has elected to participate in the Optional Retirement Program (the “ORP”).

The SCRS plan offers retirement and other benefits, including disability, survivor and death benefits, to eligible state employees. Both employees and employers are required to contribute to the SCRS a percentage of the participating employee’s earnable compensation at a rate set by State law. The PORS plan offers retirement and other benefits for police officers employed by the City. Like the SCRS, both employees and employers are required to contribute to the PORS a percentage of the participating employee’s earnable compensation at a rate set by State law.

For Fiscal Year 2022, the City made contributions to the SCRS of \$10,140,447 and to the PORS of \$8,815,773, which amounts equaled the statutorily required contributions to SCRS and PORS.

City employees eligible for participation in the SCRS may choose to participate in the ORP, which is a defined contribution plan in which participants direct the investments of their funds in a plan administered by one of four investment providers. The Systems assume no liability for the ORP benefits and for this reason the ORP is not considered part of the retirement systems for financial statement purposes. Contributions to the ORP are set at the same rates as the SCRS. To participate in the ORP, participants must irrevocably waive participation in the SCRS.

Additionally, the Authority issues its own Comprehensive Annual Financial Report for the Systems (the “Report”). A copy of the Report for Fiscal Year 2021, may be found at https://www.peba.sc.gov/sites/default/files/cafr_2021.pdf (which is not intended to be an active hyperlink and is not incorporated by reference herein). Information for the Systems is also included in the Annual Comprehensive Financial Report for the State (the “State Report”). A copy of the State Report may be found at <https://cg.sc.gov/financial-reports/annual-comprehensive-financial-reports-acfrs> (which is not intended to be an active hyperlink and is not incorporated by reference herein).

Plan Contributions

Contributions to the SCRS and PORS for both employers and employees are statutorily determined through fiscal year ending June 30, 2027. Contribution rates through fiscal year ending June 30, 2027 are as follows:

<u>Fiscal Year</u>	SCRS		PORS	
	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2021-2022	16.56%	9.00%	19.24%	9.75%
2022-2023	17.56	9.00	20.24	9.75
2023-2027	18.56	9.00	21.24	9.75

NOTE: Act 135 of 2020 of the General Assembly suspended the annual increase in the employer contribution rate for the SCRS and PORS for Fiscal Year 2021 as required by statute. Instead, the employer contribution percentages for Fiscal Year 2021, previously set by statute at 16.56% for the SCRS and 19.24% for the PORS, remained at the same rates imposed for Fiscal Year 2020 (i.e. 15.56% for SCRS and 18.24% for PORS). In each year since, including for employer contributions for Fiscal Year 2023, the General Assembly has suspended the statutory increase in the employer contributions for SCRS and PORS and instead increased the employer contribution by one percent over the prior fiscal year. It is unknown whether the General Assembly will continue to suspend the increase in employer contribution as set forth in the statute in future fiscal years.

Following fiscal year ending June 30, 2027, the Board of Directors of the Authority (the “Authority Board”) may set the contribution rates of participating employers; however, employee contributions are capped at 9.00% of earnable compensation for the SCRS and 9.75% of earnable compensation for the PORS. The Authority Board is authorized to set employer contributions based on the actuarial value of the plans; however, the Plan Legislation prohibits the Authority Board from increasing a participating employer’s rate of contribution by more than 0.5% in any fiscal year. The Authority Board may decrease contribution rates of both employers and employees if an actuarial valuation of the SCRS and PORS shows a funded ratio of at least 85% and any decrease would not decrease the funded ratio below 85%. Any decrease by the Authority Board to employer and employee contributions must be made in equal amounts.

Employer contribution rates may be increased above those as set forth in the table above or as set by the Authority Board after the fiscal year ending June 30, 2027, if the contribution rates are insufficient to meet the amortization schedule for the unfunded actuarial accrued liabilities of the SCRS and PORS as set forth below. Increases to employer contribution rates to meet the funding period set forth below may be made without limitation.

The unfunded actuarial accrued liability of the SCRS and PORS are determined by an annual actuarial valuation:

<u>Fiscal Year</u>	<u>Funding Period</u>
2022-2023	25 years
2023-2024	24 years
2024-2025	23 years
2025-2026	22 years
2026-2027	21 years
2027 and after	20 years

Reporting Plan Liability

In accordance with the GASB Statement No. 68, the City reports its proportionate share of the overall Net Pension Liability of the Systems – which represents the difference between the total cost of the Systems’ expected future benefits to be paid and the value of assets on hand to cover the benefits – in its financial statements. For Fiscal Year 2021, the City reported its proportionate share of SCRS and PORS Net Pension Liability as \$148,118,430 and \$99,116,039, respectively, or 0.579680% and 2.988833% of the total net pension liability.

Other Post-Employment Benefits

The City provides other post-employment benefits (“OPEB”) through its single-employer defined dollar benefit plan, The City of Columbia Post-retirement Healthcare Benefit Program. The City administers the plan and provides healthcare benefits for eligible retirees and their spouses. By ordinance, City Council is vested with the authority to establish and amend benefit terms and financing requirements.

The City budgets and pays for OPEB related expenses on a pay-as-you-go basis. In addition, the City maintains an unrestricted account (the “OPEB Account”) that is intended, but is not limited, as a reserve for OPEB expenses. Pursuant to an Ordinance enacted by the City Council on December 1, 2020, the City authorized the use of funds in the OPEB Account to finance the acquisition, construction and equipping of two City-owned parking structures (including land acquisition costs,

if any) (collectively, Garage 1), which the City estimates will cost approximately \$16,500,000. The City intends to repay the OPEB Account, including an annual return of 1.5%, in the fiscal year ending June 30, 2030, from either the proceeds of an issuance of parking system revenue bonds or the available net revenues of the City's parking system.

Pursuant to an Ordinance enacted by the City Council on July 20, 2021, the City authorized the use of funds in the OPEB Account to finance the acquisition, construction and equipping of a City-owned parking garage (including land acquisition costs, if any) (Garage 2), which the City estimates will be approximately \$20,000,000. The City intends to repay the OPEB Account, including an annual return of 1.5%, in the fiscal year ending June 30, 2031, from either the proceeds of an issuance of parking system revenue bonds or the available net revenues of the City's parking system.

In accordance with GASB Statement No. 75, the City's OPEB liability is now calculated based on the City's total unfunded OPEB liability. As of June 30, 2021, the estimated total OPEB liability of the City was \$241,188,313. The City anticipates the unfunded OPEB liability to increase, but is unable to provide an estimated increase.

Liability Insurance

Subject to specific immunity set forth in the South Carolina Tort Claims Act, the City, like other local governments, is liable for damages not to exceed \$300,000 per incident/person and \$600,000 per occurrence/aggregate for torts. There are no limits in actual damages for recoveries under 42 U.S.C. § 1983. No punitive or exemplary damages are permitted under the South Carolina Tort Claims Act or the Federal Civil Rights Act. The City currently self-insures against tort liability under the South Carolina Tort Claims Act.

CERTAIN INVESTMENT CONSIDERATIONS

The following discussion is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2022 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2022 Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2022 Bonds.*

COVID-19

The COVID-19 pandemic has altered the behavior of businesses, government and people. The resulting and continued impact of the pandemic on the City, the System, its operations, and the local, regional, national and international economies cannot be quantified or forecasted due to the uncertainties relating to its continued duration and severity, as well as what further actions may be taken by governmental authorities, businesses and institutions to respond to the impact.

COVID-19 may have an impact on the financial performance of the System in the future, and the sources of revenues utilized by the System, but the extent of those impacts cannot be predicted. Data presented in this Official Statement regarding revenues received by the System in prior fiscal years should not be relied upon as a projection of revenues to be received by the System in the present and future fiscal years. This Official Statement presents historical data, which may not be indicative of near-term trends. Investors should exercise caution when relying on such information.

The City offices are open and operating at pre-pandemic levels of support.

Cyber Security

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City may be the target of cybersecurity incidents that could result in adverse consequences to the City and its Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In particular, the City maintains a firewall between the City's network and the network that supports the System.

The City employs a full time employee dedicated to network security. While the City's cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other

cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the City's finances or operations. The costs of remedying any such damage or obtaining insurance related thereto, or protecting against future attacks could be substantial, and insurance (if any can be obtained) may not be adequate to cover such losses or other resultant City costs and expenses. Further, cybersecurity breaches could expose the City to material litigation, liability under laws that protect the privacy of personal information, regulatory penalties and other legal risks, which could cause the City to incur material costs in connection therewith.

Climate Change

The State is susceptible to the effects of extreme weather events and natural disasters, including floods, droughts and hurricanes, which could result in negative economic impacts on communities like the City. These effects may be amplified by a prolonged global temperature increase over the next several decades (commonly referred to as "climate change"). The City continues to monitor the impact of climate change on the City and the System. The City has been impacted by one or more extreme weather events within the past five fiscal years. As a result of the impact of such extreme weather events, the City has implemented and is implementing improvements to provide a more stable water supply and potentially reduce the impact of a future extreme weather event. See "THE CITY AND THE SYSTEM - Impact of Weather Event" above. However, no assurances can be given that a future extreme weather event driven by climate change will not adversely affect the operations of the City or the System.

INTEREST RATE SWAPS AND OTHER OBLIGATIONS

In September 2007, the City entered into an ISDA Master Agreement and an accompanying schedule (collectively, the "Master Agreement") with JPMorgan Chase Bank, N.A. (in such capacity, the "Counterparty"), to establish the general terms under which various interest rate swap and other derivative transactions may be entered between such parties.

The Series 2009 Swap

On September 20, 2007, and pursuant to the written confirmation to the Master Agreement dated such date between the City and the Counterparty, the City entered into a "fixed payor" interest rate swap agreement with the Counterparty (the "Series 2009 Swap") to enable the City to synthetically hedge its variable rate interest exposure relative to the 2009 Bonds during the term of the Series 2009 Swap. The Series 2009 Swap obligates the City to pay the Counterparty a fixed rate, based on a notional amount equal to the initial par amount of the 2009 Bonds, as reduced based on mandatory sinking fund redemptions scheduled therefor. The goal of the Series 2009 Swap is to reduce the City's variable rate exposure under the 2009 Bonds and convert such variable rate exposure during the term of the Series 2009 Swap to a hedged fixed rate (subject to applicable basis risks associated with the actual correlation of such variable rate index with the actual variable rate of such 2009 Bonds). The Series 2009 Swap will expire in accordance with its terms (unless earlier terminated) on February 1, 2038, which is a date coterminous with the final maturity date of the 2009 Bonds.

Under certain circumstances, some of which may be beyond the control of the City, the Series 2009 Swap is subject to termination prior to the scheduled termination date, including on the occurrence of certain events of default. Such events of default include without limitation (i) failure to pay or deliver any payment required to be made under the Master Agreement, (ii) breach of the Master Agreement, (iii) credit support default, (iv) misrepresentation, (v) default under a specified derivative transaction, (vi) cross default, (vii) bankruptcy and (viii) merger of party or any guarantor of such party without assumption of such party's obligations by the resulting entity.

In addition to the foregoing, the Counterparty has the right, but is not required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the City is withdrawn, suspended for more than 30 days or reduced below "BBB" by S&P Global Ratings ("S&P") or "Baa2" by Moody's Investors Service, Inc. ("Moody's"). Correspondingly, the City has the right, but is not required, to terminate the Series 2009 Swap in the event that the rating of the long-term unsecured debt (without credit or structural enhancement) of the Counterparty is withdrawn, suspended for more than 30 days or reduced below "BBB" by S&P or "Baa2" by Moody's.

In the event of an early termination of the Series 2009 Swap, the City may owe a termination payment to the Counterparty or, conversely, the Counterparty may owe a termination payment to the City. Such a termination payment generally would be based on the market value of the Series 2009 Swap on the date of termination. For example, if the Series 2009 Swap was terminated, the City's termination payment (including accrued interest) to the Counterparty, based on mid-market rates not derived from the solicitation of actionable bids from any broker-dealers, as of November 16, 2022, would have been approximately \$10,237,806.48. Any such amount that may be owed in the future by the City with respect to the Series 2009 Swap may be substantial, and could adversely affect the City's ability to pay debt service on the Bonds. Such termination payments are secured by a pledge of Net Revenues junior and subordinate to the pledge of Net Revenues securing the Bonds and all parity debt.

In addition, a partial termination of the Series 2009 Swap could occur to the extent that any 2009 Bonds are redeemed pursuant to an optional redemption. If such an optional redemption occurs, a termination payment related to the portion of the Series 2009 Swap terminated may be owed to either the City or the Counterparty, depending on market conditions at that time. Moreover, the Series 2009 Swap can be terminated on mutual agreement of the Counterparty and the City. There is no guarantee the Series 2009 Swap will be outstanding for its stated term.

The payment obligations of the City under the Series 2009 Swap will not alter or affect the obligation of the City to pay or make payments with respect to the principal of, redemption price of and interest on the 2009 Bonds. The Counterparty has no obligation to make payments directly to the holders of the 2009 Bonds. The holders of the 2009 Bonds have no contractual or other rights or claims against the Counterparty for payment of the 2009 Bonds. The Series 2009 Swap does not provide a source of security or other credit for the 2009 Bonds.

Additional Derivative Agreements

In addition to the Series 2009 Swap, the City may in the future enter into one or more additional interest rate swap or other derivative transactions, whether pursuant to the Master Agreement or otherwise and whether with the Counterparty or one or more other swap counterparties, to the extent not prohibited by the Ordinance. The extent or effect of any such additional transactions cannot be known as of the date of this Official Statement.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2022 Bonds on an event of default under the Ordinance are in many respects dependent on judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code and the Ordinance, the Series 2022 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2022 Bonds (including Co-Bond Counsel's approving opinions) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

LEGAL MATTERS

Litigation

No litigation is pending or, to the knowledge of the City, threatened in writing in any court to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or the collection, payment or receipt of the moneys pledged or to be pledged to pay the principal of, premium, if any, and interest on the Series 2022 Bonds or, in any way contesting or affecting the validity of the Series 2022 Bonds, the General Ordinance or the Supplemental Ordinance, the power to collect, pay or receive the moneys with which to pay the Series 2022 Bonds or the organization or the powers of the City, including the power to operate the System and to collect revenues therefrom.

United States Bankruptcy Code

The undertakings of the City should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. § 901, et seq., as amended ("Bankruptcy Code"), and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a state that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; provides that the plan must be accepted in writing by or on behalf of creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

Other Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the Series 2022 Bonds are subject to the approval of the legality of issuance thereof by Burr & Forman LLP, Columbia, South Carolina, and Johnson, Toal & Battiste, P.A., Columbia, South Carolina, as Co-Bond Counsel. The proposed forms of the opinions of Co-Bond Counsel to be delivered when the Series 2022 Bonds are issued are set forth in APPENDIX D hereto. Certain matters will be passed on for the Underwriters by Parker Poe Adams & Bernstein LLP, Columbia, South Carolina, and Starkes Law Firm, LLC, Columbia, South Carolina, as Co-Underwriters' Counsel. Certain legal matters will be passed on behalf of the City by the City Attorney, Teresa A. Knox, Esquire.

From time to time, Parker Poe Adams & Bernstein LLP serves as bond counsel to the City and, from time to time, one or both Parker Poe Adams & Bernstein LLP, Starkes Law Firm, LLC, and Burr & Forman LLP have represented one or more of the Underwriters or Stifel, Nicolaus & Company, Inc., as counsel in financing transactions unrelated to the sale of the Series 2022 Bonds. Neither the City nor any of the Underwriters nor the Stifel, Nicolaus & Company, Inc., has conditioned the future employment of any of these firms in connection with any proposed financing issues for the City or either Underwriter on the successful execution and delivery of the Series 2022 Bonds.

TAX EXEMPTION AND OTHER TAX MATTERS

Federal Tax Matters

Generally. In the opinion of Burr & Forman LLP, to be delivered on the date of issuance of the Series 2022 Bonds, under existing laws, regulations, rulings and judicial decisions and assuming the City's continued compliance with certain covenants described below, interest on the Series 2022 Bonds is excludable from gross income of the recipients thereof for federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), including the Treasury Regulations promulgated thereunder, includes provisions that relate to tax-exempt obligations, such as the Series 2022 Bonds, including, among other things, permitted uses and investment of the proceeds of the Series 2022 Bonds and the rebate of certain net arbitrage earnings from the investment of such proceeds to the United States Treasury. Noncompliance with these requirements may result in interest on the Series 2022 Bonds becoming subject to federal income taxation retroactive to the respective issuance dates thereof. The City has covenanted to comply with the requirements of the Code to the extent required to maintain the exclusion of interest on the Series 2022 Bonds from gross income for federal tax purposes. Failure of the City to comply with the covenant could cause the interest on the Series 2022 Bonds to be taxable retroactively to the date of issuance.

Interest on the Series 2022 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. The Inflation Reduction Act, H.R. 5376, recently enacted into law, includes an alternative minimum tax to be imposed on the "adjusted financial statement income" of "applicable corporations," as each is defined therein, for tax years beginning after December 31, 2022. The interest on the Series 2022 Bonds may be included in the adjusted financial statement income of such applicable corporations for purposes of computing such alternative minimum tax.

Although Burr & Forman LLP is of the opinion that interest on the Series 2022 Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2022 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. Prospective purchasers of the Series 2022 Bonds should be aware that ownership of the Series 2022 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, banks, thrifts and other financial institutions, property and casualty insurance companies, certain recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2022 Bonds. Burr & Forman LLP will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2022 Bonds should consult their tax advisors as to collateral federal income tax consequences.

Burr & Forman LLP has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or event occurring (or not occurring) after the issuance date of the Series 2022 Bonds may affect the tax status of interest on the Series 2022 Bonds. In rendering its opinion, Burr & Forman LLP will rely on certificates and representations of the City with respect to certain material facts solely within the City's knowledge relating to the investment and use of the proceeds of the Series 2022 Bonds and compliance by the City with certain covenants.

The opinion of Burr & Forman LLP is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Burr & Forman LLP's judgment as to the proper treatment of the Series 2022 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2022 Bonds to be subject, directly or indirectly, to federal or State income taxation, or otherwise prevent the holders thereof from realizing the full current benefit of the tax-exempt status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series 2022 Bonds and could also affect, perhaps significantly, the market price for, or marketability of, the Series 2022 Bonds. Prospective purchasers of the Series 2022 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Burr & Forman LLP expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Burr & Forman LLP cannot predict whether the IRS will commence an audit of the Series 2022 Bonds. Burr & Forman LLP's engagement with respect to the Series 2022 Bonds ends with the issuance of the Series 2022 Bonds, and, unless separately engaged, Burr & Forman LLP is not obligated to defend the City or owners of the Series 2022 Bonds regarding the tax-exempt status of the Series 2022 Bonds in the event of an audit by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the Series 2022 Bond owners, would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2022 Bonds, and may cause the City or the Series 2022 Bond owners to incur significant expense, regardless of the ultimate outcome.

Original Issue Discount. Certain of the Series 2022 Bonds have been sold at initial public offering prices which are less than the amount payable at maturity (the "Discount Bonds"). An amount not less than the difference between the initial public offering prices of the Discount Bonds and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and, to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2022 Bonds.

For this purpose, the issue price of a particular maturity of the Series 2022 Bonds is the first price at which a substantial amount of such maturity is sold to the public (excluding bond houses, brokers, or other similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022 Bonds accrues daily over the term to maturity of such Series 2022 Bonds on the basis of a constant interest rate compounded semi-annually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022 Bonds.

Owners who may acquire Series 2022 Bonds that are Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Series 2022 Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.

Original Issue Premium. Certain of the Series 2022 Bonds have been sold at initial public offering prices which are greater than the amount payable at maturity (the "Premium Bonds"). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Premium Bonds. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Series 2022 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2022 Bonds.

Information Reporting and Backup Withholding. Interest paid on the Series 2022 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Series 2022 Bonds who fails to provide certain required information and who is not an exempt person. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling federally tax-exempt obligations.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a holder's U.S. federal income tax liability provided the required information is furnished by such holder to the IRS in a timely manner.

State Tax Law Matters

Burr & Forman LLP is of the opinion that under present laws of the State, interest on the Series 2022 Bonds will be excluded from South Carolina taxation, except estate, transfer and certain franchise taxes. Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, imposes on every bank engaged in business in the State a fee or franchise tax computed at the rate of 4½% of the entire net income of such bank. Regulations of the South Carolina Department of Revenue require that the term "entire net income" include income derived from any source whatsoever, including interest on obligations of any state and any political subdivision thereof. Interest on the Series 2022 Bonds will be included in such computations.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Inc., Columbia, South Carolina, has served as Financial Advisor to the City in connection with the offer and sale of the Series 2022 Bonds. As such, it has participated in the preparation of and review of the various financing documents related to the Series 2022 Bonds. The Financial Advisor will be paid from the proceeds of the Series 2022 Bonds.

CONTINUING DISCLOSURE

To the extent required by Rule 15c2-12 promulgated by the SEC (the "Rule"), the City, through a written agreement or contract for the benefit of registered owners and the Beneficial Owners of the Series 2022 Bonds, will provide notice, in a format as required by the Rule, either directly or indirectly through a designated agent, in a timely manner not in excess of ten business days after its occurrence, of any of the events enumerated in Section (b)(5)(i)(C) of the Rule and will provide certain financial information and operating data relating to the City by no later than February 1 after the end of each of the City's fiscal years, commencing with the report for Fiscal Year 2022 (the "Annual Report"). The form of that written agreement, the Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Agreement"), entered into by the City with Digital Assurance Certification, L.L.C. ("DAC") in connection with the issuance of the Series 2022 Bonds, is attached as APPENDIX E. The Annual Report will be filed on behalf of the City by DAC, as dissemination agent, with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the original purchasers of the Series 2022 Bonds in complying with the Rule.

As provided in the Continuing Disclosure Agreement, if the City fails to comply with any provision of the Continuing Disclosure Agreement, any registered owner or "Holder" of the Series 2022 Bonds may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the City to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement. "Beneficial Owner" is defined in the Continuing Disclosure Agreement to mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bonds (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bonds for federal income tax purposes. If any person seeks to cause the City to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement, it is the responsibility of such person to demonstrate that it is a "Holder" within the meaning of the Continuing Disclosure Agreement.

For Fiscal Year 2017, the City timely filed its Annual Report on January 26, 2018. For Fiscal Year 2018, the City timely filed its Annual Report on January 25, 2019. For Fiscal Year 2019, the City timely filed its Annual Report on January 24, 2020, which initially included the City's unaudited financial statements but was updated on February 26, 2020, once the City's audit became available. For Fiscal Year 2020, the City timely filed its Annual Report on January 25, 2021. For Fiscal Year 2021, the City timely filed its Annual Report on January 25, 2022, which initially included the City's unaudited financial statements but was updated on February 3, 2022, once the City's audit became available.

In recent years there have been numerous rating actions reported by Moody's and S&P affecting several municipal bond insurance companies, some of which had insured or insure certain of the City's bonds. Due to widespread knowledge of these rating actions, material event notices have not previously been filed by the City in each instance.

The City's policy when it learns of incomplete or late filings is to take remedial action and provide this information immediately. In addition, the City has taken and is continuing to take certain steps to help identify and report events which may trigger continuing disclosure obligations pursuant to the Rule, including but not limited to, (1) increased education (including periodic training) and awareness by the City's finance staff of the importance of the Rule and continuing disclosure requirements provided thereby; (2) adoption of written policies and procedures related to continuing disclosure and the assignment by the City of its most senior finance staff member with responsibility for continuing disclosure; and (3) the City's review of potential market changes that might relate to the City's continuing disclosure requirements and engagement of advisors to help alert the City and its disclosure dissemination agent, DAC, to the same.

The City may modify from time to time, consistent with the Rule, the information provided to the extent necessary or appropriate in the judgment of the City, but: (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City; (2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and (3) any such modification does not materially impair the interest of the Holders or the beneficial owners, as determined by the nationally recognized bond counsel or by the approving vote of the Holders of a majority in principal amount of the Series 2022 Bonds then Outstanding at the time of the amendment. Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The City's continuing disclosure undertakings under the Continuing Disclosure Agreement will terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the Series 2022 Bonds.

So long as required, pursuant to Section 11-1-85, Code of Laws of South Carolina 1976, as amended, the City shall file with a South Carolina-based, central repository, if any, for availability in the secondary bond market when requested, an annual independent audit within 30 days of its receipt and event specific information within 30 days of an event adversely affecting more than 5% of revenues of the City or the City's tax base. At present, there is no South Carolina-based, central repository.

RATINGS

Moody's and S&P have assigned the Series 2022 Bonds their municipal bond ratings of "Aa1" and "AA+," respectively. Such ratings reflect only the views of Moody's and S&P and an explanation of the significance of such ratings may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and for S&P at: S&P Global Ratings, 55 Water Street, 38th Floor, New York, New York 10041. The City has furnished to Moody's and S&P certain information and materials respecting the City and the Series 2022 Bonds. Generally, Moody's and S&P base their ratings on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by them. There is no assurance that such ratings will remain unchanged for any period of time or that it may not be revised downward or withdrawn entirely by Moody's or S&P, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2022 Bonds.

UNDERWRITING

PNC Capital Markets LLC ("PNC") and Raymond James & Associates, Inc. ("Raymond James"), are acting as co-senior managing underwriters for the Series 2022 Bonds. Siebert Williams Shank & Co., LLC ("Siebert"), serves as co-manager on the Series 2022 Bonds.

PNC and PNC Bank, National Association are both wholly owned subsidiaries of PNC Financial Services Group, Inc. PNC is not a bank, but is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has banking and financial relationships with the City.

The Series 2022 Bonds are being purchased for reoffering by PNC and Raymond James on behalf of themselves and as representative of Siebert, as underwriters (the "Underwriters").

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2022 Bonds at a purchase price of \$78,782,907.08 (representing the par amount of the Series 2022 Bonds less an underwriter's discount of \$287,417.87, plus net aggregate original issue premium of \$5,255,324.95).

The Underwriters may offer and sell the Series 2022 Bonds to certain dealers and others at a price lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

CONCLUDING STATEMENT

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof. All references to the Series 2022 Bonds and the determinations of the City Council relating thereto are qualified in their entirety by reference to the definitive forms of the Series 2022 Bonds and the Ordinance and to such determinations. All such summaries, explanations and references are further qualified in their entirety by reference to the exercise of sovereign police powers of the State and the constitutional powers of the United States, and to valid bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors.

Certain of the information set forth in the Official Statement and in the appendices hereto has been obtained from sources other than the City that are believed to be reliable but is not guaranteed as to accuracy or completeness.

The agreement between the City and the holders of the Series 2022 Bonds is fully set forth in the Ordinance and neither any advertisement for the Series 2022 Bonds nor this Official Statement is to be construed as constituting an agreement with the holders of the Series 2022 Bonds.

Anyone having questions should direct them to Jeffery M. Palen, Assistant City Manager for Finance and Economic Services and Chief Financial Officer, City of Columbia, 1737 Main Street, Columbia, South Carolina 29201, and telephone 803.545.4308.

The delivery of this Official Statement and its use in connection with the sale of the Series 2022 Bonds has been duly authorized by the City.

CITY OF COLUMBIA, SOUTH CAROLINA

By: /s/Daniel J. Rickenmann
Daniel J. Rickenmann
Mayor

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APPENDIX A

**PORTION OF ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2021**

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**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

CITY OF COLUMBIA, SOUTH CAROLINA

FISCAL YEAR ENDED JUNE 30, 2021

Prepared by the City's Finance Department

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION



We Are Columbia

January 31, 2022

The Honorable Daniel J. Rickenmann, 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 Annual Comprehensive Financial Report ("ACFR") of the City of Columbia, South Carolina (the "City") for the fiscal year ended June 30, 2021. 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 ACFR 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 ACFR is complete and reliable in all material respects.

The City's financial statements have been audited by Scott and Company LLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2021, 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, 2021, 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 audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance governing Single Audit engagements requires the independent auditor to report not only on the fair presentation of financial statements, but also on the audited entity's

Teresa Wilson • City Manager
1737 Main Street • Columbia, South Carolina 29201
Office: 803.545.3480 • Fax: 803.401.8800 • Email: Teresa.Wilson@columbiasc.gov



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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.

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.gov.

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 approximately 135 square miles with a population estimated at approximately 136,632 in the City and approximately 860,857 within the metropolitan statistical area according to the 2020 United States Census. Columbia is also combined with the Newberry and Orangeburg micropolitan areas to form the Columbia-Orangeburg-Newberry Combined Statistical area which has approximately 951,412 people according to the 2020 Census 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 mission of the City is to provide high quality municipal services efficiently, effectively, and responsively to the citizens of Columbia.

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 the mayor and 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. In 2018, the City transitioned from being self-insured and became a member of the State Health Plan. The City is self-insured for workers' compensation 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



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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.

Economic Development

Columbia is one of the fastest growing metro areas in the Southeast. The effects of the Covid-19 pandemic had impacted the economy, however Columbia has rebounded and has an unemployment rate of 3.1% versus a prior year rate of 7.8%. The City benefits from its role as the state capital and the presence of the University of South Carolina's flagship campus, employing nearly 6,400 individuals and servicing approximately 35,000 students. The City is further stabilized by the presence of Fort Jackson, the United States Army's largest training installation, with 3,900 active duty soldiers and civilian employees, and their 15,000 family members assigned to the installation. In addition, five State agencies employ over 19,800.

Local Economy

The City is the economic engine of a growing region of South Carolina. The City is the major municipality of Richland and Lexington counties and accounts for a significant portion of the population of the two county area. Substantial concentrations of employers in government, manufacturing, education, insurance, 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 and an overall cost of living that is below the national average will continue to support the City's revenue base.

Quality of Life

After a robust public planning process, the City of Columbia adopted *Columbia Compass: Envision 2036* as the ten-year update to the City's comprehensive plan in August of 2020. The plan makes 125 recommendations for the City to take on, in stages, in the coming decade, as well as a number of recommendations for transportation infrastructure projects. As implementation efforts move forward, annual reporting will record these efforts and help spread awareness of the City's commitment to the plan's vision and goals. The first annual report, which covers activities during FY2020-2021, was released in January 2022. The report found that 85 of the 125 recommendations (68%) saw progress during the fiscal year. Of note, a large number of the plan's recommendations are meant to be implemented on an ongoing basis, where efforts must be a part of the daily or yearly work of the City in order to keep up with changes in the community in technology, in the economy, and more. The Annual Report can be accessed on the City's website.

The City adopted a new zoning and land development code, known as the Unified Development Ordinance was completed that went into effect August 2021. This is the first comprehensive rewrite of the regulations that govern the growth and development of Columbia since the late 1970s. The code is intended to address four main goals: create a user-friendly code, implement Plan Columbia/Columbia



We Are Columbia

Compass, add context-sensitive regulations to promote “infill” development, and incorporate sustainable development.

On May 31, 2019, the Columbia Empowerment Zone, Inc., a component unit of the City of Columbia, held a ribbon cutting ceremony for the grand opening of the Veranda at North Main. By the summer of 2020, 85% of units were leased. This \$10 million senior housing project was completed with the development team, The Integral Group, LLC. The Integral Group secured \$6,040,000 in private investment to help fund this project. The Veranda at North Main is comprised of fifty-eight senior apartments with an eligible age of fifty-five years old. The three-story, mixed income building is comprised of one and two bedroom units. Residents have access to medical care, pharmaceutical needs, limited financial services and food establishments at the North Main Plaza (adjacent property). The Veranda reached stabilization in mid-2021 and is 100% percent occupied.

ShotSpotter, an innovative gunshot detection technology was implemented on April 18, 2019. The technology relies on acoustic sensors to pinpoint where gunfire occurs. The information from the sensors is sent to CPD officers and 9-1-1 dispatchers through real-time digital alerts. The coverage was expanded during 2020 for a total coverage area of seven square miles. Since implementation through 2021, CPD officers have responded to 2,864 ShotSpotter alerts and activations which has resulted in 142 guns recovered.

The City of Columbia continued implementation of storm water infrastructure improvements as funded by the City’s first ever “green bonds” creating a lasting investment in sustainability. The \$37.9 million Green Bond sale was certified by the Climate Bond Initiative, an independent global non-profit that rates environmentally responsible investments. Proceeds from the bonds are being used to upgrade and improve Columbia’s storm water system, part of a \$95 million investment over a five-year period to address the City’s flooding and storm water drainage issues.

The City of Columbia also continued the implementation of the Advanced Metering Infrastructure (AMI) project this year, reaching a milestone of 145,000 meters upgraded through 2021. This project includes the replacement of most of Columbia Water’s 150,000 meters. Once a meter is replaced, the new meter will report over a cellular network that will replace the manual meter reading process. Columbia Water and its customers will have access to all data collected throughout the billing period via online utility and customer portals. Installation will continue through 2022.

Major Initiatives and Financial Planning

The total fiscal year 2022 operating budget and capital budget was developed with the impact of COVID-19 continuing to cause some uncertainty in revenue. In developing its fiscal year 2022 budget, the City factored in the following key elements in the preparation of the budget:

1. Continuity of Operations
 - a. Ensuring departments have the resources required to provide city services
 - b. Restored Capital Replacement Program
2. Continuing to provide excellent day-to-day service to our community
 - a. Commitment to highest level of customer care for residents, visitors, businesses
3. Fulfilling the City’s financial obligations
 - a. Debt service payments and other financial commitments



We Are Columbia

4. Address Critical Infrastructure Needs
 - a. Restored Water, Sewer and Capital Improvement Programs
 - b. Finlay Park Rehabilitation

The City's fiscal year 2022 general fund budget is approximately \$155,544,488, which is an increase of approximately \$18,439,647 or 13.4% from the fiscal year 2021 budget. The 2022 general fund budget does not contain a property tax millage rate increase and property tax revenues are expected to increase by \$1,700,000. The most significant increase on the budget is the return to an issuance of a capital lease for vehicle and technology replacements. This results in an increase of \$9,000,000 versus the fiscal year 2021 budget. The City did not budget for the use of fund balance in the 2022 fiscal year budget. The use of the American Rescue Plan Act (ARPA) funds in the amount of \$1,689,499 is included in this budget. The general fund departmental expenditure budget for fiscal year 2022 totals approximately \$126,071,046. This is an increase of \$4,763,053 or 3.8% from the prior year.

The City projects water and sewer revenues for fiscal year 2022 to total approximately \$182,564,189, an increase of approximately \$13,881,758 or 8.2% over the fiscal year 2021 budgeted amounts. This includes an increase of 5.02% in water and sewer rates. The City expects to maintain the target debt service coverage ratio of 2:1. Debt service expenditures are expected to account for 24% of the expected fiscal year 2022 operating expenditures. Operating expenditures are expected to total approximately \$102,187,548. Operating and capital expenditures are expected to focus on Clean Water 2020 programs to meet the EPA Consent Decree requirements and the phased-in implementation of an automated meter reading system. Customer care will continue to be an area of priority. Improvements will also continue in mobile field services so that water crews are better able to send and receive information remotely.

The storm water operating revenues are expected to total approximately \$15,622,754. This represents an increase of approximately \$1,599,455 or 11.4% from the prior year. The five-year rate plan increase continues with an increase to the ERU of \$0.83 or 6%. Operating and capital improvement expenditures are expected to focus on projects that meet the initiatives of alleviating nuisance flooding and promoting water quality.

Parking total revenues are expected to total approximately \$9,103,275 in fiscal year 2022. This reflects a use of ARPA funds in the amount of \$2,703,774. Actual revenues total \$6,215,800 which is a reduction of 17% below prior year budget and is impacted by the Covid-19 pandemic. Revenue primarily comes from the parking system, to include park meters, parking service contracts and parking garages.

The City prepares a Capital Improvement Program (CIP) which is a five-year fiscal planning document that is used to identify needed capital projects and their funding sources. The capital improvement budget is adopted annually, encompassing appropriations for the projects within the plan.

The Capital Improvement Program (CIP) for water and sewer is \$120,000,000 for fiscal year 2022. It is expected there will be \$40,000,000 in water CIP expenditures and \$80,000,000 in sewer CIP expenditures. These projects will be funded with funds on hand of \$31,000,000 and bond proceeds in the amount of \$89,000,000. Major water projects for fiscal year 2022 include water treatment plants improvements of \$15,000,000 and water quality improvements of \$16,000,000. Major sewer projects for fiscal year 2022 include capacity expansion of \$44,902,000 and rehab projects of \$10,366,000.



We Are Columbia

The CIP for storm water is \$11,050,000 and funded primarily with bond proceeds. The proposed projects are expected to improve drainage in several areas across the city. These projects will be funded from operating revenues of \$1,735,000 and the remaining \$9,315,000 from bond proceeds.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR 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 ACFR 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 ACFR 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 ACFR 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, 2020

Christopher P. Morill

Executive Director/CEO

**CITY OF COLUMBIA, SOUTH CAROLINA
CITY LEADERS
As of June 30, 2021**

Mayor

Stephen K. Benjamin

Council Members

District 1
District 2
District 3
District 4
At Large
At Large

Sam Davis
Edward McDowell, Jr.
William Brennan
Daniel Rickenmann
Tameika Isaac Devine
Howard E. Duvall, Jr.

City Manager

Teresa Wilson

Assistant City Managers

Assistant City Manager for Development
Assistant City Manager Finance & Economic Svc/CFO
Assistant City Manager for Columbia Water
Assistant City Manager for Operations

Melissa Gentry-Smith, ICMA-CM, P.E
Jeff Palen
Clint Shealy, P.E.
Henry Simons, MHA

Department Directors

Chief of Staff
Budget and Program Management Office
City Attorney
Community Development
Economic Development
Emergency Communications
Emergency Management
Engineering
Finance
Fire
General Services
Human Resources
Information Technology
Municipal Court
Office of Business Opportunities
Parking
Parks and Recreation
Planning and Development Services
Police
Procurement& Contracts
Public Relations
Public Works
Utilities

Pamela Benjamin, CPM
Melisa Caughman, CPM
Teresa Knox
Gloria Saeed
Ryan Coleman, CEcD
Jacquelyn Richburg
Harry Tinsley
Dana Higgins
Jan Alonso, CGFO
Aubrey Jenkins
Kelvin Keisler
Tiniece Jarvis, Ed.D
Sylvia White
Vacant
Melissa Lindler
Linda "Elle" Matney
Randy Davis
Krista Hampton
William "Skip" Holbrook
Sandra Wright, CPPB
Leshia Utsey
Robert Anderson
Joseph Jaco, P.E.

Development Corporation Directors

Columbia Empowerment Zone, Inc.
Columbia Housing/TN Development Corp.
Eau Claire Development Corp.

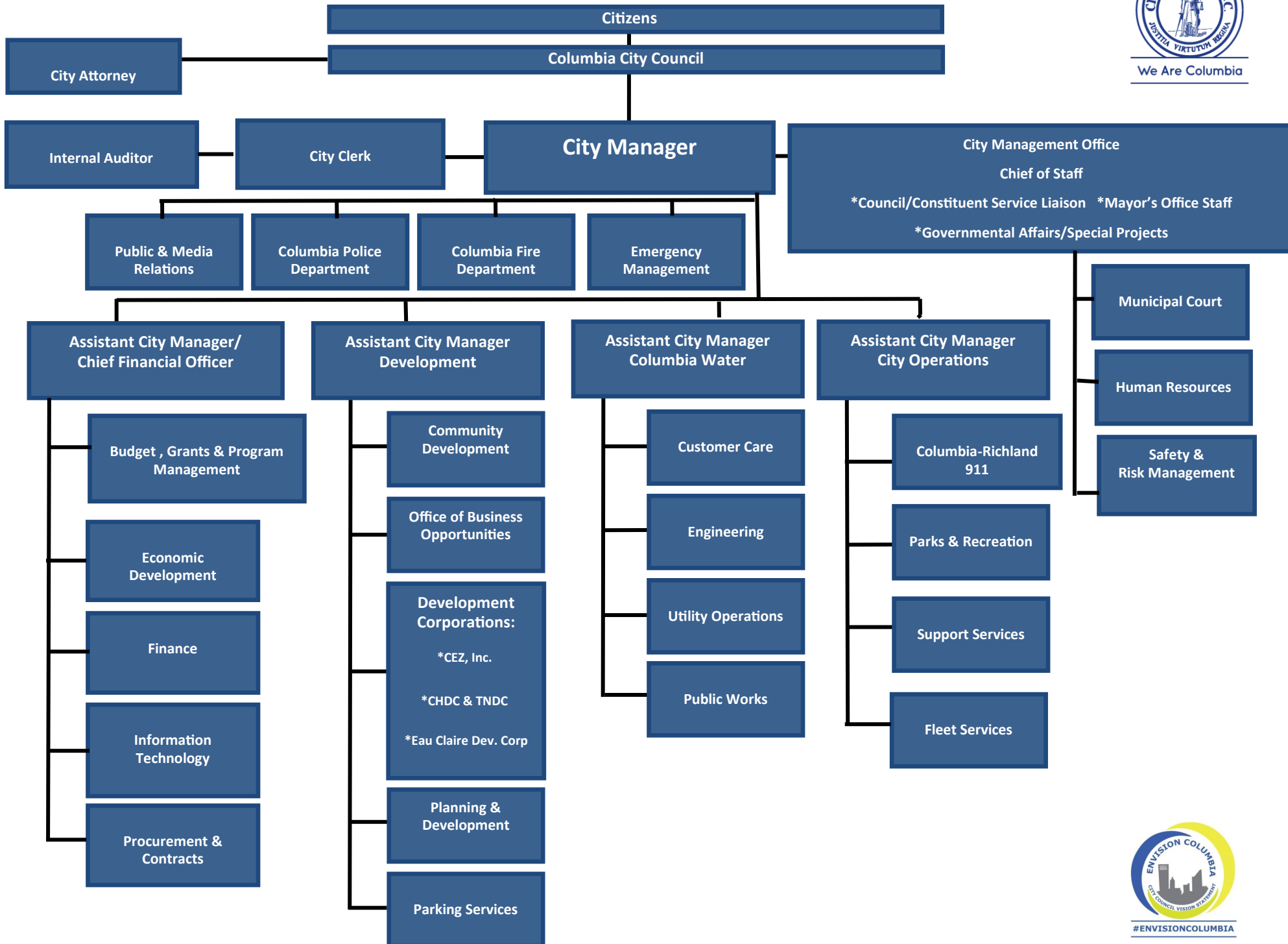
Felicia Maloney
Harrison C. Joseph III
Vacant

Other Directors

Experience Columbia SC

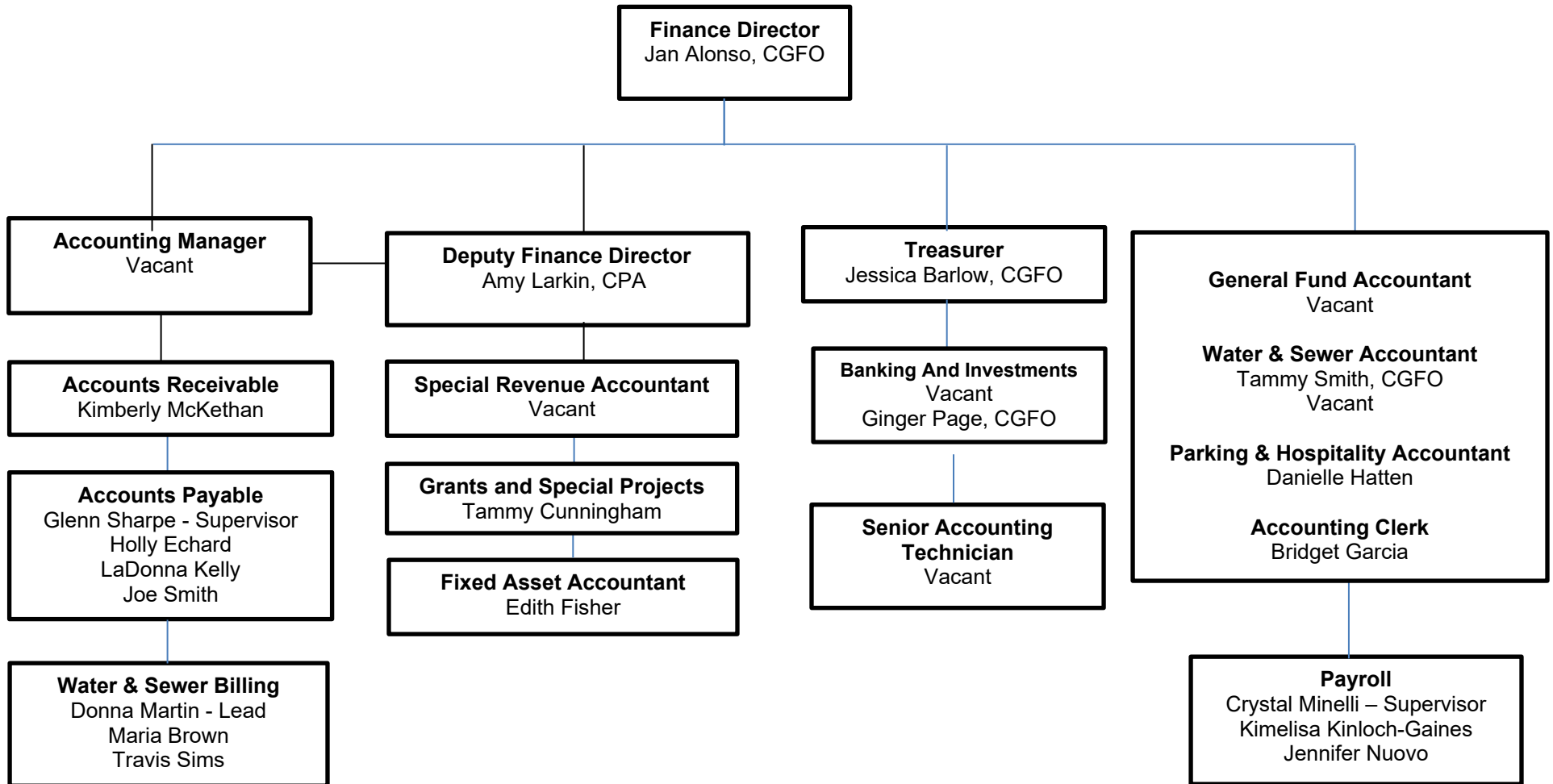
Bill Ellen

CITY OF COLUMBIA ORGANIZATIONAL CHART



CITY OF COLUMBIA, SOUTH CAROLINA
Finance Department
Organizational Chart

As of June 30, 2021



FINANCIAL SECTION

Independent Auditor's Report

The Honorable Daniel Rickenmann, 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 of the City of Columbia (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Experience Columbia SC, a discretely presented component unit of the City, which represent 60.80%, 67.95%, and 74.45%, 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 Experience Columbia SC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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 as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in the City's Total OPEB Liability and Related Ratios, Schedule of the City's Contributions – Pension, 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, supplementary information to the financial statements, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Uniform Schedule of Court 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory 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 January 31, 2022, 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 solely 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 effectiveness of the City's 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
January 31, 2022

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, 2021, as part of the overall Annual Comprehensive Financial Report (ACFR). This overview compares the year ended June 30, 2021, with the year ended June 30, 2020. 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 fiscal year 2021 by \$632,155,738. This amount represents the City's net position. The City has a deficit of \$(19,902,765) in unrestricted net position as of June 30, 2021.
- The City's total net position decreased by \$8,564,417 (an increase of \$2,914,004 from governmental activities and a decrease of \$11,478,421 from business-type activities). This decrease is primarily due to an increase in Water and Sewer Facilities Fund expenses. Total revenues of \$392,411,330 were exceeded by total expenses of \$400,975,747. This resulted in a decrease in net position for the year ended June 30, 2021, of \$8,564,417. This decrease in net position for the current year is approximately \$35,683,000 less than the prior year. This is the result of a decrease of approximately \$1,459,000 in the governmental activities and a decrease of approximately \$34,224,000 in business-type activities.
- Charges for services revenue for the year ended June 30, 2021, was similar to the amount reported in the prior year for the enterprise funds. For the Water and Sewer Facilities Fund, total nonoperating revenues were approximately \$2,805,000, a decrease of \$4,836,000, or 63%. The decrease was primarily due to a decrease in investment income due to investment market performance, offset by an increase in development contributions and capital grants. Total revenues decreased by approximately \$1,288,000 or 1%. Total operating expenses for the Water and Sewer Facilities Fund increased by approximately \$8,029,000, or 6%, to \$139,342,000 when compared to the year ended June 30, 2020. The increase was primarily the result of higher personnel expenses and special contracts for projects. Interest and amortization expense was approximately \$27,147,000, an increase of \$16,923,000 or 166%. The most significant increase was in interest expense, which increased due to the issuance of new revenue bonds in 2021 and related refunding of previous bonds. Net transfers from the Water and Sewer Facilities Fund decreased by approximately \$3,482,000 or 26% to \$9,899,000, compared to the year ended June 30, 2020, due to additional transfers needed by other funds in the prior year to cover COVID-19 expenses. For the Parking Facilities Fund, nonoperating revenue decreased by approximately \$439,000 or 76% to \$139,000, due primarily to decreased rental income received during the current fiscal year. Total revenues for the year ended June 30, 2021, decreased approximately \$691,000 or 9% to \$6,699,000. Total operating expenses decreased by approximately \$136,000, or 2%, to \$6,068,000 when compared to the year ended June 30, 2020. Total expenses decreased by approximately \$166,000 or 2%, to \$8,446,000.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

- Revenues from governmental activities decreased by approximately \$194,000 during fiscal year 2021. Total governmental activities expenses incurred by the City increased approximately \$219,000 during fiscal year 2021.
- As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$113,760,453. The unassigned General Fund balance of \$41,855,330 is available for spending at the City's discretion and represents approximately 29% of the General Fund's actual expenditures and transfers out for the year ended June 30, 2021.
- The City's total net capital assets were \$1,364,792,869 as of June 30, 2021, increasing \$67,041,951 (5%). This increase was the result of additions of \$36,693,437 in governmental activities and \$95,589,326 in business-type activities offset by depreciation expense and net disposals of \$17,120,183 in governmental activities and \$48,120,629 in business-type activities.
- The City's long-term debt at June 30, 2021, totaled \$956,402,393, a net increase of \$73,944,617 or 8% from the balance at June 30, 2020, of \$882,457,776. This net increase was the result of \$124,426,778 in principal payments and \$3,051,541 in premium amortization. In addition, \$64,625,000 in revenue bonds were issued in the other governmental funds at a discount of \$200,000. The Water and Sewer Facilities Fund issued \$135,535,000 (including premiums of \$1,462,936) of revenue bonds.
- As of June 30, 2021, 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 A- by Standard and Poor's and A1 by Moody's. The City's Stormwater Facilities revenue bonds were rated AA+ by Standard and Poor's and Aa2 by Moody's.

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 36. For governmental funds, 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.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, tourism and community development, 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 Facilities, Parking Facilities, Stormwater, Hydro-electric, Redevelopment Programs, and Parks and Recreation Camps. 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; Municipal Complex; Columbia Housing Development Corporation; Eau Claire Development Corporation; Experience Columbia SC; 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 Municipal Complex, whose statements are blended with the primary government.

The government-wide financial statements can be found beginning on page 33.

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 26. The fund financial statements beginning on page 36 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.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, the county services fund, and the general capital projects fund, which are considered to be major funds. Data from the 14 other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these 14 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. G. Fund Balances.

Proprietary Funds – The City maintains two different types of proprietary funds - Enterprise Funds and Internal Service 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, the Parking system, the Stormwater system, the Hydro-electric plant, the Redevelopment Programs, and the Parks and Recreation camps.

An internal service fund is an accounting fund 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.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Enterprise funds provide the same type of information as the business type activities in the government-wide financial statements. The City maintains six enterprise type funds. The proprietary fund financial statements provide separate information for the water and sewer facilities system and the parking facilities system which are considered to be major funds of the City. Data from the other four 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. 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 funds 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 obligation to provide other postemployment benefits to its retired employees, a general fund budgetary comparison schedule to demonstrate compliance with the budget, the City's contributions to the state retirement system, and the City's proportionate share of the net pension liability of the state retirement system. 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 \$632,155,738 as of June 30, 2021. The City's overall financial position decreased, and net position decreased by \$8,564,417 during the year ended June 30, 2021. This overall decrease is the result of a \$2,914,004 increase in governmental activities and a \$11,478,421 decrease in business activities. Total governmental activities revenues and expenses remained consistent with those reported in the prior year. Revenues from governmental activities decreased by approximately \$194,000 during fiscal year 2021. Total governmental activities expenses increased by approximately \$219,000 during fiscal year 2021.

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The decrease in overall business activities change in net position is due primarily to the Water and Sewer Facilities fund. The change in net position for this fund for 2021 was a decrease of approximately \$5,705,000. For the Water and Sewer Facilities Fund, total nonoperating revenues were approximately \$2,805,000, a decrease of \$4,836,000, or 63%. The decrease was primarily due to a decrease in investment income due to investment market performance, offset by an increase in development contributions and capital grants. Total revenues decreased by approximately \$1,288,000 or 1%. Total operating expenses for the Water and Sewer Facilities Fund increased by approximately \$8,029,000, or 6%, to \$139,342,000 when compared to the year ended June 30, 2020. The increase was primarily the result of higher personnel expenses and special contracts for projects. Interest and amortization expense was approximately \$27,147,000, an increase of \$16,923,000 or 166%. The most significant increase was in interest expense, which increased due to the issuance of new revenue bonds in 2021 and related refunding of previous bonds. Net transfers from the Water and Sewer Facilities Fund decreased by approximately \$3,482,000 or 26% to \$9,899,000, compared to the year ended June 30, 2020, due to additional transfers needed by other funds in the prior year to cover COVID-19 expenses. In addition to the Water and Sewer Facilities Fund, the change in net position for the Parking Facilities Fund was a decrease of approximately \$1,747,000. For the Parking Facilities Fund, nonoperating revenue decreased by approximately \$439,000 or 76% to \$139,000, due primarily to decreased rental income received during the current fiscal year. Total revenues for the year ended June 30, 2021, decreased approximately \$691,000 or 9% to \$6,699,000. Total operating expenses decreased by approximately \$136,000, or 2%, to \$6,068,000 when compared to the year ended June 30, 2020. Total expenses decreased by approximately \$166,000 or 2%, to \$8,446,000. 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.

CITY OF COLUMBIA, SOUTH CAROLINA
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Table 1
City of Columbia
Statement of Net Position
As of June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020
Current and other assets	\$ 274,000,860	\$ 208,561,622	\$ 397,143,447	\$ 442,414,454	\$ 671,144,307	\$ 650,976,076
Capital assets, net of depreciation	267,657,955	248,084,701	1,097,134,914	1,049,666,217	1,364,792,869	1,297,750,918
Total assets	541,658,815	456,646,323	1,494,278,361	1,492,080,671	2,035,937,176	1,948,726,994
Deferred outflows of resources	71,323,192	67,703,988	110,474,753	96,739,820	181,797,945	164,443,808
Total assets and deferred outflows of resources	612,982,007	524,350,311	1,604,753,114	1,588,820,491	2,217,735,121	2,113,170,802
Long-term liabilities outstanding	512,217,187	436,205,929	976,022,887	949,544,776	1,488,240,074	1,385,750,705
Other liabilities	42,345,951	33,612,788	42,353,626	41,731,740	84,699,577	75,344,528
Total liabilities	554,563,138	469,818,717	1,018,376,513	991,276,516	1,572,939,651	1,461,095,233
Deferred inflow of resources	10,333,889	9,360,618	2,305,843	1,994,796	12,639,732	11,355,414
Net position						
Net investment in capital assets	160,830,895	160,452,270	431,093,455	436,753,431	591,924,350	597,205,701
Restricted	56,042,933	27,615,641	4,091,220	4,145,062	60,134,153	31,760,703
Unrestricted	(168,788,848)	(142,896,935)	148,886,083	154,650,686	(19,902,765)	11,753,751
Total net position	\$ 48,084,980	\$ 45,170,976	\$ 584,070,758	\$ 595,549,179	\$ 632,155,738	\$ 640,720,155

CITY OF COLUMBIA, SOUTH CAROLINA
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As of June 30, 2021, the City is able to report positive net position for the government as a whole as well as for its governmental activities and business-type activities.

The largest portion of the City's net position, \$591,924,350 (94%), reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related liabilities 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 liabilities, it should be noted that the resources needed to repay these liabilities 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, \$60,134,153 (9%), represents resources that are subject to external restrictions on how they may be used. The remaining \$(19,902,765) (-3%) is unrestricted.

For governmental activities, the City reported a deficit balance in unrestricted net position of \$(168,788,848). This deficit resulted primarily from the adoption of GASBS 68 and GASBS 75 during 2018. GASBS 68 required the City to recognize a pension liability. GASBS 75 required the City to recognize a total OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for the City's OPEB plan. For business-type activities, the City reported a positive balance in unrestricted net position of \$148,886,083. The City reported a positive balance of \$41,855,330 in unassigned fund balance for the general fund as of June 30, 2021. 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, 2021, which totaled approximately \$392,411,000, decreased from the year ended June 30, 2020. The decrease for the City as a whole was approximately \$2,822,000, which was a decrease of 1%. Revenues for the business-type activities decreased approximately \$2,628,000 (1%). Charges for services revenue for the year ended June 30, 2021, was similar to the amount reported in the prior year for the enterprise funds. Water and Sewer Facilities capital grants and contributions increased by approximately \$3,925,000 or 56%, primarily due to an increase in contributions for water lines. This increase in business-type activities revenue was offset by a decrease in unrestricted investment earnings of approximately \$7,210,000 or 90%, due to changes in market performance.

Revenues from governmental activities decreased by approximately \$194,000 during fiscal year 2021. General property taxes and local option sales tax increased by approximately \$3,559,000 or 10% and \$2,830,000 or 13%, respectively, due to increases in property taxes and credits. These increases were offset by a decrease in unrestricted investment earnings of approximately \$1,306,000 or 86%, due to changes in market performance. In addition, public safety revenue decreased by approximately \$4,032,000 or 7%, primarily due to a decrease in county services revenues for fire service.

CITY OF COLUMBIA, SOUTH CAROLINA
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Table 2
City of Columbia
Changes in Net Position
Years Ended June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2020
Revenues:						
Program revenues						
Charges for services						
General government	\$ 44,824,660	\$ 42,932,789	\$ -	\$ -	\$ 44,824,660	\$ 42,932,789
Public safety	52,690,415	56,722,229	-	-	52,690,415	56,722,229
Parks and recreation	225,924	608,012	-	-	225,924	608,012
Public services	556,079	839,825	-	-	556,079	839,825
General services	144,378	263,793	-	-	144,378	263,793
Tourism and community development	357,718	200,780	-	-	357,718	200,780
Water/sewer facilities	-	-	158,205,156	158,583,218	158,205,156	158,583,218
Stormwater facilities	-	-	15,593,201	15,491,908	15,593,201	15,491,908
Parking facilities	-	-	6,681,542	7,280,010	6,681,542	7,280,010
Redevelopment programs	-	-	618,613	595,981	618,613	595,981
Parks and recreation camps	-	-	13,063	236,878	13,063	236,878
Operating grants and contributions						
General government	432,671	45,248	-	-	432,671	45,248
Public safety	4,692,577	5,932,849	-	-	4,692,577	5,932,849
Tourism and community development	4,746,537	5,296,922	-	-	4,746,537	5,296,922
Water/sewer facilities	-	-	1,930,701	807,946	1,930,701	807,946
Stormwater facilities	-	-	92,670	1,687,197	92,670	1,687,197
Redevelopment programs	-	-	2,172,985	-	2,172,985	-
Capital grants and contributions						
General government	1,006,965	1,884,709	-	-	1,006,965	1,884,709
Water/sewer facilities	-	-	10,901,680	6,976,485	10,901,680	6,976,485
Tourism and community development	178,711	166,674	-	-	178,711	166,674
General revenues						
General property taxes	39,946,275	36,387,111	-	-	39,946,275	36,387,111
Local option sales tax	23,900,908	21,070,529	-	-	23,900,908	21,070,529
Hospitality and admission taxes	11,733,436	11,175,818	-	-	11,733,436	11,175,818
Accommodations tax	1,950,190	2,456,870	-	-	1,950,190	2,456,870
Tourism development revenue	2,604,061	3,481,978	-	-	2,604,061	3,481,978
Liquor permit revenue	323,055	325,305	-	-	323,055	325,305
State shared revenue	3,123,717	3,064,969	-	-	3,123,717	3,064,969
Unrestricted investment earnings	213,778	1,519,336	800,707	8,011,044	1,014,485	9,530,380
Gain on disposal of capital assets	267,285	77,101	124,325	17,990	391,610	95,091
Donation of capital assets	907,360	-	-	-	907,360	-
Insurance recoveries	177,040	272,080	-	73,908	177,040	345,988
Other revenue	272,947	745,452	-	-	272,947	745,452
Total revenues	\$ 195,276,687	\$ 195,470,379	\$ 197,134,643	\$ 199,762,565	\$ 392,411,330	\$ 395,232,944

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Table 2
City of Columbia
Changes in Net Position (Continued)
Years Ended June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2020
Expenses:						
General government	\$ 24,216,858	\$ 23,829,739	\$ -	\$ -	\$ 24,216,858	\$ 23,829,739
Judicial	3,500,993	3,388,992	-	-	3,500,993	3,388,992
Finance	2,085,404	2,055,884	-	-	2,085,404	2,055,884
Community promotion	55,255	343,746	-	-	55,255	343,746
Planning and development	4,256,319	4,708,218	-	-	4,256,319	4,708,218
Public safety	109,125,861	105,007,457	-	-	109,125,861	105,007,457
Parks and recreation	14,836,783	14,941,915	-	-	14,836,783	14,941,915
Public services	19,696,659	21,844,507	-	-	19,696,659	21,844,507
General services	2,843,703	2,758,595	-	-	2,843,703	2,758,595
Tourism and community development	16,731,313	20,324,371	-	-	16,731,313	20,324,371
Interest and other fiscal charges	4,817,145	2,743,988	-	-	4,817,145	2,743,988
Unallocated depreciation	1,531,898	1,531,898	-	-	1,531,898	1,531,898
Water/sewer facilities	-	-	174,296,353	142,242,080	174,296,353	142,242,080
Hydro-electric plant	-	-	1,275,708	1,444,795	1,275,708	1,444,795
Stormwater facilities	-	-	12,934,746	10,513,908	12,934,746	10,513,908
Parking facilities	-	-	7,853,666	7,750,072	7,853,666	7,750,072
Redevelopment programs	-	-	707,797	2,330,965	707,797	2,330,965
Parks and recreation camps	-	-	209,286	353,720	209,286	353,720
Total expenses	203,698,191	203,479,310	197,277,556	164,635,540	400,975,747	368,114,850
Change in net position before transfers	(8,421,504)	(8,008,931)	(142,913)	35,127,025	(8,564,417)	27,118,094
Transfers	11,335,508	12,381,577	(11,335,508)	(12,381,577)	-	-
Change in net position	2,914,004	4,372,646	(11,478,421)	22,745,448	(8,564,417)	27,118,094
Net position, beginning of period	45,170,976	40,798,330	595,549,179	572,803,731	640,720,155	613,602,061
Net position, end of period	\$ 48,084,980	\$ 45,170,976	\$ 584,070,758	\$ 595,549,179	\$ 632,155,738	\$ 640,720,155

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Total expenses for the City were approximately \$400,976,000 for the year ended June 30, 2021. This represents an increase of approximately \$32,861,000 (9%) when compared to the year ended June 30, 2020. This overall increase in expenses resulted from an increase of approximately \$219,000 in governmental activities and an increase of approximately \$32,642,000 in business-type activities.

For governmental activities, tourism and community development expenses decreased by approximately \$3,593,000 or 18%, as less tax revenue was distributed to events due to impact of COVID-19 on tourism. Interest and other fiscal charges increased by approximately \$2,073,000 or 76%, due to new bonds issued during 2021.

Expenses for business-type activities increased by approximately \$32,642,000, or 20%, compared to the year ended June 30, 2020. The increase was primarily related to the Water and Sewer Facilities Fund. Total operating expenses for the Water and Sewer Facilities Fund increased by approximately \$8,029,000, or 6%, to \$139,342,000 when compared to the year ended June 30, 2020. The increase was primarily the result of higher personnel expenses and special contracts for projects. Interest and amortization expense was approximately \$27,147,000, an increase of \$16,923,000 or 166%. The most significant increase was in interest expense, which increased due to the issuance of new revenue bonds in 2021 and related refunding of previous bonds. In addition, expenses for the Stormwater Facilities Fund increased by approximately \$2,421,000 or 23%, primarily due to an increase in professional fees.

The City's net position decreased by approximately \$8,564,000 during the year ended June 30, 2021. The net position for governmental activities increased by approximately \$2,914,000, while the net position of business-type activities decreased by \$11,478,000. The overall decrease in net position was approximately \$35,683,000 higher when compared to the prior fiscal year. This was due to an approximate \$1,459,000 decrease in the governmental activities and an approximate \$34,224,000 decrease in business-type activities.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, 2021

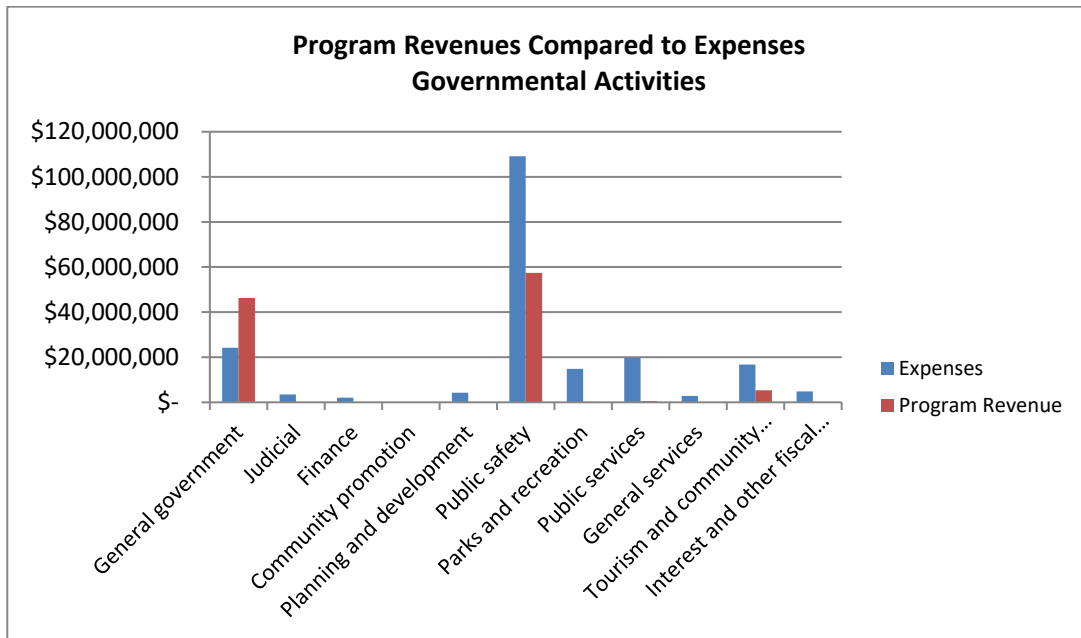
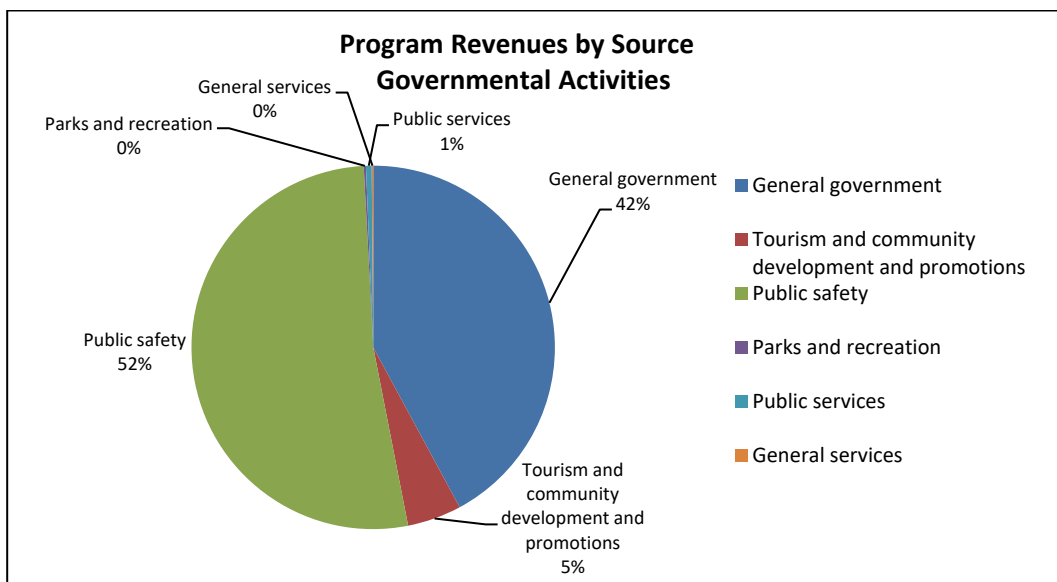


Figure 2
Program Revenues by Source
Governmental Activities
Year Ended June 30, 2021



CITY OF COLUMBIA, SOUTH CAROLINA
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Business-type Activities – The net position of the City's business-type activities decreased by approximately \$11,478,000 for the year ended June 30, 2021. This decrease is primarily attributable to the operations of the Water and Sewer and Parking operations. 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, 2021

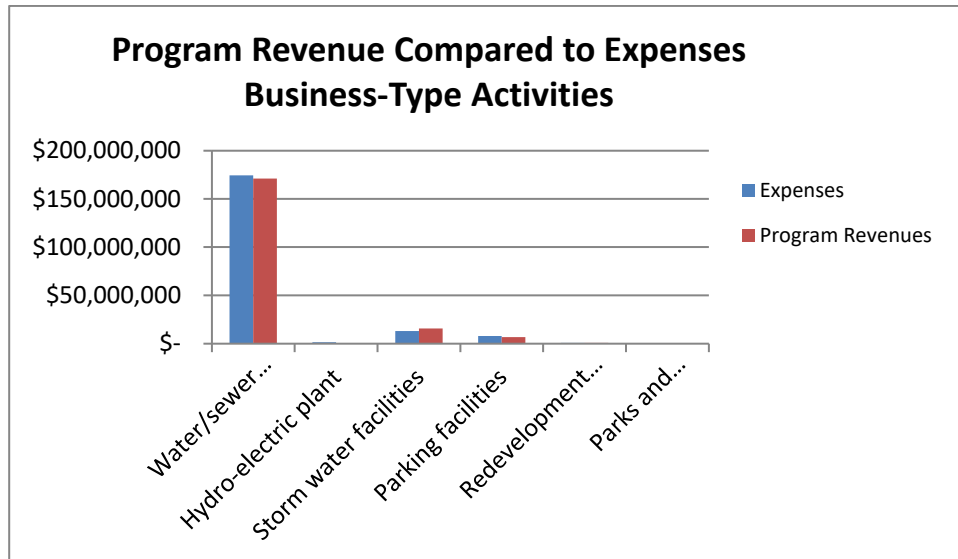
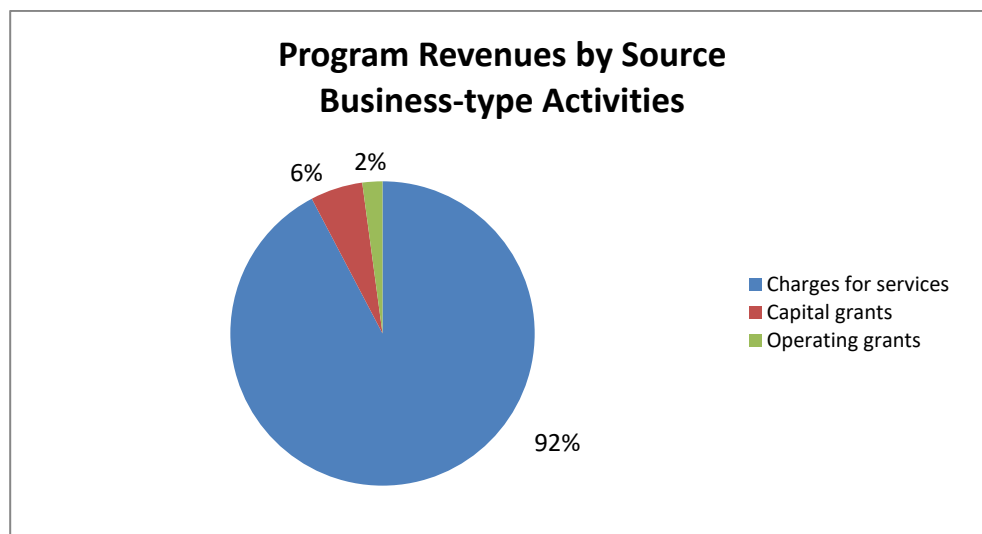


Figure 4
Program Revenues by Source
for Business-type Activities
Year Ended June 30, 2021



CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Water and Sewer Facilities Fund – The net position for the Water and Sewer Facilities fund for the year ended June 30, 2021, decreased by approximately \$5,705,000.

Table 3
Water and Sewer Facilities Fund Revenues and Expenses
Years Ended June 30, 2021 and June 30, 2020

	Year Ended June 30,	
	2021	2020
Revenues		
Total operating revenues	\$157,942,666	\$158,320,026
Non-operating revenues	2,804,537	7,640,113
Development contributions and capital grants	10,901,680	6,976,485
Total revenues	171,648,883	172,936,624
Expenses		
Total operating expenses	139,342,144	131,313,475
Loss on disposal of assets	965,903	189,869
Interest and amortization expense	27,146,906	10,223,793
Transfers, net	9,899,086	13,381,553
Total expenses	177,354,039	155,108,690
Change in net position	\$ (5,705,156)	\$ 17,827,934

Total operating revenues, which primarily consist of water and sewer fees, decreased by approximately \$377,000, or 0.2%, to \$157,943,000. Customer base and consumption remained consistent with the prior year. Nonoperating revenues were approximately \$2,805,000, a decrease of \$4,836,000, or 63%. The decrease was primarily due to a decrease in investment income due to investment market performance. Development contributions and capital grants increased by approximately \$3,925,000 or 56%. Total revenues decreased by approximately \$1,288,000 or 1%.

Total operating expenses increased by approximately \$8,029,000, or 6%, to \$139,342,000 when compared to the year ended June 30, 2020. The increase was primarily the result of higher personnel expenses and special contracts for projects. Interest and amortization expense was approximately \$27,147,000, an increase of \$16,923,000, or 166%. The most significant increase was in interest expense, which increased due to the issuance of new revenue bonds in 2021 and related refunding of previous bonds. Net transfers from the Water and Sewer Facilities Fund decreased by approximately \$3,482,000 or 26% to \$9,899,000, compared to the year ended June 30, 2020, due to additional transfers needed by other funds in the prior year to cover COVID-19 expenses.

CITY OF COLUMBIA, SOUTH CAROLINA
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Parking Facilities Fund – The net position of the Parking Facilities Fund for the year ended June 30, 2021, decreased by approximately \$1,747,000.

Table 4
Parking Facilities Fund Revenue and Expenses
Years Ended June 30, 2021 and June 30, 2020

	Year Ended June 30,	
	2021	2020
Revenues		
Total operating revenues	\$ 6,556,044	\$ 6,809,124
Nonoperating revenues	139,153	577,923
Gain on sale of assets	4,095	3,240
Total revenues	<u>6,699,292</u>	<u>7,390,287</u>
Expenses		
Total operating expenses	6,067,933	6,204,300
Interest and amortization expense	1,477,465	1,517,715
Transfers, net	900,899	890,183
Total expenses	<u>8,446,297</u>	<u>8,612,198</u>
Change in net position	<u>\$ (1,747,005)</u>	<u>\$ (1,221,911)</u>

Total operating revenues, which primarily consist of parking fees and fines, decreased by approximately \$253,000, or 4%, to \$6,565,000. The decrease in operating revenues was due primarily to COVID-19 reducing traffic during the year ended June 30, 2021. Nonoperating revenue decreased by approximately \$439,000 or 76% due primarily to decreased rental income received during the current fiscal year. Total revenues for the year ended June 30, 2021, decreased approximately \$691,000, or 9%, to \$6,699,000.

Total operating expenses decreased by approximately \$136,000, or 2%, to \$6,068,000 when compared to the year ended June 30, 2020.

Interest and amortization expense decreased in fiscal year 2021 by approximately \$40,000, or 3%, when compared to fiscal year 2020. Total expenses decreased by approximately \$166,000, or 2%, to \$8,446,000.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, 2021, the City's governmental funds reported combined ending fund balances of approximately \$113,760,000, an increase of approximately \$39,697,000. Unassigned fund balance is available for spending at the City's discretion. As of June 30, 2021, the City's governmental funds had an unassigned fund balance of approximately \$39,488,000, an increase of approximately \$12,178,000 compared to the year ended June 30, 2020.

The general fund is the chief operating fund of the City. During the year ended June 30, 2021, the fund balance of the general fund increased by approximately \$2,319,000 to approximately \$50,224,000. The increase in fund balance was due primarily to transfers from other funds. Total revenues increased approximately \$6,159,000 (5%) from the prior year. Local option sales taxes increased approximately \$2,830,000 due to an increase in taxable properties during the current year. Revenue from licenses and permits increased approximately \$1,186,000. Rental income increased approximately \$1,547,000, due to income from the Municipal Complex, a new blended component unit in 2021. Total expenditures decreased by approximately \$1,210,000 from the prior year, due primarily to decreased parks and recreation and public services expenses for salary. Other financing sources decreased by approximately \$11,460,000, due to proceeds from capital leases issued during the prior year.

The unassigned fund balance of governmental funds, which is available for use without restriction, increased by approximately \$12,178,000 to approximately \$39,488,000. Unrestricted fund balance is the combination of unassigned fund balance (\$39,488,000), assigned fund balance (\$12,413,000), and committed fund balance (\$4,854,000), and totals approximately \$56,755,000. The fund balance in the general fund is comprised of approximately \$2,531,000 in restricted fund balance, \$858,000 in nonspendable fund balance, \$4,854,000 in committed fund balance, \$124,000 in assigned fund balance, and \$41,855,000 in unassigned 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.

Revenue payments from Richland County for the year ended June 30, 2021, decreased by approximately \$1,852,000, or 7%, due to the City and Richland County renegotiating the budget. Revenue payments to the City from Richland County are based on the agreed upon budgeted amounts. Expenditures for the year ended June 30, 2021, increased by approximately \$94,000. If actual expenditures exceed the expected amounts during the fiscal year, the City can try and recover some of these costs in subsequent year contract negotiations.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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 and other financing sources for the year ended June 30, 2021, were approximately \$149,114,000, approximately \$5,717,000, or 4%, more than the final budget of approximately \$143,397,000. The increase in total revenue was the result of higher than budgeted taxes and licenses and permits.

Total general fund expenditures and other financing uses were approximately \$146,796,000 for the year ended June 30, 2021, approximately \$3,398,000, or 2%, more than the final budgeted expenditures and other financing uses of approximately \$143,397,000.

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, 2021, totaled \$1,364,792,869 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, 2021, was approximately \$67,042,000, or 5%.

Major capital asset events during the year ended June 30, 2021, included the following:

- Construction in progress (CIP) increased by a net \$28,864,242. This increase was the result of several significant projects during the year ended June 30, 2021 in the Water and Sewer Fund, the most significant of which were the AMR/AMI Business Case Evaluation, Lake Katherine Sewer Capacity Enhancement, Improvements to Canal Clearwell & High Svc Rooms 2&3, and East Rocky Branch Improvements Phase II. There was an approximate increase of \$3,577,000 in the governmental CIP balance. There was a net increase of approximately \$25,287,000 in the business-type activities CIP balance as the City completed several smaller projects while work began or progressed on numerous others that varied in scope and size.
- Buildings and improvements additions totaled approximately \$84,894,000 during the year ended June 30, 2021. Significant additions included improvements to water lines in the Water and Sewer Fund and storm drain improvements in the Stormwater Facilities Fund. There were no significant disposals of buildings and improvements during the current fiscal year.
- Machinery and equipment additions totaled approximately \$10,874,000 during the year ended June 30, 2021. These additions consisted mainly of vehicles, security systems and devices for the police department, and playground equipment. Disposals consisted mainly of fully depreciated vehicles.
- Depreciation expense totaled approximately \$60,217,000 for the City as a whole.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

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, 2021 and June 30, 2020

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020
Land	\$ 39,537,608	\$ 37,104,644	\$ 32,279,773	\$ 33,719,656	\$ 71,817,381	\$ 70,824,300
Construction in progress	32,365,697	28,788,881	266,236,687	240,949,261	298,602,384	269,738,142
Buildings and improvements	159,638,920	143,631,785	783,704,909	761,208,557	943,343,829	904,840,342
Infrastructure	18,025,648	18,778,302	-	-	18,025,648	18,778,302
Machinery and equipment	18,090,082	19,781,089	14,913,545	13,788,743	33,003,627	33,569,832
Total	\$ 267,657,955	\$ 248,084,701	\$ 1,097,134,914	\$ 1,049,666,217	\$ 1,364,792,869	\$ 1,297,750,918

Long-term debt – The City's long-term debt, including capital leases payable, reflected a net increase of approximately \$73,945,000, or 8%, as shown in Table 6. This net increase was the result of \$124,426,778 in principal payments and \$3,051,541 in amortization of bond premiums. In addition, water and sewer revenue bonds were issued in the amount of \$135,535,000, including a premium of \$1,462,936. The Series 2021A and 2021B Water and Sewer Revenue Bonds were issued for the purposes of funding improvements to the Waterworks and Sewer System and refunding of Series 2016A, 2018, 2019A Revenue Bonds. Revenue bonds in the amount of \$64,625,000 were issued in the other governmental funds with a discount of \$200,000.

Principal payments of \$10,870,000 were made on governmental activities bonds and notes payable. Principal payments of \$108,335,000 were made on business-type activity revenue bonds. Principal payments of \$5,221,778 were made on governmental activities capital lease obligations.

Total governmental activities debt had a net increase of approximately \$47,910,000, while business-type activities debt had a net increase of approximately \$26,035,000.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Table 6
Outstanding Indebtedness
As of June 30, 2021 and June 30, 2020

	Governmental Activities		Business-type Activities		Total Primary Government	
	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020	As of June 30, 2021	As of June 30, 2020
Notes payable	\$ 375,000	\$ 450,000	\$ -	\$ -	\$ 375,000	\$ 450,000
General obligation bonds	15,760,000	18,445,000	-	-	15,760,000	18,445,000
Bond premiums	1,378,365	1,672,428	-	-	1,378,365	1,672,428
Revenue bonds	99,605,000	43,090,000	-	-	99,605,000	43,090,000
Bond premiums	2,886,267	3,015,503	-	-	2,886,267	3,015,503
Bond discounts	(200,000)	-	-	-	(200,000)	-
Parking facilities revenue bonds	-	-	34,875,000	36,105,000	34,875,000	36,105,000
Waterworks and sewer system revenue bonds	-	-	694,480,000	665,390,000	694,480,000	665,390,000
Bond premiums	-	-	47,731,021	48,720,576	47,731,021	48,720,576
Stormwater system revenue bonds	-	-	36,810,000	37,470,000	36,810,000	37,470,000
Bond premiums	-	-	4,672,055	4,847,806	4,672,055	4,847,806
Capital leases payable	18,029,685	23,251,463	-	-	18,029,685	23,251,463
Total	\$ 137,834,317	\$ 89,924,394	\$ 818,568,076	\$ 792,533,382	\$ 956,402,393	\$ 882,457,776

As noted earlier, the City's underlying bond rating for its general obligation debt issues was an AA+ by Standard and Poor's and Aa1 by Moody's. The underlying bond rating for its Water and Sewer revenue bonds as of June 30, 2021, 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, 2021, were rated "A-" by Standard and Poor's Rating Service and "A1" by Moody's Investor Service, Inc. In July 2018, both Standard and Poor's Rating Service and Moody's Rating Service upgraded the City's bond rating for its Parking revenue bonds. Moody's upgraded their rating from "A2," and Standard and Poor's upgraded their rating from "BBB+." Stormwater revenue bonds received a rating of "Aa2" from Moody's Rating Service and "AA+" from Standard and Poor's Rating Service.

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, 2021, had \$15,760,000 in debt subject to this limitation which is less than the \$51,401,378 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.

CITY OF COLUMBIA, SOUTH CAROLINA
Management's Discussion and Analysis (Unaudited)
JUNE 30, 2021

Economic Factors and Next Year's Budget

The City's financial condition remained strong as of June 30, 2021. The City has below-average unemployment, above average population growth, and gross domestic product in line with the national average. With uncertainty concerning the economic outlook and how much impact there will be on City revenues resulting from the COVID-19 pandemic, the fiscal year 2022 budget reflects estimate based on prior year actuals.

In developing its fiscal year 2022 budget, the City had three main budget development goals.

1. Continuity of Operations
2. Continuing to provide excellent day-to-day service to our community
3. Fulfilling the City's financial obligations

The City's adopted operating budget for all funds for the year ending June 30, 2022, is \$376,180,393. The adopted budget for the general fund for the year ending June 30, 2022, is \$155,544,489. This represents an increase from the prior year in the amount of \$18,439,648 or 13.45%. Revenues are budgeted at an increase of \$3,361,360 or 2.6%. The largest increase is expected to be property tax which is projected to increase \$1,750,575 or 3.1%. The fiscal year 2022 budget reflects funding for continuity of services and maintaining service levels. Expenditure projections were based on prior year actuals with reductions for vacant positions and suspension of various programs. The General Fund millage rate for fiscal year 2022 is 93.8 mills, no change from the prior year. In keeping with its sustainability budget development goal, the City did not include any use of fund balance in the fiscal year 2022 budget.

Key elements that factored into the preparation of the fiscal year 2022 are detailed below:

- Continuity of Operations
 - Ensuring departments have the resources required to provide city services
 - Restored Capital Replacement Program
- Continuing to provide excellent day-to-day service to our community
 - Commitment to highest level of customer care for residents, visitors, businesses
- Fulfilling the City's financial obligations
 - Debt service payments and other financial commitments
- Address Critical Infrastructure Needs
 - Restored Water, Sewer and Capital Improvement Programs
 - Finlay Park Rehabilitation

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, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and equivalents	\$ 148,782,205	\$ 177,076,941	\$ 325,859,146	\$ 13,722,710
Certificates of deposit	-	-	-	1,212,926
Cash on deposit with escrow agent	-	-	-	4,513,306
Investments	27,073,942	101,790,903	128,864,845	-
Receivables				
Property taxes, net of allowance	1,794,981	-	1,794,981	-
Federal government	4,397,386	60	4,397,446	-
State government	1,236,849	69,482	1,306,331	-
Accounts, net of allowance	5,862,887	12,511,422	18,374,309	329,563
Accrued interest	63,255	352,488	415,743	801
Mortgage notes, net of allowance	-	-	-	104,026
Due from component units	-	200,000	200,000	-
Due from grantee agency	6	-	6	-
Internal balances	24,828,736	(24,828,736)	-	-
Prepaid expenses	3,006,534	266,242	3,272,776	486,439
Inventory	916,194	2,763,185	3,679,379	-
Real estate held for sale and development	-	688,335	688,335	-
Restricted assets				
Restricted cash	19,615,780	-	19,615,780	24,201
Restricted investments	7,078,002	-	7,078,002	-
Real estate held for sale and development	-	-	-	28,800
Total current assets	<u>244,656,757</u>	<u>270,890,322</u>	<u>515,547,079</u>	<u>20,422,772</u>
Noncurrent assets				
Cash on deposit with escrow agent	-	-	-	5,020,926
Investments	-	102,725,444	102,725,444	-
Restricted investments	29,344,103	-	29,344,103	-
Mortgage notes receivable, net of current portion	-	23,332,909	23,332,909	1,866,396
Other assets				
Prepaid bond insurance costs	-	194,772	194,772	-
Organizational costs	-	-	-	1,454
Real estate held for sale or development	-	-	-	1,540,952
Security deposits	-	-	-	4,675
Capital assets not being depreciated				
Land	39,537,608	32,279,773	71,817,381	2,131,559
Construction in progress	32,365,697	266,236,687	298,602,384	-
Capital assets net of accumulated depreciation				
Buildings, improvements and utility plant	159,638,920	783,704,909	943,343,829	7,500,032
Infrastructure	18,025,648	-	18,025,648	-
Machinery and equipment	18,090,082	14,913,545	33,003,627	-
Total noncurrent assets	<u>297,002,058</u>	<u>1,223,388,039</u>	<u>1,520,390,097</u>	<u>18,065,994</u>
TOTAL ASSETS	<u>541,658,815</u>	<u>1,494,278,361</u>	<u>2,035,937,176</u>	<u>38,488,766</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	585,679	54,794,707	55,380,386	-
Deferred outflows related to other postemployment benefits liability	36,257,974	12,215,254	48,473,228	-
Deferred outflows related to net pension liability	34,479,539	11,686,653	46,166,192	-
Accumulated decrease in fair value of hedging derivatives	-	31,778,139	31,778,139	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>71,323,192</u>	<u>110,474,753</u>	<u>181,797,945</u>	<u>-</u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

	Primary Government			
	Governmental	Business-type	Total	Component
	Activities	Activities		Units
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 6,827,430	\$ 23,758,407	\$ 30,585,837	\$ 594,266
Accrued salaries and benefits	4,422,663	1,818,247	6,240,910	-
Accrued liability for claims	15,290,239	23,600	15,313,839	-
Accrued interest	916,369	11,320,227	12,236,596	-
Retainage payable	2,525	4,993,533	4,996,058	-
Unearned revenue	736,026	349,518	1,085,544	975,652
Due to primary government	-	-	-	200,000
Refundable advances	14,085,827	-	14,085,827	-
Compensated absences, current portion	1,868,785	458,567	2,327,352	11,363
Due to others	56,143	-	56,143	-
Deposits payable	8,729	-	8,729	70,105
Notes payable, current portion	75,000	-	75,000	3,185,347
General obligation bonds, current portion	2,425,000	-	2,425,000	-
Revenue bonds, current portion	4,000,000	20,565,000	24,565,000	-
Forgivable loan	-	90,094	90,094	-
Obligation under capital leases, current portion	4,588,569	-	4,588,569	-
Total current liabilities	55,303,305	63,377,193	118,680,498	5,036,733
Noncurrent liabilities				
Compensated absences, net of current portion	7,475,140	1,834,268	9,309,408	232,926
Net pension liability	184,630,087	62,604,382	247,234,469	-
Total OPEB liability	180,408,858	60,779,455	241,188,313	-
Notes payable, net of current portion	300,000	-	300,000	1,318,277
General obligation bonds, net of current portion	14,713,365	-	14,713,365	-
Revenue bonds, net of current portion	98,291,267	798,003,076	896,294,343	-
Obligation under capital leases, net of current portion	13,441,116	-	13,441,116	-
Paycheck Protection Program loan	-	-	-	812,835
Derivative instrument liability, interest rate swap	-	31,778,139	31,778,139	-
Due to grantor agency	-	-	-	6,501
Total noncurrent liabilities	499,259,833	954,999,320	1,454,259,153	2,370,539
TOTAL LIABILITIES	554,563,138	1,018,376,513	1,572,939,651	7,407,272
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	3,468,528	1,175,792	4,644,320	-
Deferred inflows related to				
other postemployment benefits liability	3,354,278	1,130,051	4,484,329	-
Deferred inflow - property sale	354,000	-	354,000	-
Deferred inflow - property tax credit	3,157,083	-	3,157,083	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,333,889	2,305,843	12,639,732	-
NET POSITION				
Net investment in capital assets	160,830,895	431,093,455	591,924,350	5,833,031
Restricted for				
Capital projects	42,358,238	-	42,358,238	-
Debt service	3,527,356	4,091,220	7,618,576	-
Tourism	8,477,418	-	8,477,418	9,611,315
Public safety	614,223	-	614,223	-
Community development				
Expendable	1,060,650	-	1,060,650	67,045
Nonexpendable	5,048	-	5,048	-
Unrestricted	(168,788,848)	148,886,083	(19,902,765)	15,570,103
TOTAL NET POSITION	\$ 48,084,980	\$ 584,070,758	\$ 632,155,738	\$ 31,081,494

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Program Revenue				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities								
General government	\$ 24,216,858	\$ 44,824,660	432,671	\$ 1,006,965	\$ 22,047,438	\$ -	\$ 22,047,438	\$ -
Judicial	3,500,993	-	-	-	(3,500,993)	-	(3,500,993)	-
Finance department	2,085,404	-	-	-	(2,085,404)	-	(2,085,404)	-
Community promotions	55,255	-	-	-	(55,255)	-	(55,255)	-
Planning and development	4,256,319	-	-	-	(4,256,319)	-	(4,256,319)	-
Public safety	109,125,861	52,690,415	4,692,577	-	(51,742,869)	-	(51,742,869)	-
Parks and recreation	14,836,783	225,924	-	-	(14,610,859)	-	(14,610,859)	-
Public services	19,696,659	556,079	-	-	(19,140,580)	-	(19,140,580)	-
General services	2,843,703	144,378	-	-	(2,699,325)	-	(2,699,325)	-
Tourism and community development	16,731,313	357,718	4,746,537	178,711	(11,448,347)	-	(11,448,347)	-
Interest and other fiscal charges	4,817,145	-	-	-	(4,817,145)	-	(4,817,145)	-
Unallocated depreciation	1,531,898	-	-	-	(1,531,898)	-	(1,531,898)	-
Total governmental activities	203,698,191	98,799,174	9,871,785	1,185,676	(93,841,556)	-	(93,841,556)	-
Business-type activities								
Water/sewer facilities	174,296,353	158,205,156	1,930,701	10,901,680	-	(3,258,816)	(3,258,816)	-
Hydro-electric plant	1,275,708	-	-	-	-	(1,275,708)	(1,275,708)	-
Stormwater facilities	12,934,746	15,593,201	92,670	-	-	2,751,125	2,751,125	-
Parking facilities	7,853,666	6,681,542	-	-	-	(1,172,124)	(1,172,124)	-
Redevelopment programs	707,797	618,613	2,172,985	-	-	2,083,801	2,083,801	-
Parks and recreation camps	209,286	13,063	-	-	-	(196,223)	(196,223)	-
Total business-type activities	197,277,556	181,111,575	4,196,356	10,901,680	-	(1,067,945)	(1,067,945)	-
Total Primary Government	\$ 400,975,747	\$ 279,910,749	\$ 14,068,141	\$ 12,087,356	(93,841,556)	(1,067,945)	(94,909,501)	-
COMPONENT UNITS	\$ 11,727,832	\$ 8,887,505	\$ -	\$ -	-	-	-	(2,840,327)
General revenues:								
General property taxes					39,946,275	-	39,946,275	-
Local option sales tax					23,900,908	-	23,900,908	-
Hospitality and admission taxes					11,733,436	-	11,733,436	-
Accommodations tax					1,950,190	-	1,950,190	-
Tourism development revenue					2,604,061	-	2,604,061	-
Liquor permit revenue					323,055	-	323,055	-
State shared revenue					3,123,717	-	3,123,717	-
Appropriations - City of Columbia					-	-	-	1,265,068
Unrestricted investment earnings					213,778	800,707	1,014,485	20,374
Gain on disposal of capital assets					267,285	124,325	391,610	846
Donation of capital assets					907,360	-	907,360	-
Insurance recoveries					177,040	-	177,040	-
Other revenues					272,947	-	272,947	12,275
Transfers					11,335,508	(11,335,508)	-	-
Total general revenues and transfers					96,755,560	(10,410,476)	86,345,084	1,298,563
Change in net position					2,914,004	(11,478,421)	(8,564,417)	(1,541,764)
Net position - beginning of period					45,170,976	595,549,179	640,720,155	32,623,258
Net position - end of period					\$ 48,084,980	\$ 584,070,758	\$ 632,155,738	\$ 31,081,494

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	County Services	General Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 45,793,568	\$ -	\$ 2,787,899	\$ 9,177,129	\$ 57,758,596
Restricted cash	2,531,473	-	-	17,084,307	19,615,780
Investments	10,954,943	33,063	55,569	16,030,367	27,073,942
Restricted investments	-	-	-	36,422,105	36,422,105
Receivables					
Property taxes, net	1,794,981	-	-	-	1,794,981
Federal government	-	-	-	4,397,386	4,397,386
State government	1,084,057	-	-	152,792	1,236,849
Accounts, net	663,331	4,655,591	57,582	372	5,376,876
Accrued interest	39,208	119	200	23,728	63,255
Due from grantee agency	-	-	-	6	6
Prepaid charges	858,471	103,533	-	-	962,004
TOTAL ASSETS	\$ 63,720,032	\$ 4,792,306	\$ 2,901,250	\$ 83,288,192	\$ 154,701,780
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,653,370	\$ 676,686	\$ 93,826	\$ 1,707,140	\$ 5,131,022
Accrued salaries and benefits	3,081,546	1,052,628	-	53,813	4,187,987
Retainage payable	-	-	2,525	-	2,525
Refundable advances	-	-	-	14,085,827	14,085,827
Due to other funds	1,240,107	4,035,712	-	5,737,169	11,012,988
Due to others	56,143	-	-	-	56,143
Customer deposits	8,729	-	-	-	8,729
Advances from other funds	1,150,042	-	-	-	1,150,042
Total liabilities	8,189,937	5,765,026	96,351	21,583,949	35,635,263
Deferred inflows of resources					
Deferred revenue - deferred property tax credit	3,157,083	-	-	-	3,157,083
Deferred revenue - property sale	354,000	-	-	-	354,000
Unavailable revenue - property taxes	1,794,981	-	-	-	1,794,981
Total deferred inflows of resources	5,306,064	-	-	-	5,306,064
Fund balances					
Nonspendable	858,471	103,533	-	5,048	967,052
Restricted	2,531,473	-	-	53,506,412	56,037,885
Committed	4,854,449	-	-	-	4,854,449
Assigned	124,308	-	2,804,899	9,483,508	12,412,715
Unassigned	41,855,330	(1,076,253)	-	(1,290,725)	39,488,352
Total fund balances (deficits)	50,224,031	(972,720)	2,804,899	61,704,243	113,760,453
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 63,720,032	\$ 4,792,306	\$ 2,901,250	\$ 83,288,192	\$ 154,701,780

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balance, governmental funds	\$ 113,760,453
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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	\$ 39,537,608	
Construction in progress	32,365,697	
Buildings and improvements, net	159,638,920	
Infrastructure, net	18,025,648	
Machinery and equipment, net	18,090,082	
Less: Net capital assets reported in the Internal Service Funds	(183,050)	267,474,905

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 change on refunding	\$ 585,679	
Pension related deferred outflows	34,479,539	
Less: Pension related deferred outflows reported in the Internal Service Funds	(1,062,630)	34,002,588

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.

1,794,981

Certain intergovernmental revenues will be collected before year end, but are not able to be recognized on the government-wide statements until the expense is recognized and are deferred on the government-wide statements.

(706,291)

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.

(76,652,138)

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.

37,933,045

Some liabilities (such as notes payable, capital leases, contracts payable, compensated absences, net pension liability, 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	\$ (9,343,925)	
Less: Compensated absences reported in the Internal Service Funds	360,734	
Accrued interest payable	(916,369)	
Net pension liability	(184,630,087)	
Less: Net pension liability reported in the Internal Service Funds	6,194,437	
Bonds and notes payable	(115,740,000)	
Capital lease payable	(18,029,685)	
Unamortized discount	200,000	
Unamortized premium	(4,264,632)	(326,169,527)

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:

Pension related deferred inflows	\$ (3,468,528)	
Less: Pension related deferred inflows reported in the Internal Service Funds	115,492	(3,353,036)

Net position of governmental activities in the statement of net position

\$ 48,084,980

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General Fund	County Services	General Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 37,415,705	\$ -	\$ -	\$ 1,056,652	\$ 38,472,357
Local option sales tax	23,900,908	-	-	-	23,900,908
Hospitality and admission taxes	678,353	-	-	11,055,083	11,733,436
Accommodations tax	-	-	-	1,950,190	1,950,190
Tourism development fee	-	-	-	2,604,061	2,604,061
Liquor permit fee	-	-	-	323,055	323,055
Licenses and permits	30,183,111	-	-	-	30,183,111
Franchise fees	10,924,209	-	-	-	10,924,209
Intergovernmental revenue	17,828,494	-	-	144,998	17,973,492
Charges for services	15,537,968	-	-	1,988	15,539,956
Fines and forfeitures	714,035	-	-	93,585	807,620
Federal government	352,680	-	-	7,441,670	7,794,350
State government	79,991	-	163,361	-	243,352
County government	-	24,622,269	-	2,186,516	26,808,785
Private grants	100	-	15,350	817,793	833,243
Interest	45,219	244	582	53,915	99,960
Rental income	1,661,502	-	210,732	-	1,872,234
Other revenues	24,178	-	-	248,769	272,947
Total revenues	139,346,453	24,622,513	390,025	27,978,275	192,337,266
EXPENDITURES					
Current					
General government	12,459,109	-	158	22,744	12,482,011
Judicial	3,127,814	-	-	-	3,127,814
Finance department	1,899,630	-	-	-	1,899,630
Planning and development	3,877,154	-	-	-	3,877,154
Public safety	70,371,223	24,345,140	-	1,017,375	95,733,738
Parks and recreation	11,422,399	-	-	158,534	11,580,933
Public services	15,180,963	-	-	2,542,398	17,723,361
General services	2,564,284	-	-	-	2,564,284
Tourism and community development	3,692,981	-	143,454	11,400,423	15,236,858
Community promotions	50,333	-	-	-	50,333
Debt service					
Principal payment on bonds	5,221,778	-	-	10,870,000	16,091,778
Interest on bonds	429,290	-	-	2,542,853	2,972,143
Debt issuance costs	-	-	-	1,800,616	1,800,616
Fiscal agent charges	-	-	-	16,442	16,442
Capital outlay					
Capital outlay	10,076,163	-	24,564,131	1,145,783	35,786,077
Total expenditures	140,373,121	24,345,140	24,707,743	31,517,168	220,943,172
Excess (deficiency) of revenues over (under) expenditures	(1,026,668)	277,373	(24,317,718)	(3,538,893)	(28,605,906)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,256,337	75,971	24,876,020	15,433,882	49,642,210
Transfers (out)	(6,422,727)	-	-	(39,852,895)	(46,275,622)
Proceeds from sale of general capital assets	334,563	-	-	-	334,563
Issuance of bonds	-	-	-	64,425,000	64,425,000
Insurance recoveries	177,040	-	-	-	177,040
Total other financing sources	3,345,213	75,971	24,876,020	40,005,987	68,303,191
Net change in fund balance	2,318,545	353,344	558,302	36,467,094	39,697,285
Beginning fund balances (deficit)	47,905,486	(1,326,064)	2,246,597	25,237,149	74,063,168
Ending fund balances (deficit)	\$ 50,224,031	\$ (972,720)	\$ 2,804,899	\$ 61,704,243	\$ 113,760,453

The accompanying notes are an integral part of these 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, 2021

Net change in fund balances - total governmental funds \$ 39,697,285

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

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.

Capital asset purchases capitalized	\$ 35,786,077	
Capital assets donated	907,360	
Depreciation expense	(17,043,655)	
Less: depreciation expense reported in the Internal Service Funds	19,171	19,668,953

In the Statement of Activities, the gain or loss on disposal of capital assets is reported. Conversely, governmental funds do not report gain or loss on the disposal of capital assets.

Net book value of disposed capital assets	(76,528)
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Internal service funds are used by management to charge costs of certain activities to individual funds. The change in net income of the internal service funds is included in governmental activities in the statement of activities.

(7,347,644)

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.

Property tax	1,473,917
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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.

Proceeds from bonds issued	\$ (64,425,000)	
Principal retirement of long-term debt	16,091,778	
Amortization of premium	423,299	
Amortization of bond refunding deferred charge	(264,855)	(48,174,778)

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:

Accrued compensated absences	\$ (299,785)	
Pension expense	(9,534,402)	
Accrued interest payable	(186,388)	(10,020,575)

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.

7,693,374

Change in net position of governmental activities

\$ 2,914,004

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 148,946,661	\$ 7,776,505	\$ 20,353,775	\$ 177,076,941	\$ 91,023,609
Investments	81,753,542	1,789,752	18,247,609	101,790,903	-
Accounts receivable, net	12,422,161	88,511	750	12,511,422	486,011
Accrued interest receivable	283,938	6,457	62,093	352,488	-
Due from federal government	60	-	-	60	-
Due from state government	69,482	-	-	69,482	-
Due from other funds	21,183,219	-	-	21,183,219	-
Due from component units	200,000	-	-	200,000	-
Inventory	2,704,441	58,744	-	2,763,185	916,194
Prepaid expenses	217,002	41,197	8,043	266,242	2,044,530
Real estate held for resale	-	-	688,335	688,335	-
Total current assets	267,780,506	9,761,166	39,360,605	316,902,277	94,470,344
Noncurrent assets					
Mortgage notes receivable, net	99,655	-	23,233,254	23,332,909	-
Investments	68,176,449	-	34,548,995	102,725,444	-
Prepaid bond insurance costs	-	194,772	-	194,772	-
Advances to other funds	1,150,042	-	-	1,150,042	-
Capital assets					
Land	14,890,063	16,806,856	582,854	32,279,773	-
Buildings, improvements and utility plant	1,245,943,679	57,850,251	53,677,610	1,357,471,540	914,576
Machinery and equipment	82,156,600	1,891,604	5,234,258	89,282,462	1,587,337
Less accumulated depreciation	(604,889,261)	(26,257,336)	(16,988,951)	(648,135,548)	(2,318,863)
Construction in progress	249,216,097	3,994,341	13,026,249	266,236,687	-
Net capital assets	987,317,178	54,285,716	55,532,020	1,097,134,914	183,050
Total noncurrent assets	1,056,743,324	54,480,488	113,314,269	1,224,538,081	183,050
TOTAL ASSETS	1,324,523,830	64,241,654	152,674,874	1,541,440,358	94,653,394
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	54,794,707	-	-	54,794,707	-
Deferred outflows related to other postemployment benefits liability	10,528,385	683,473	1,003,396	12,215,254	36,257,974
Deferred outflows related to net pension liability	10,044,296	715,020	927,337	11,686,653	1,062,630
Accumulated decrease in fair value of hedging derivatives	31,778,139	-	-	31,778,139	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	107,145,527	1,398,493	1,930,733	110,474,753	37,320,604

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES					
Current liabilities					
Accounts payable	\$ 19,206,853	\$ 2,048,840	\$ 2,502,714	\$ 23,758,407	\$ 1,696,408
Accrued salaries and benefits	1,603,037	100,260	114,950	1,818,247	234,676
Compensated absences, current portion	411,123	27,668	19,776	458,567	72,147
Retainage payable	4,517,505	-	476,028	4,993,533	-
Accrued interest payable	9,969,026	599,597	751,604	11,320,227	-
Revenue bonds payable, current portion	18,505,000	1,375,000	685,000	20,565,000	-
Forgivable loan	90,094	-	-	90,094	-
Due to other funds	-	-	9,228,952	9,228,952	941,279
Unearned revenue	225,018	22,031	102,469	349,518	29,735
Accrued liability for claims	23,600	-	-	23,600	15,290,239
Total current liabilities	54,551,256	4,173,396	13,881,493	72,606,145	18,264,484
Noncurrent liabilities					
Compensated absences, net of current portion	1,644,493	110,670	79,105	1,834,268	288,587
Net pension liability	53,871,910	3,982,172	4,750,300	62,604,382	6,194,437
Total OPEB liability	52,386,102	3,400,755	4,992,598	60,779,455	180,408,858
Revenue bonds payable, net of current portion	723,706,021	33,500,000	40,797,055	798,003,076	-
Derivative instrument liability - interest rate swap	31,778,139	-	-	31,778,139	-
Total noncurrent liabilities	863,386,665	40,993,597	50,619,058	954,999,320	186,891,882
TOTAL LIABILITIES	917,937,921	45,166,993	64,500,551	1,027,605,465	205,156,366
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to other postemployment benefits liability	973,996	63,229	92,826	1,130,051	3,354,278
Deferred inflows related to net pension liability	1,011,903	74,561	89,328	1,175,792	115,492
TOTAL DEFERRED INFLOWS OF RESOURCES	1,985,899	137,790	182,154	2,305,843	3,469,770
FUND NET POSITION					
Net investment in capital assets	363,559,807	19,410,716	48,122,932	431,093,455	183,050
Restricted for debt service	3,054,086	-	1,037,134	4,091,220	-
Unrestricted	145,131,644	924,648	40,762,836	186,819,128	(76,835,188)
TOTAL FUND NET POSITION	\$ 511,745,537	\$ 20,335,364	\$ 89,922,902	622,003,803	\$ (76,652,138)
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				(37,933,045)	
Net position of business-type activities				<u>\$ 584,070,758</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for service	\$ 157,941,466	\$ 4,875,861	\$ 16,137,921	\$ 178,955,248	\$ 49,363,896
Intergovernmental revenue	1,200	-	16,653	17,853	29,735
Other operating revenue	-	1,680,183	-	1,680,183	-
Total operating revenues	157,942,666	6,556,044	16,154,574	180,653,284	49,393,631
Operating expenses					
Personnel services	46,687,801	3,116,886	3,752,921	53,557,608	20,885,480
Materials and supplies	13,062,687	104,611	199,794	13,367,092	8,238,636
Other services and charges	34,113,948	874,860	6,749,324	41,738,132	4,596,564
Heat, light and power	5,961,557	309,549	-	6,271,106	3,813
Depreciation	39,492,667	1,662,027	2,018,250	43,172,944	19,171
Claims and premiums	23,484	-	-	23,484	31,089,599
Loan bad debt expense	-	-	216,143	216,143	-
Total operating expenses	139,342,144	6,067,933	12,936,432	158,346,509	64,833,263
Operating income (loss)	18,600,522	488,111	3,218,142	22,306,775	(15,439,632)
Nonoperating revenues (expenses)					
Investment income	611,346	13,655	175,706	800,707	113,818
Rental income	220,181	110,940	-	331,121	-
Other nonoperating revenue	42,309	14,558	70,303	127,170	-
Federal grant revenue	1,481,643	-	2,265,655	3,747,298	-
State grant revenue	449,058	-	-	449,058	-
Gain (loss) from sale of assets	(965,903)	4,095	120,230	(841,578)	9,250
Interest expense	(22,973,323)	(1,463,966)	(1,643,499)	(26,080,788)	-
Bond related costs	(1,815,409)	(1,000)	(3,900)	(1,820,309)	-
Amortization of deferred charges	(2,358,174)	(12,499)	-	(2,370,673)	-
Total nonoperating revenues (expenses)	(25,308,272)	(1,334,217)	984,495	(25,657,994)	123,068
Income (loss) before contributions and transfers	(6,707,750)	(846,106)	4,202,637	(3,351,219)	(15,316,564)
Capital contributions and transfers					
Transfers in	259,166	9,302	314,058	582,526	9,798,686
Transfers out	(10,158,252)	(910,201)	(849,581)	(11,918,034)	(1,829,766)
Capital contributions	10,901,680	-	-	10,901,680	-
Total capital contributions and transfers	1,002,594	(900,899)	(535,523)	(433,828)	7,968,920
Change in net position	(5,705,156)	(1,747,005)	3,667,114	(3,785,047)	(7,347,644)
Net position - beginning of period	517,450,693	22,082,369	86,255,788		(69,304,494)
Net position - ending	\$ 511,745,537	\$ 20,335,364	\$ 89,922,902		\$ (76,652,138)
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(7,693,374)	
Change in net position of business-type activities				<u>\$ (11,478,421)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers and users	\$ 157,505,695	\$ 6,544,838	\$ 16,371,222	\$ 180,421,755	\$ 244,478
Internal activity - receipts from other funds	-	-	-	-	49,030,749
Internal activity - payments to other funds	(2,388,255)	(70,750)	(288,020)	(2,747,025)	-
Payments to suppliers	(65,839,602)	(520,323)	(6,744,398)	(73,104,323)	(18,175,250)
Claims paid	(23,484)	-	-	(23,484)	(31,237,712)
Payments to employees	(24,269,654)	(1,596,871)	(1,712,624)	(27,579,149)	(3,523,711)
Net cash provided by (used in) operating activities	64,984,700	4,356,894	7,626,180	76,967,774	(3,661,446)
Cash flows from noncapital financing activities					
Advances from other funds	-	-	1,045,018	1,045,018	247,769
Advances to other funds	(2,128,159)	-	(451,096)	(2,579,255)	-
Nonoperating grants	1,936,668	-	2,265,655	4,202,323	-
Transfers in	259,166	9,302	314,058	582,526	9,798,686
Transfers out	(10,158,252)	(910,201)	(849,581)	(11,918,034)	(1,829,766)
Net cash (used in) provided by noncapital financing activities	(10,090,577)	(900,899)	2,324,054	(8,667,422)	8,216,689
Cash flows from capital and related financing activities					
Principal paid on bonds and notes	(106,445,000)	(1,230,000)	(660,000)	(108,335,000)	-
Proceeds from revenue bonds	136,997,936	-	-	136,997,936	-
Interest paid on debt	(26,483,088)	(1,481,777)	(1,830,250)	(29,795,115)	-
Payments for bond related costs	(25,574,113)	(1,000)	(3,900)	(25,579,013)	-
Purchase of capital assets	(78,027,678)	(3,124,097)	(5,091,381)	(86,243,156)	-
Proceeds from sale of capital assets	305,287	3,680,590	120,230	4,106,107	9,250
Net cash (used in) provided by capital and related financing activities	(99,226,656)	(2,156,284)	(7,465,301)	(108,848,241)	9,250
Cash flows from investing activities					
Purchase of investments	-	(361,128)	(472,690)	(833,818)	-
Sale of investments	61,214,606	-	70,303	61,284,909	-
Purchase of real estate held for resale	-	-	(91,994)	(91,994)	-
Receipts of property rentals	220,181	110,940	-	331,121	-
Advances of mortgage notes receivable	-	-	(193,770)	(193,770)	-
Collections of mortgage notes receivable	4,367	-	-	4,367	-
Interest received	682,100	27,212	162,378	871,690	113,818
Net cash provided by (used in) investing activities	62,121,254	(222,976)	(525,773)	61,372,505	113,818
Net increase in cash and cash equivalents	17,788,721	1,076,735	1,959,160	20,824,616	4,678,311
Cash and cash equivalents, July 1, 2020	131,157,940	6,699,770	18,394,615	156,252,325	86,345,298
Cash and cash equivalents, June 30, 2021	\$ 148,946,661	\$ 7,776,505	\$ 20,353,775	\$ 177,076,941	\$ 91,023,609

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water/Sewer Facilities Fund	Parking Facilities Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	<u>\$ 18,600,522</u>	<u>\$ 488,111</u>	<u>\$ 3,218,142</u>	<u>\$ 22,306,775</u>	<u>\$ (15,439,632)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	39,492,667	1,662,027	2,018,250	43,172,944	19,171
Accrued benefits related to net pension liability	2,836,423	184,133	270,324	3,290,880	226,758
Bad debt expense	-	-	216,143	216,143	-
Change in operating assets and liabilities					
Accounts receivable	(439,971)	(18,769)	506	(458,234)	(118,404)
Inventory	107,564	797	-	108,361	(214,869)
Prepaid expenses	(66,837)	(1,022)	6,103	(61,756)	(1,952,339)
Accounts payable	(696,659)	1,712,050	1,425,795	2,441,186	(1,227,744)
Accrued salaries	718,942	42,132	50,658	811,732	114,124
Accrued compensated absences	59,240	(3,803)	3,800	59,237	30,723
OPEB liability	4,369,809	283,675	416,460	5,069,944	15,048,879
Unearned revenue	3,000	7,563	(1)	10,562	-
Accrued liability for claims	-	-	-	-	(148,113)
Total adjustments	<u>46,384,178</u>	<u>3,868,783</u>	<u>4,408,038</u>	<u>54,660,999</u>	<u>11,778,186</u>
Net cash provided by (used in) operating activities	<u><u>\$ 64,984,700</u></u>	<u><u>\$ 4,356,894</u></u>	<u><u>\$ 7,626,180</u></u>	<u><u>\$ 76,967,774</u></u>	<u><u>\$ (3,661,446)</u></u>

The accompanying notes are an integral part of these financial statements.

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

June 30, 2021

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Fund</u>
ASSETS		
Cash and cash equivalents	\$ 4,935	\$ 85,965
Total assets	<u>4,935</u>	<u><u>85,965</u></u>
LIABILITIES		
Accounts payable	-	\$ 85,965
Total liabilities	<u>-</u>	<u><u>85,965</u></u>
NET POSITION		
Held in trust - other purposes	<u><u>\$ 4,935</u></u>	

The accompanying notes are an integral part of these financial statements.

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

Year Ended June 30, 2021

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private donations	\$ 27
Total additions	<u>27</u>
DEDUCTIONS	
Program expenses	<u>3</u>
Total deductions	<u>3</u>
Change in net position	24
Net position - beginning	<u>4,911</u>
Net position - ending	<u><u>\$ 4,935</u></u>

The accompanying notes are an integral part of these financial statements.

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

June 30, 2021

	Columbia Housing Development Corporation	Eau Claire Development Corporation	Experience Columbia SC	TN Development Corporation	Columbia Empowerment Zone, Inc.	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 880,976	\$ 563,156	\$ 10,522,983	\$ 779,566	\$ 976,029	\$ 13,722,710
Certificates of deposit	100,000	-	-	100,000	1,012,926	1,212,926
Cash on deposit with escrow agent	-	-	4,513,306	-	-	4,513,306
Accounts receivable, net	1,557	304	193,765	117,524	16,413	329,563
Accrued interest receivable	-	-	-	-	801	801
Mortgage notes receivable, current portion	24,014	-	-	-	80,012	104,026
Prepaid expenses	3,626	3,179	439,140	32,743	7,751	486,439
Restricted assets						
Restricted cash	-	-	-	-	24,201	24,201
Real estate held for sale and development	28,800	-	-	-	-	28,800
Total current assets	<u>1,038,973</u>	<u>566,639</u>	<u>15,669,194</u>	<u>1,029,833</u>	<u>2,118,133</u>	<u>20,422,772</u>
Capital assets						
Capital assets, not being depreciated	77,398	58,000	-	710,731	1,285,430	2,131,559
Capital assets, net of accumulated depreciation	<u>419,345</u>	<u>307,320</u>	<u>2,710,342</u>	<u>2,112,739</u>	<u>1,950,286</u>	<u>7,500,032</u>
Net capital assets	<u>496,743</u>	<u>365,320</u>	<u>2,710,342</u>	<u>2,823,470</u>	<u>3,235,716</u>	<u>9,631,591</u>
Other assets						
Mortgage note receivable, net of allowance	413,462	-	-	-	1,452,934	1,866,396
Real estate held for sale and development	497,854	488,307	-	554,791	-	1,540,952
Organizational costs	-	-	-	-	1,454	1,454
Security deposits	-	-	2,500	2,175	-	4,675
Cash on deposit with escrow agent	-	-	5,020,926	-	-	5,020,926
Total other assets	<u>911,316</u>	<u>488,307</u>	<u>5,023,426</u>	<u>556,966</u>	<u>1,454,388</u>	<u>8,434,403</u>
Total noncurrent assets	<u>1,408,059</u>	<u>853,627</u>	<u>7,733,768</u>	<u>3,380,436</u>	<u>4,690,104</u>	<u>18,065,994</u>
TOTAL ASSETS	<u>2,447,032</u>	<u>1,420,266</u>	<u>23,402,962</u>	<u>4,410,269</u>	<u>6,808,237</u>	<u>38,488,766</u>

(Continued)

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

June 30, 2021

	Columbia Housing Development Corporation	Eau Claire Development Corporation	Experience Columbia SC	TN Development Corporation	Columbia Empowerment Zone, Inc.	Total
LIABILITIES						
Current liabilities						
Accounts payable	\$ 3,857	\$ 3,611	\$ 284,215	\$ 41,041	\$ 13,309	\$ 346,033
Accrued expenses	8,756	3,796	206,726	15,327	13,628	248,233
Customer deposits	4,000	1,100	-	40,804	24,201	70,105
Due to primary government	100,000	-	-	100,000	-	200,000
Compensated absences	2,310	-	-	2,813	6,240	11,363
Mortgage/bonds/notes payable/ lines of credit - current portion	-	577,981	-	2,607,366	-	3,185,347
Unearned revenue	140,278	-	791,121	44,253	-	975,652
Total current liabilities	259,201	586,488	1,282,062	2,851,604	57,378	5,036,733
Noncurrent liabilities						
Compensated absences	9,238	-	187,395	11,327	24,966	232,926
Mortgage/bonds/lines of credit payable	621,723	-	-	696,554	-	1,318,277
Paycheck Protection Program loan	-	-	812,835	-	-	812,835
Due to grantor agency	-	6,501	-	-	-	6,501
Total noncurrent liabilities	630,961	6,501	1,000,230	707,881	24,966	2,370,539
TOTAL LIABILITIES	890,162	592,989	2,282,292	3,559,485	82,344	7,407,272
NET POSITION						
Net investment in capital assets	(124,980)	365,320	2,710,342	(480,450)	3,362,799	5,833,031
Restricted						
Community development	28,800	38,245	-	-	-	67,045
Tourism	-	-	9,611,315	-	-	9,611,315
Unrestricted	1,653,050	423,712	8,799,013	1,331,234	3,363,094	15,570,103
TOTAL NET POSITION	\$ 1,556,870	\$ 827,277	\$ 21,120,670	\$ 850,784	\$ 6,725,893	\$ 31,081,494

The accompanying notes are an integral part of these financial statements.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF ACTIVITIES -
BUSINESS-TYPE ACTIVITY DISCRETELY PRESENTED COMPONENT UNITS
Year Ended June 30, 2021

	Program Revenue				Net (Expense) Revenues and Changes in Net Position					Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Columbia Housing Development Corporation	Eau Claire Development Corporation	Experience Columbia SC	TN Development Corporation	Columbia Empowerment Zone, Inc.	
Columbia Housing Development Corporation Community Development	291,403	46,428	-	-	(244,975)	-	-	-	-	(244,975)
Eau Claire Development Corporation Community Development	119,033	13,864	-	-	-	(105,169)	-	-	-	(105,169)
Experience Columbia SC Community Promotions	9,299,587	7,565,568	-	-	-	-	(1,734,019)	-	-	(1,734,019)
TN Development Corporation Community Development	1,435,296	969,239	-	-	-	-	-	(466,057)	-	(466,057)
Columbia Empowerment Zone, Inc. Community Development	582,513	292,406	-	-	-	-	-	-	(290,107)	(290,107)
Total component units	<u>\$ 11,727,832</u>	<u>\$ 8,887,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(244,975)</u>	<u>(105,169)</u>	<u>(1,734,019)</u>	<u>(466,057)</u>	<u>(290,107)</u>	<u>(2,840,327)</u>
General revenues:										
Appropriations - City of Columbia					180,294	231,816	-	557,792	295,166	1,265,068
Investment earnings					2,055	132	18,187	-	-	20,374
Gain on disposal of capital assets					846	-	-	-	-	846
Other revenues					1,927	-	-	-	10,348	12,275
Total general revenues					<u>185,122</u>	<u>231,948</u>	<u>18,187</u>	<u>557,792</u>	<u>305,514</u>	<u>1,298,563</u>
Change in net position					(59,853)	126,779	(1,715,832)	91,735	15,407	(1,541,764)
Net position - beginning of period					<u>1,616,723</u>	<u>700,498</u>	<u>22,836,502</u>	<u>759,049</u>	<u>6,710,486</u>	<u>32,623,258</u>
Net position - ending					<u>\$ 1,556,870</u>	<u>\$ 827,277</u>	<u>\$ 21,120,670</u>	<u>\$ 850,784</u>	<u>\$ 6,725,893</u>	<u>31,081,494</u>

The accompanying notes are an integral part of these financial statements.

INDEX TO NOTES TO FINANCIAL STATEMENTS

CITY OF COLUMBIA, SOUTH CAROLINA
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Year Ended June 30, 2021

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Year Ended June 30, 2021

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CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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 133,100 living within an area of approximately 135 square miles. The Greater Columbia Metropolitan Area consists of Lexington and Richland Counties and has an estimated population of 817,500. 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) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources; (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, provide financial support to, the entity; or (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 five 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 Operations, and the Assistant City Manager for Finance and Economic Services 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, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Blended Component Units (Continued)

Municipal Complex

The Municipal Complex represents the building located at 1401 Main St., Columbia, SC, which is owned by the City. The Municipal Complex houses City offices and tenants for which the City takes in rent. Eventually, this building will be occupied completely by the City. The Municipal Complex is reported within the General Fund and does not issue separate financial statements.

Discretely Presented Component Units

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.

Experience Columbia SC

Experience Columbia SC is comprised of the Columbia Metropolitan Convention and Visitors Bureau (the "Bureau") and Midlands Authority for Conventions, Sports and Tourism (the "Authority"). The Bureau is a not-for-profit organization established to enhance the economic growth of Lexington and Richland counties. The Authority is a not-for-profit organization consisting of the Convention Center Authority, which was incorporated in July 2001 and was formed to oversee the development of a regional convention center and operate the convention center for the mutual benefit of the City and Richland and Lexington counties (the "Governmental Entities") and the Bureau. Experience Columbia SC has a nine member board of directors appointed by the Governmental Entities. Lexington and Richland counties appoint two directors each and the remaining directors are appointed by the City. The Governmental Entities have pledged their tourism development fees to support this project. The City also issued debt to fund this project and is responsible for the debt payments. The City is also required to fund any operating deficits incurred. The City owns the building where Experience Columbia SC 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Discretely Presented Component Units (Continued)

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, 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.

Columbia Development Corporation (CDC) was previously a discretely presented component of the City. As CDC no longer receives support from the City, it is no longer a discretely presented component unit within the City's financial statements as of and for the year ended June 30, 2021.

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:

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

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.

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) – Revenues received in this fund must be used to provide fire services and 911 emergency communications to Richland County citizens residing outside the City limits.
- General Capital Projects (a major fund) – accounts for various capital projects funded by various 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. Expenditures from this fund must be used for the promotion of tourism or youth mentoring programs.
- 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. Expenditures from this fund must be used for the promotion of tourism.
- Confiscated Drug Program – accounts for the disposition of forfeited property and money seized in Columbia by law enforcement agencies. Expenditures from this fund must be used to enhance public safety.
- 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. Expenditures from this fund must be used to promote tourism.
- Community Development – accounts for the Community Development Block Grants and other community development type grants. Expenditures from this fund must be used on activities that enhance the community.
- 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Governmental Fund Types (Continued):

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.

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.
- 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:

- Anna 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Proprietary Fund Types (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 a custodian 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:

Custodial Fund

This fund is used to account for assets held by the City as an custodian 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 in a trustee capacity under which principal and income benefit individuals, private organizations, or other governments.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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 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. The City considers revenues available, including property taxes, 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.

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 follows the provisions of GASB Statement No.62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

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, investment accounts, and liquid investments with an original maturity of three months or less when purchased.

Investments

In accordance with GASB 31 and GASB 72, 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 both the government-wide and the fund financial statements, all 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. The City uses the consumption method of accounting to record prepayments. Under the consumption method, prepaid items are recognized proportionately over the period in which the service is provided.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Real Estate

Real estate held for sale and development is recorded at the lower of cost or net realizable value. Real estate held for sale or development is classified as noncurrent if the use of the proceeds is restricted in some way.

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 received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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 2006, the acquisition date is assumed to have been on the last day of the fiscal year. For assets acquired after 2006, the acquisition date is the actual date of purchase. Infrastructure assets acquired during fiscal year 2006 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

Restricted Assets

Restricted assets consist of real estate that is held for sale and development, restricted cash, and restricted investments.

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, 2021. 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.

Refundable Advances

Refundable advances consists of federal grant funds either received by the City from federal agencies in advance for services not yet delivered or funds that are to be returned to a federal agency due to noncompliance with the requirements of a federal grant agreement.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned Revenues

Unearned revenues consist of funds received by the City from other than federal agencies in advance of meeting all of the requirements necessary to recognize the revenue.

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 bond issue and 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 OPEB 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 and OPEB liability result from contributions made to the South Carolina Public Employee Benefit Authority subsequent to the measurement date, which will be recognized as reductions of the liabilities in the subsequent year, changes in assumptions, and differences between expected and actual experience, which will be amortized beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants. Differences between projected investment return on investments and actual return on those investments will be amortized over a five year period, and changes in the proportionate share and differences between employer contributions and proportion and the proportionate share of total plan employer contributions will be recognized as a reduction of the liability over a four year period.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 four 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 property taxes. This amount is 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 the time requirements being met, but after all other eligibility requirements are met. During 2021, 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, and differences between expected and actual experience, which will be amortized into pension expense over a closed period equal to the average remaining service lives of all participants. The fourth type is deferred inflows relating to other postemployment benefit liability and is the result of assumption changes related to plan benefits and is amortized into other postemployment benefit expense over a closed period of approximately eight years.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUES, EXPENDITURES, AND EXPENSES (Continued)

Property Tax Revenues (Continued)

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. The tax generated approximately \$24 million during the year ended June 30, 2021. As a result of the City's revenue recognition policy, deferred inflows of resources of approximately \$3,157,000 are reported in the General Fund and Statement of Net Position as of June 30, 2021.

Investment Income

The City has a policy of allocating interest income on pooled cash and investments to appropriate funds on a monthly 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.

Operating and Nonoperating Revenues and Expenses

Proprietary and internal service funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues of the water/sewer facilities fund, the parking facilities fund, the stormwater facilities fund, the hydroelectric facilities fund, the redevelopment programs fund, and the parks and recreation camp funds are charges to customers for sales and services. Operating revenues for internal service funds consist of charges to other funds for the services being provided by the internal service funds and sales to entities external to the City. Operating expenses for business-type funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Characteristic: Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Funds – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. REVENUES, EXPENDITURES AND EXPENSES (Continued)

Pensions and Other Post Employment Benefits Liability

The net pension liability and related deferred outflows and inflows and expense are measured using information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS). Additions to/deductions from SCRS's and PORS's fiduciary net position have been determined on the same basis as they are reported by SCRS and PORS. The OPEB liability and related deferred outflows and inflows and expense are actuarially determined for the City's defined benefit OPEB plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental and proprietary funds have been eliminated.

F. 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 or other liabilities 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.

G. FUND BALANCE

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following categories of fund balance are used in the fund level financial statements of the governmental funds:

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND BALANCE (Continued)

Committed fund balance (Continued)

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. The general fund is the only fund that reports a positive unassigned fund balance amount. 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.

Classification / Fund	Purpose	Amount
Nonspendable		
General Fund	Prepaid charges	\$ 858,471
County Services	Prepaid charges	103,533
Anna Dickson Trust	Nonspendable principal	5,048
Total nonspendable		<u>967,052</u>
Restricted		
General Fund	Capital projects	1,885,765
General Fund	Community development	645,708
Liquor Permit Fee	Tourism	1,586,656
Tourism Development Convention Center	Tourism	1,855,259
Accommodations Tax	Tourism	411,807
Hospitality Tax	Tourism	4,623,696
Confiscated Drug Program	Law enforcement	355,190
Federal grants	Public safety	259,033
Other Programs	Community development	414,942
Debt Service Fund	Debt Service	3,527,356
Congaree Vista District	Construction of parks in the Congaree Vista District	5,566,207
Miscellaneous Projects	General Fund capital projects	34,906,266
Total restricted		<u>56,037,885</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FUND BALANCE (Continued)

Committed		
General Fund	Community development	\$ 484,765
General Fund	Public safety	4,369,684
Total committed		<u>4,854,449</u>
Assigned		
General Fund	Subsequent year expenditures	124,308
General Capital Projects	Capital projects	2,804,899
Streetscaping	Streetscaping capital projects	9,483,508
Total assigned		<u>12,412,715</u>
Unassigned		
General Fund		41,855,330
County Services		(1,076,253)
Other Governmental Funds		(1,290,725)
Total unassigned		<u>39,488,352</u>
Total fund balances		<u>\$ 113,760,453</u>

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

The general fund budget, the only legally required budget, is 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 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. DEFICIT FUND EQUITY

At June 30, 2021, the County Services Fund had a deficit fund balance of \$972,720. The Community Development Fund had a deficit fund balance of \$1,290,725. The Parks and Recreation Camp Fund had a deficit net position of \$899,262. The Fleet Management Internal Service Fund had a deficit net position of \$7,555,480. The Support Services Internal Service Fund had a deficit net position of \$1,834,873. The Risk Management Internal Service Fund had a deficit net position of \$67,261,785. Revenues and transfers from other funds in subsequent years are expected to fund these deficits.

C. RISK MANAGEMENT

Prior to January 1, 2019, the City was self-insured for medical and dental coverage. Effective January 1, 2019, the City became a member of the State of South Carolina State Health Plan administered by PEBA. The impact of this change is that the City went from a claims based system of managing medical and dental costs to a premium based system. The City feels the change will better enable them to manage and budget their medical and dental costs. The City is obligated to remain a member of the State Health Plan for four years. After two years, the City will be subject to a potential increase in premiums due to a risk rating to be performed. Refer to Note III. G for further details.

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 \$1,250,000. 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	Liability	Estimates	Payments	Liability
2020	\$16,331,823	\$31,416,021	(\$32,285,892)	\$15,461,952
2021	\$15,461,952	\$31,113,083	(\$31,261,196)	\$15,313,839

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. RISK MANAGEMENT (Continued)

This liability is reported in both the Risk Management Fund of the internal services funds (\$15,290,239) and the Water and Sewer Facilities Fund (\$23,600). The liability at June 30, 2021 includes \$6,189,896 for legal claims. See also Note VI. C. 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.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

As of June 30, 2021, the City, excluding component units, had the following investments:

Investment Type	Investment Maturities (in Years)		
	Fair Value	Less Than 1	Greater Than 1
Money Market	\$ 165,998,006	\$ 165,998,006	\$ -
Treasuries	70,406,623	23,517,922	46,888,701
Agencies	31,607,765	8,307,603	23,300,162
Total	<u>\$ 268,012,394</u>	<u>\$ 197,823,531</u>	<u>\$ 70,188,863</u>

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.

The City allows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*. The City measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

A. DEPOSITS AND INVESTMENTS (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value. At June 30, 2021, all investments, including derivatives discussed further in Note V, are reported using the Level 1 fair value hierarchy.

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.

In addition, South Carolina State statutes authorize the City to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for liquidity; attention to credit quality, portfolio diversification, and maintenance of a short average maturity of fixed and floating rate investments.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

A. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk for Investments (continued)

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and as amended by GASB Statement No. 72, *Fair Value Measurement and Application*, investments in the SCLGIP are carried at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value for all investments of the SCGLIP is determined on a recurring basis based upon quoted market prices. The total fair value of the SCLGIP is apportioned to the entities with funds invested on an equal basis for each share owned which are acquired at a cost of \$1.00.

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.

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, 2021, the City, excluding component units, was in full compliance with its collateral policy.

At June 30, 2021, CHDC had approximately \$401,000 in deposits that were uninsured and uncollateralized. At June 30, 2021, CEZ had approximately \$729,000 in deposits that was uninsured and uncollateralized.

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, 2021, none of the City's security investments were exposed to custodial credit risk.

The balance of collateralized securities was approximately \$70,488,000 at June 30, 2021.

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	\$ 345,565,826
Fair Value of Investments	268,012,394
Total Deposits and Investments	\$ 613,578,220
Statement of Net Position	
Cash and Equivalents	\$ 345,474,926
Investments - Current	135,942,847
Investments - Noncurrent	132,069,547
Statement of Net Position - Fiduciary Funds	
Cash and Equivalents - Trust Funds	4,935
Cash and Equivalents - Agency Funds	85,965
Total Cash and Investments	\$ 613,578,220

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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, 2021, are as follows:

General Fund	\$ 1,256,628
Water/Sewer Facilities	\$ 16,478,417
Parking Facilities	\$ 4,081,780
Nonmajor Business-type activities	\$ 9,250
Internal Service Funds	\$ 9,222

Receivables for the component units consist of items totaling approximately \$2,106,000 at June 30, 2021, which are net of allowances for doubtful accounts. As of June 30, 2021, the allowance for doubtful accounts was approximately \$132,000 for the component units.

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. Total net mortgage notes receivable were approximately \$23,333,000 as of June 30, 2021. An allowance of approximately \$5,229,000 was recorded as of June 30, 2021.

Component units

The Columbia Housing Development Corporation (CHDC) has mortgage notes receivable consisting of \$437,476 as of June 30, 2021, which is net of an allowance for uncollectible loans of \$118,938. 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.

CEZ, Inc. has loans receivable amounting to \$1,532,946 as of June 30, 2021, which is the net of allowance for uncollectible loans of \$12,661. 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The interfund receivables and payables (including advances) at June 30, 2021, are as follows:

	Interfund Receivables	Interfund Payables
Funds:		
General	\$ -	\$ 2,390,149
County services	-	4,035,712
Water/sewer	22,333,261	-
Nonmajor governmental	-	5,737,169
Nonmajor proprietary	-	9,228,952
Internal service funds	-	941,279
Total	<u>\$ 22,333,261</u>	<u>\$ 22,333,261</u>

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. These amounts also include a \$1,150,042 working capital loan made to the general fund which the water and sewer fund expects to collect in subsequent years.

The interfund transfers for the year ended June 30, 2021, are as follows:

	Transfers In	Transfers Out
General	\$ 9,256,337	\$ 6,422,727
County services	75,971	-
Nonmajor governmental	40,309,902	39,852,895
Water/sewer	259,166	10,158,252
Parking	9,302	910,201
Nonmajor proprietary	314,058	849,581
Internal service	9,798,686	1,829,766
	<u>\$ 60,023,422</u>	<u>\$ 60,023,422</u>

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 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

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, 2021, were approximately \$1,081,000. Future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2022	\$ 213,470
2023	215,137
2024	157,900
2025	157,900
2026	165,962
2027 - 2031	838,477
2032 - 2036	800,678
2037 - 2041	163,800
Total	<u>\$ 2,713,324</u>

F. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Increases	Transfers	Decreases	Balance June 30, 2021
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 37,104,644	\$ 2,432,964	\$ -	\$ -	\$ 39,537,608
Construction in progress	28,788,881	3,864,317	(287,501)	-	32,365,697
Total capital assets not being depreciated	65,893,525	6,297,281	(287,501)	-	71,903,305
Capital assets, being depreciated:					
Buildings and improvements	248,758,386	24,294,401	287,501	(47,205)	273,293,083
Machinery and equipment	78,963,172	5,194,395	-	(3,465,005)	80,692,562
Infrastructure	39,548,223	907,360	-	-	40,455,583
Total capital assets, being depreciated	367,269,781	30,396,156	287,501	(3,512,210)	394,441,228
Less accumulated depreciation:					
Buildings and improvements	(105,126,601)	(8,574,767)	-	47,205	(113,654,163)
Machinery and equipment	(59,182,083)	(6,808,874)	-	3,388,477	(62,602,480)
Infrastructure	(20,769,921)	(1,660,014)	-	-	(22,429,935)
Total accumulated depreciation	(185,078,605)	(17,043,655)	-	3,435,682	(198,686,578)
Total capital assets, being depreciated, net	182,191,176	13,352,501	287,501	(76,528)	195,754,650
Governmental activities capital assets, net	\$ 248,084,701	\$ 19,649,782	\$ -	\$ (76,528)	\$ 267,657,955

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

F. CAPITAL ASSETS (Continued)

	Balance June 30, 2020	Increases	Transfers	Decreases	Balance June 30, 2021
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 33,719,656	\$ 26,903	\$ -	\$ (1,466,786)	\$ 32,279,773
Construction in progress	240,949,261	29,282,763	(3,995,337)	-	266,236,687
Total capital assets not being depreciated	274,668,917	29,309,666	(3,995,337)	(1,466,786)	298,516,460
Capital assets, being depreciated:					
Buildings and improvements	1,298,134,794	60,599,631	3,995,337	(5,258,222)	1,357,471,540
Machinery and equipment	86,041,552	5,680,029	-	(2,439,119)	89,282,462
Total capital assets, being depreciated	1,384,176,346	66,279,660	3,995,337	(7,697,341)	1,446,754,002
Less accumulated depreciation:					
Buildings and improvements	(536,926,237)	(38,658,839)	-	1,818,445	(573,766,631)
Machinery and equipment	(72,252,809)	(4,514,105)	-	2,397,997	(74,368,917)
Total accumulated depreciation	(609,179,046)	(43,172,944)	-	4,216,442	(648,135,548)
Total capital assets, being depreciated, net	774,997,300	23,106,716	3,995,337	(3,480,899)	798,618,454
Business-type activities capital assets, net	\$ 1,049,666,217	\$ 52,416,382	\$ -	\$ (4,947,685)	\$ 1,097,134,914

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

Governmental Activities:	
General government	\$ 9,577,536
Public safety	3,670,869
Parks and recreation	1,934,145
Public services	218,662
Judicial	61,301
Community development	3,980
General services	26,093
Nondepartmental	1,531,898
Internal service funds	19,171
Total depreciation expense - governmental activities	<u>\$ 17,043,655</u>
Business-type Activities:	
Water/Sewer facilities	\$ 39,492,667
Stormwater facilities	1,624,959
Parking facilities	1,662,027
Hydro-electric plant	393,291
Total depreciation expense - business-type activities	<u>\$ 43,172,944</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

III. DETAIL NOTES ON ACTIVITIES AND FUNDS (Continued)

G. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan description - The City's defined benefit OPEB plan, The City of Columbia Postretirement Healthcare Benefit Program (the Plan), provides OPEB for all active employees who work at least 30 hours per week, qualify for a City of Columbia Retirement Program or a Police and Firefighters Retirement Program benefit, and who retire with 20 or more years of service (15 years of service prior to July 1, 1992). Police and firefighters hired on or after July 1, 2009, are required to have 25 years of service. Other employees hired on or after July 1, 2009, are required to have 28 years of service. The Plan is a single-employer defined dollar benefit OPEB plan administered by the City. City ordinance grants the authority to establish and amend benefit terms and financing requirements to the City Council. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events well into the future, thus reflecting a long-term perspective. Examples would include assumptions about future employment, rates of retirement, mortality, and health care cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation.

Benefits provided – The Plan provides healthcare benefits for retirees and their spouses. The benefit terms provide for annual payments of up to \$13,560 in eligible health care costs for non-Medicare-eligible retirees and annual payments of up to \$10,080 for their spouses. For Medicare-eligible retirees the benefit terms provide for annual payments of up to \$3,600 and \$2,700 for their spouses.

Employees covered by benefit terms – At June 30, 2021, the following employees were covered by the benefit terms:

Active plan members	2,397
Inactive participants currently receiving benefit payments	665
Covered spouses currently receiving benefits	<u>211</u>
	<u>3,273</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

G. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Liability

The City's total OPEB liability of \$241,188,313 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial assumptions and other inputs – The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Retirees' share of benefit-related costs	None
Actuarial Cost Method	Entry Age Normal cost method

The discount rate used was 2.16% and was based on the 20 Year Municipal Bond Rate, using the basis of the Bond Buyer GO 20-Bond Municipal Bond Index. Mortality rates were based PUB-2010 Public Plans, Amounts-Weighted, Above-Medium Income, Healthy Annuitant Mortality Table with Generational Improvements by Scale MP2019 .

The actuarial assumptions used in the July 1, 2019 valuation were based on personnel, plan design, health care claim cost, and other information.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 229,909,006</u>
Changes for the year:	
Service cost	11,726,172
Interest cost	5,296,956
Changes in assumptions	(1,814,558)
Benefit payments	<u>(3,929,263)</u>
Net change in total OPEB liability	<u>11,279,307</u>
Balance at June 30, 2021	<u>\$ 241,188,313</u>

Changes in assumptions include:

- The discount rate decreased from 2.21% to 2.16%.
- The mortality assumption was updated to PUB-2010 Public Plans, Amounts-Weighted, Above-Medium Income, Healthy Annuitant Mortality Table with Generational Improvements by Scale MP2020.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

G. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 296,536,422	\$ 241,188,313	\$ 201,069,998

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current trend rate:

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$ 194,988,081	\$ 241,188,313	\$ 305,816,318

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$20,118,823. At June 30, 2021, the City reported deferred inflows and outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in actual and expected experience	\$ 4,460,325	\$ -
Change in assumptions	44,012,903	(4,484,329)
	<u>\$ 48,473,228</u>	<u>\$ (4,484,329)</u>

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (7,024,958)
2023	(7,024,958)
2024	(7,024,958)
2025	(7,217,479)
2026	(7,547,487)
Total thereafter	(8,149,059)
Total	<u><u>\$(43,988,899)</u></u>

As of June 30, 2021, there were no payables due to the OPEB Plan.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS

Activity related to long-term obligations during 2021 was as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Amount Due in 2022
Governmental Activities					
Notes payable	\$ 450,000	\$ -	\$ (75,000)	\$ 375,000	\$ 75,000
GO bonds	18,445,000	-	(2,685,000)	15,760,000	2,425,000
Revenue bonds	43,090,000	64,625,000	(8,110,000)	99,605,000	4,000,000
Unamortized bond premiums	4,687,931	-	(423,299)	4,264,632	-
Unamortized bond discounts	-	(200,000)	-	(200,000)	-
Capital lease payable	23,251,463	-	(5,221,778)	18,029,685	4,588,569
Compensated absences	9,013,417	9,343,925	(9,013,417)	9,343,925	1,868,785
Net pension liability	165,296,181	19,333,906	-	184,630,087	-
Total OPEB liability	171,971,937	8,436,921	-	180,408,858	-
Total governmental activities	436,205,929	101,539,752	(25,528,494)	512,217,187	12,957,354
Business-Type Activities					
Revenue bonds	738,965,000	135,535,000	(108,335,000)	766,165,000	20,565,000
Unamortized bond premiums	53,568,382	1,462,936	(2,628,242)	52,403,076	-
Compensated absences	2,233,598	2,292,835	(2,233,598)	2,292,835	458,567
Net pension liability	56,090,819	6,513,563	-	62,604,382	-
Total OPEB liability	57,937,069	2,842,386	-	60,779,455	-
Derivative instrument liability	40,749,908	-	(8,971,769)	31,778,139	-
Total business-type activities	949,544,776	148,646,720	(122,168,609)	976,022,887	21,023,567
Total all long-term obligations	\$ 1,385,750,705	\$ 250,186,472	\$ (147,697,103)	\$ 1,488,240,074	\$ 33,980,921

Debt Service

Long-term liabilities for the internal service funds are allocated between government and business-type activities. At the year ended June 30, 2021, \$360,734 of Internal Service Funds compensated absences is included in the above amounts. Also, for the governmental activities, 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 governmental debt secured by hospitality revenues are liquidated by the Debt Service 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 pension and other post-employment benefit liabilities are liquidated by the General Fund, Water and Sewer Fund, Parking Fund, Nonmajor Enterprise Funds, and Internal Service Funds.

Terms of Default

For the majority of the general obligation bonds and revenue bonds, in the event of default, no judgment for any deficiency upon the indebtedness will be sought or obtained by the bank. For the Water and Sewer Fund Revenue Bonds Series 2012, and 2018, in the event of default, the unpaid principal and interest becomes due in full. In addition, for the Water and Sewer Fund Revenue Bond Series 2009, in the event of default, the credit provider may terminate the initial credit facility, declare all amounts due in full, exercise a lien or right of attachment, assess interest on amounts due and payable, and exercise any other rights per the financing documents.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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, 2021, including interest payments, but excluding accrued compensated absences 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
2022	\$ 2,425,000	\$ 549,700	\$ 4,000,000	\$ 3,532,034	\$ 75,000	\$ -	\$ 4,588,569	\$ 331,275	\$ 11,088,569	\$ 4,413,009
2023	1,095,000	462,650	1,855,000	3,361,784	75,000	-	4,150,342	245,625	7,175,342	4,070,059
2024	910,000	424,700	2,115,000	3,323,165	75,000	-	3,466,914	163,822	6,566,914	3,911,687
2025	955,000	392,100	2,145,000	3,280,762	75,000	-	2,906,135	93,613	6,081,135	3,766,475
2026	990,000	357,850	1,740,000	3,235,085	75,000	-	2,101,596	34,885	4,906,596	3,627,820
2027-2031	2,365,000	1,361,250	22,355,000	14,081,436	-	-	816,129	4,904	25,536,129	15,447,590
2032-2036	1,965,000	1,000,250	14,685,000	10,789,011	-	-	-	-	16,650,000	11,789,261
2037-2041	2,340,000	621,900	17,610,000	7,852,313	-	-	-	-	19,950,000	8,474,213
2042-2046	2,715,000	249,300	16,965,000	4,197,355	-	-	-	-	19,680,000	4,446,655
2047-2051	-	-	16,135,000	1,551,811	-	-	-	-	16,135,000	1,551,811
	<u>\$ 15,760,000</u>	<u>\$ 5,419,700</u>	<u>\$ 99,605,000</u>	<u>\$ 55,204,756</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ 18,029,685</u>	<u>\$ 874,124</u>	<u>\$ 133,769,685</u>	<u>\$ 61,498,580</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

Business-Type Activities:

Year Ending June 30,	Revenue Bonds	Interest
2022	\$ 20,565,000	\$ 28,162,638
2023	23,050,000	27,860,727
2024	23,830,000	27,087,468
2025	24,600,000	26,310,584
2026	25,460,000	25,456,693
2027-2031	142,595,000	111,964,360
2032-2036	173,215,000	81,358,036
2037-2041	196,325,000	45,974,283
2042-2046	94,660,000	16,442,044
2047-2051	41,865,000	2,506,399
	<u>\$ 766,165,000</u>	<u>\$ 393,123,232</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.

General Obligation Bonds outstanding as of June 30, 2021, are as follows:

Governmental Activities:

\$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 June 1, 2022

Interest rate: 2.0 to 3.0% \$ 1,160,000

\$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: 2.0 to 3.0% 210,000

\$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 June 1, 2023

Interest rate: 2.0 to 3.5% 425,000

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds (Continued)

Governmental Activities (Continued):

\$6,260,000	City of Columbia General Obligation Bonds, Series 2015	
	Proceeds for: Refund Series 2007A General Obligation Bonds	
	Annual principal installments of \$15,000 to \$730,000 through June 1, 2027	
	Interest rate: 2.0 to 4.0%	\$ 3,980,000
\$10,645,000	City of Columbia General Obligation Bonds, Series 2016	
	Proceeds for: Acquisition of capital assets	
	Annual principal installments of \$210,000 to \$575,000 through June 1, 2046	
	Interest rate: 3.0 to 5.0%	9,985,000
	<i>Total Governmental Activities General Obligation Bonds</i>	<u><u>\$ 15,760,000</u></u>

Revenue Bonds, Notes Payable 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.

Notes Payable

Governmental Activities:

\$1,500,000	Note issued 2006 secured for development costs for Drew Wellness Center.	
	Annual principal installments of \$75,000 through Dec. 31, 2025.	
	Interest rate 0.0%.	\$ 375,000
	<i>Total Governmental Activities Note Payable</i>	<u><u>\$ 375,000</u></u>

Revenue Bonds

The governmental activities revenue bonds are backed by hospitality tax revenue. The Water and Sewer Fund revenue bonds are backed by the Water and Sewer System. Revenue bonds outstanding as of June 30, 2021, are as follows:

Governmental Activities:

\$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: 2.5%	\$ 5,065,000
\$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%	2,660,000

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds, Notes and Certificates of Participation (Continued)

Governmental Activities (Continued):

\$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: 4.0 to 5.0%	\$ 26,175,000
\$1,460,000	Special Obligation Revenue Bond - Hospitality Fee Pledge, Series 2017 Payable from revenues derived by the City from hospitality taxes. Annual principal installments of \$50,000 to \$155,000 through Feb. 1, 2029 Interest rate: 4.29%	1,080,000
\$10,000,000	2020A Economic development Revenue Bonds (Recover SC Program) Payable from revenues derived by the City from hospitality taxes. Annual principal installments of \$1,820,000 to \$2,190,000 through Oct. 1, 2030 Interest rate: 4.75%	10,000,000
\$54,625,000	IPRB, Series 2021 (Taxable) Payable from revenues derived by the City from hospitality taxes. Annual principal installments of \$485,000 to \$3,430,000 through Jun. 1, 2051 Interest rate: 0.455 to 3.141%	54,625,000
<i>Total Governmental Activities Revenue Bonds</i>		<u><u>\$ 99,605,000</u></u>

Business-Type Activities:

Parking Facilities Fund:

\$39,255,000	Parking Facilities Refunding Revenue Bonds, Series 2018 Payable from revenues derived by the City from operation of parking facilities. Proceeds for: Refunding the Series 2005A and 2014 bonds Annual principal installments of \$1,185,000 to \$2,935,000 through Feb. 1, 2037 Interest rate: 2.96 to 4.34%	\$ 34,875,000
<i>Total Parking Facilities Revenue Bonds</i>		<u><u>\$ 34,875,000</u></u>

Water and Sewer Fund:

\$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.	\$ 81,860,000
\$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%	4,560,000

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds, Notes and Certificates of Participation (Continued)

Business-Type Activities (Continued):

Water and Sewer Fund (Continued):

\$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%	\$ 3,385,000
\$63,325,000	Waterworks and Sewer System Revenue Bonds, Series 2016A	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: Cost of improvements to the System	
	Annual principal installments of \$1,000,000 to \$3,640,000 through Feb. 1, 2046	
	Interest rate: 2.0 to 5.0%	31,875,000
\$146,710,000	Waterworks and Sewer System Revenue Bonds, Series 2016B	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: Refunding portion of Series 2011A Bond (\$57,615,000) and	
	refunding portion of Series 2010 Bond (\$89,085,000)	
	Annual principal installments of \$135,000 to \$23,620,000 through Feb. 1, 2041	
	Interest rate: 2.0 to 5.0%	144,370,000
\$87,340,000	Waterworks and Sewer System Revenue Bonds, Series 2018	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: Cost of improvements to the System	
	Annual principal installments of \$915,000 to \$5,180,000 through Feb. 1, 2048	
	Interest rate: 2.5 to 5.0%	52,160,000
\$131,085,000	Waterworks and Sewer System Revenue Bonds, Series 2019A	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: Cost of improvements to the System	
	Annual principal installments of \$2,770,000 to \$7,745,000 through Feb. 1, 2049	
	Interest rate: 3.5 to 5.0%	95,880,000
\$143,855,000	Waterworks and Sewer System Revenue Bonds, Series 2019B	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: refunding of Series 2011A, 2012, 2013 Revenue Bonds	
	Annual principal installments of \$1,560,000 to \$10,350,000 through Feb. 1, 2049	
	Interest rate: 1.76% to 3.26%	139,875,000
\$6,875,000	Waterworks and Sewer System Revenue Bonds, Series 2019C	
	Payable from revenues from the City's water and sewer system	
	Proceeds for: Partial refunding of Series 2010 Bonds	
	Annual principal installments of \$940,000 to \$4,040,000 through Feb. 1, 2034	
	Interest rate: 4.0% to 5.0%	4,980,000

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds, Notes and Certificates of Participation (Continued)

Business-Type Activities (Continued):

Water and Sewer Fund (Continued):

<p>\$18,935,000 Waterworks and Sewer System Revenue Bonds, Series 2021A Payable from revenues from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$370,000 to \$930,000 through Feb. 1, 2051 Interest rate: 4.0% to 5.0%</p>	<p>\$ 18,935,000</p>
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<p>\$116,600,000 Waterworks and Sewer System Revenue Bonds, Series 2021B Payable from revenues from the City's water and sewer system Proceeds for: refunding of Series 2016A, 2018, 2019A Revenue Bonds Annual principal installments of \$1,095,000 to \$12,705,000 through Aug. 1, 2049 Interest rate: .29% to 3.01%</p>	<p>116,600,000</p>
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<i>Total Water and Sewer Revenue Bonds</i>	\$ 694,480,000
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Stormwater Facilities Fund

<p>\$37,900,000 Stormwater System Bond, Series 2018 Payable from revenues from the City's water and sewer system Proceeds for: Cost of improvements to the System Annual principal installments of \$430,000 to \$2,370,000 through Feb. 1, 2048 Interest rate: 4.0 to 5.0%</p>	<p>36,810,000</p>
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<i>Total Stormwater Revenue Bonds</i>	36,810,000
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<i>Total Business-Type Activities Revenue Bonds</i>	\$ 766,165,000
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Obligations Under Capital Leases

During fiscal year 2017, the City entered into a lease agreement as lessee for financing the acquisition of certain capital assets. The estimated useful lives of the assets acquired range from five to 12 years. During the current year, approximately \$4,970,000 was included in depreciation expense on assets acquired with capital lease proceeds. These assets had a balance of approximately \$14,305,000 net of accumulated depreciation at June 30, 2021. The City had approximately \$1,886,000 in unspent lease funds at June 30, 2021. This lease agreement qualifies 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.

Governmental Activities:

<p>\$7,000,000 Capital Lease Payable Bank of America issued December 2014 Proceeds for: Acquisition of capital assets Monthly principal and interest installments of \$88,388 through December 1, 2021 Interest rate: 1.59%</p>	<p>\$ 521,488</p>
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<p>\$8,100,000 Capital Lease Payable Bank of America issued September 2016 Proceeds for: Acquisition of capital assets Monthly principal and interest installments of \$97,940 through October 1, 2023 Interest rate: 1.47%</p>	<p>2,631,450</p>
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CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

Obligations Under Capital Leases (Continued)

Governmental Activities (Continued):

\$4,000,000	Capital Lease Payable to Regions Bank issued December 2017	
	Proceeds for: Acquisition of capital assets	
	Monthly principal and interest installments of \$50,042 through January 1, 2025	
	Interest rate: 2.17%	\$ 2,033,506
\$8,000,000	Capital Lease Payable to Regions Bank issued December 2018	
	Proceeds for: Acquisition of capital assets	
	Monthly principal and interest installments of \$105,004 through January 1, 2026	
	Interest rate: 2.78%	5,372,087
\$9,250,000	Capital Lease Payable to Bank of America issued December 2019	
	Proceeds for: Acquisition of capital assets	
	Monthly principal and interest installments of \$117,291 through January 1, 2027	
	Interest rate: 2.3%	7,471,154
		<hr/>
	<i>Total Governmental Activities Capital Leases Payable</i>	<u><u>\$ 18,029,685</u></u>

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, 2021, the balance of this conduit debt was approximately \$1,507,000.

Defeasance Debt

During the year ended June 30, 2017, the City defeased a portion of its Series 2010 and Series 2011A Water and Sewer Revenue Bonds. On June 30, 2021, the amount considered defeased related to these bonds is approximately \$143,160,000. During the year ended June 30, 2019, the City defeased its Series 2005A and Series 2014 Parking Facilities Revenue Bonds with proceeds from the new Series 2018 Revenue Bonds totaling \$39,255,000. On June 30, 2021, the amount considered defeased related to these bonds is approximately \$38,340,000. During the year ended June 30, 2020, the City defeased its Water and Sewer Fund series 2010, 2011A, 2012, and 2013 bonds in the amounts of \$8,770,000, \$26,130,000, \$43,560,000, and \$60,165,000, respectively. On June 30, 2021, the amount considered defeased related to these bonds is approximately \$138,625,000.

Proceeds from the Series 2019B and 2019C Revenue Bonds were placed in an irrevocable trust to provide for future debt service payments of the old bonds. The trust account assets and the liability of the defeased bonds are not included in the City's financial statements.

During the year ended June 30, 2021, the City partially defeased its Water and Sewer Fund series 2016A, 2018, and 2019A revenue bonds in the amounts of \$25,085,000, 31,155,000, and 35,205,000, respectively. On June 30, 2021, the amount considered defeased related to these bonds is approximately \$91,445,000. The remaining balance of these bonds totaled \$179,915,000 at June 30, 2021. Approximately \$1,815,000 was recorded in expense for bond costs related to the new Water and Sewer bonds in 2021. Approximately \$934,000 was recognized as an accounting gain in 2021 related to the refunding. The aggregate difference in debt service between the refunding debt and the refunded debt was an economic gain of approximately \$10,495,000.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

H. LONG-TERM OBLIGATIONS (Continued)

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, 2021, the City did not have any arbitrage profits due to the federal government.

I. TAX ABATEMENTS

While the City of Columbia does not have any of its own tax abatement agreements as of June 30, 2021, Richland County, South Carolina (“the County”) provides tax abatements under two programs (the Fee-in-Lieu of *Ad Valorem* Property Tax (“FILOT”) program and the Special Source Revenue Credit (“SSRC”) program) that impact the City’s tax revenues. Additionally, the County uses multicounty industrial or business parks (“MCIP”) in connection with the FILOT and SSRC programs which further abate the City’s property tax revenues from certain taxpayers. These two programs and their impact on the City are described below.

Fee-in Lieu of *Ad Valorem* Property Tax Program

South Carolina state law authorizes three forms of the FILOT program:

- a “Little Fee” as authorized by Chapter 4, Title 12 of the Code of Laws of South Carolina, 1976, as amended;
- a “Simplified Fee” as authorized by Chapter 44, Title 12 of the Code of Laws of South Carolina, 1976, as amended;
- a “Big Fee” as authorized by Section 4-29-67 of the Code of Laws of South Carolina, 1976, as amended.

The purpose of the FILOT program is to reduce the disparately higher property tax rates applied to manufacturing and certain commercial properties in South Carolina, which have previously impeded new and expanding business from locating in South Carolina.

Under South Carolina law, a taxpayer is eligible to receive a property tax reduction under the FILOT program if the taxpayer agrees to make a minimum investment in a project located in the County within a five year period. The minimum investment a taxpayer must make to be eligible for the FILOT program is based on the form of FILOT program chosen by the County and the taxpayer. Under the Little Fee and the Simplified Fee forms of the FILOT program, taxpayers must make a minimum investment of \$2,500,000. Under the Big Fee form of the FILOT program, taxpayers must make a minimum investment of \$45,000,000. Additionally, the County Council, the governing body of the County, must find that (i) the project is anticipated to benefit the general public welfare by providing services, employment, recreation, or other public benefits not otherwise adequately provided; (ii) the project gives rise to no pecuniary liability of the County or a charge against its general credit or taxing power; (iii) the purposes to be accomplished by the project are proper governmental and public purposes; and (iv) the benefits of the project are greater than its costs.

Property taxes are abated under the FILOT program through an agreement, executed by the County and the taxpayer, pursuant to which a fee-in-lieu of *ad valorem* property tax payment for the economic development property associated with the property is calculated using (1) a reduced assessment ratio, which may be reduced from 10.5% to a floor of 6% (or 4% in the case of certain enhanced investments as defined by state law); and (2) a locked millage rate (or a millage rate that is allowed to increase or decrease every fifth year), for a term not more than 30 years (or 40 years in the case of certain enhanced investments as defined by state law). The FILOT program also permits certain qualifying taxpayers and the County to negotiate for equalized fee-in-lieu of *ad valorem* property tax payments over the term of the agreement.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

I. TAX ABATEMENTS (Continued)

Fee-in Lieu of *Ad Valorem* Property Tax Program (Continued)

If the taxpayer does not make the minimum investment in a project within the five year period as described above, then the agreement is automatically terminated. On termination, the taxpayer is obligated to pay the County the difference between (i) the total amount of *ad valorem* property taxes that would have been paid had the economic development property not been subject to the agreement, taking into account exemptions from property taxes that would have been available to the taxpayer; and (ii) the total amount of fee-in-lieu of *ad valorem* property tax payments made by the taxpayer with respect to the economic development property.

In addition to the minimum eligibility requirements to receive a property tax reduction under the FILOT program described above, the taxpayer may also make certain commitments to (i) invest certain amounts in taxable real and personal property at a project in an amount greater than the minimum investment, and (ii) create a certain number of new, full-time jobs at a project. For property tax year 2020, City property taxes abated resulting from the FILOT program totaled approximately \$347,314. The City received approximately \$828,195 in fee-in-lieu of *ad valorem* property tax payments from taxpayers with active agreements under the FILOT program in property tax year 2020.

Special Source Revenue Credit Program

The County also abates property taxes through the Special Source Revenue Credit (“SSRC”) program. The SSRC program is authorized by South Carolina state law, specifically, Section 4-1-175 of the Code of Laws of South Carolina 1976, as amended. The purpose of the SSRC program is to enhance the economic development of the County. A taxpayer is eligible to receive a credit under the SSRC program, thereby reducing its property taxes, if (i) the taxpayer’s property is located in a multicounty industrial or business park, and (ii) the taxpayer uses the credit to pay the cost of designing, acquiring, constructing, improving, or expanding (a) infrastructure serving the County or the taxpayer’s property, or (b) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise.

Property taxes are abated under the SSRC program through the County providing a credit (in the form of a percentage or fixed dollar amount) against a taxpayer’s property tax liability. Although not required by state law, often the County and the taxpayer enter into an agreement pursuant to which the County agrees to provide a credit against a taxpayer’s property tax liability for a period of years, and the taxpayer commits to (i) invest certain amounts of taxable real and personal property at a project, or (ii) create a certain number of new, full-time jobs at a project. In the instances where the County has entered into an agreement to effect the SSRC program, if the taxpayer does not meet the requirements as set forth in the agreement, the County frequently reserves the right to require the taxpayer to repay the County, either all or some other portion, as determined by formula, of the credit received by the taxpayer under the SSRC program.

The County may also use the SSRC program in connection with the FILOT program. In those instances, following the calculation of a taxpayer’s fee-in-lieu program, the County may also apply a credit pursuant to the SSRC program to further abate the taxpayer’s property tax liability. To receive property tax abatements under the SSRC program and the FILOT program, the taxpayer must meet the eligibility requirements for both programs. For property tax year 2020, City property taxes abated resulting from the SSRC program totaled approximately \$478,486 – which included property taxes abated solely under the SSRC program and property taxes abated under the SSRC program in connection with the FILOT program. The City received approximately \$469,870 in fees-in-lieu of standard *ad valorem* taxes from taxpayers solely receiving property tax abatements under the SSRC program. Fees-in-lieu of standard *ad valorem* taxes received by the City from taxpayers receiving property tax abatements under both the SSRC program and the FILOT program are reflected in the fees-in-lieu of *ad valorem* tax payments collected from taxpayers with active agreements under the FILOT program described above.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

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

I. TAX ABATEMENTS (Continued)

Multicounty Industrial or Business Park

The County uses multicounty industrial or business parks in connection with the SSRC program and FILOT program. Specifically, as noted above, to receive a property tax abatement under the SSRC program, a taxpayer's property must be located in a multicounty industrial or business park. Additionally, the County may locate a taxpayer's property in a multicounty industrial or business park at the request of the taxpayer so that the taxpayer may secure enhanced credits from certain state taxes. To locate a taxpayer's property in a multicounty industrial or business park, the County must develop, with one or more contiguous counties, a multicounty industrial or business park by entering into an agreement with the contiguous counties which sets forth how the counties will share the revenues and expenses from the multicounty industrial or business park. The agreement must further specify how the revenues from the multicounty industrial or business parks will be distributed to each taxing entity in the participating counties.

For the property tax year 2020, of the total payments made by taxpayers who were subject to the County's multicounty industrial park agreements, \$107,712 would have been received by the City but for the taxpayers' location within its multicounty industrial park. For the property tax year 2020, fee-in-lieu of standard *ad valorem* tax payments from taxpayers within the multicounty industrial park totaled \$299,383.

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 State Fiscal Accountability Authority (SFAA), 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. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense information about the fiduciary net positions of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). Revenues are recognized when earned, and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR 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, 202 Arbor Lake Drive, Columbia, SC 29223. 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 annual comprehensive financial report of the state.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

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.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

• **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

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85%.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Required <u>employee</u> contribution rates are as follows:		
SCRS	Fiscal Year 2021	Fiscal Year 2020
Employee Class Two	9.00% of earnable compensation	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation	9.00% of earnable compensation
PORS		
Employee Class Two	9.75% of earnable compensation	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation	9.75% of earnable compensation
Required <u>employer</u> contribution rates are as follows:		
SCRS		
Employer Class Two	15.41% of earnable compensation	15.41% of earnable compensation
Employer Class Three	15.41% of earnable compensation	15.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation	0.15% of earnable compensation
PORS		
Employer Class Two	17.84% of earnable compensation	17.84% of earnable compensation
Employer Class Three	17.84% of earnable compensation	17.84% of earnable compensation
Employer Incidental Death Benefit	0.20% of earnable compensation	0.20% of earnable compensation
Employer Accidental Death Program	0.20% of earnable compensation	0.20% of earnable compensation

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

Year Ended June 30, 2021	SCRS	PORS
Required contributions	\$ 9,894,590	\$ 8,537,277
Actual contributions	\$ 9,894,590	\$ 8,537,277

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 annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time 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. An experience report on the Systems was most recently issued as of July 1, 2020.

The June 30, 2019, total pension liability (TPL), net pension liability (NPL), and sensitivity information were determined by the Systems consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2020, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total liability for this assumption change as of the measurement date of June 30, 2020. The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2020.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Actuarial Assumptions and Methods (Continued)

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2020, TPL are as follows.

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

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. NPL totals, as of June 30, 2020 for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
SCRS	\$ 51,844,187,763	\$ 26,292,418,682	\$ 25,551,769,081	50.7%
PORS	8,046,386,629	4,730,174,642	3,316,211,987	58.8%
Total	\$ 59,890,574,392	\$ 31,022,593,324	\$ 28,867,981,068	

The City's proportional share of the NPL amounts for SCRS and PORS are presented below:

Measurement Period Ended June 30,	Fiscal Year Ended June 30,	SCRS	PORS
2019	2020	\$135,070,450	\$86,316,550
2020	2021	\$148,118,430	\$99,116,039

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 net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Net Pension Liability (Continued)

The net pension liabilities were measured as of June 30, 2020, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2018, that was projected forward to the measurement date. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2020 measurement date, the City's percentage of the SCRS and PORS net pension liability was 0.579680% and 2.988833%, respectively. This is a decrease of 0.011848% for SCRS and a decrease of 0.022972% for PORS from its proportion measured as of June 30, 2019.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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, the 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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Net Pension Liability (Continued)

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	51.0%		
Global Public Equity	35.0%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Option Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/ Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

Sensitivity Analysis

The following table presents the collective net pension liability of the City calculated using the discount rate of 7.25% 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 (6.25%) or 1.00% higher (8.25%) than the current rate.

Sensitivity of the City's Proportional Share of Net Pension Liability To Changes in the Discount Rate			
System	1.00% Decrease	Current Discount Rate	1.00% Increase
SCRS	\$ 183,574,712	\$ 148,118,430	\$ 118,512,126
PORS	\$ 131,212,949	\$ 99,116,039	\$ 73,344,283

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2020 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2020.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Pension Expense and Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$16,731,398 to SCRS and pension expense of \$13,745,233 to PORS for a total of \$30,476,631 in pension expense.

At June 30, 2021, the City reported deferred outflows (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>SCRS</u>		
Pension contributions subsequent to the measurement date	\$ 9,894,590	\$ -
Differences in actual and expected experience	1,709,091	560,099
Change in assumptions	181,469	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	1,483,196	2,658,048
Net differences between projected and actual earnings on plan investments	10,895,352	-
	\$ 24,163,698	\$ 3,218,147
<u>PORS</u>		
Pension contributions subsequent to the measurement date	\$ 8,537,277	\$ -
Differences in actual and expected experience	2,106,420	436,286
Change in assumptions	1,209,542	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	989,887
Net differences between projected and actual earnings on plan investments	10,149,255	-
	\$ 22,002,494	\$ 1,426,173
Total all plans	\$ 46,166,192	\$ 4,644,320

The City reported \$18,431,867 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, 2022. The difference between projected and actual earnings on pension plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The differences between expected and actual experience and the change in proportionate share of contributions are reported as deferred outflows (inflows) of resources and will be amortized over the average remaining service lives of all plan participants. Average remaining service lives of all employees provided with pensions through the pension plans at June 30, 2020, measurement date was 3.984 years for SCRS and 4.176 years for PORS. 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, 2021.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

IV. PENSION PLANS (Continued)

Pension Expense and Deferred Outflows (Inflows) of Resources (Continued)

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS	PORS
2021	2022	\$ 1,916,461	\$ 3,665,625
2022	2023	3,149,937	2,977,207
2023	2024	3,498,018	3,022,263
2024	2025	<u>2,486,545</u>	<u>2,373,949</u>
Net Balance of Deferred Outflows/ (Inflows) of Resources		<u>\$ 11,050,961</u>	<u>\$ 12,039,044</u>

Payables to the Pension Plans

As of June 30, 2021, there were no payables due to the pension plans.

Component Units

Significantly all of the personnel of the City's component units, with the exception of Experience Columbia SC, are employed by the City of Columbia. As a result, the City reports the amount of the proportional net pension liability and the related deferred inflows and outflows related to the service of these individuals in its financial statements.

V. INTEREST RATE SWAP AGREEMENTS

Waterworks and Sewer Revenue Bond Series 2009 Swap – 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, 2009, with an effective date of September 15, 2009. The counterparty is J.P. Morgan Chase. The City agreed to pay a fixed rate to J.P. Morgan Chase 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 Chase 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 Chase 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, 2021, 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 swap 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 Chase does not require collateral to be posted to reduce credit risk exposure.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

V. INTEREST RATE SWAP AGREEMENTS (Continued)

Waterworks and Sewer Revenue Bond Series 2009 Swap (Continued) – During the year ended June 30, 2021, the City made variable bond interest payments in the amount of \$66,413 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 \$75,490. The net of variable payments on the bonds and receipts on the swap was \$9,077.

The fair value balances and notional amounts of derivative instrument outstanding at June 30, 2021, classified by type, and the changes in fair value of such derivative for the year then ended is as follows:

		Changes in Fair Value		Fair Value at June 30		Notional	
		Classification	Amount	Classification	Amount		
Business-type activity							
Cash flow hedges:							
Pay-fixed interest rate swap	Water and Sewer Revenue Bond Series 2009 Swap	Deferred outflow	\$ 8,971,769	Debt	<u>\$31,778,139</u>	\$ 81,860,000	

The following table displays the objectives and terms of the City's hedging derivative instrument outstanding at June 30, 2021, 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%	A2 / A- / AA
* Moody's, S&P, and Fitch, senior unsecured respectively.						

Future Debt Service Requirements

The following schedule details the debt service requirements to maturity for the underlying debt instrument related to the interest rate swap. The interest rate in effect at June 30, 2021, has 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 instrument will vary.

Waterworks and Sewer Bonds
Series 2009

Year Ending June 30,	2023-2038			
	Variable Rate Bonds		Hedging	Total
	Principal	Interest	Derivatives, Net	
2022	\$ 525,000	\$ -	\$ 1,285,351	\$ 1,810,351
2023	550,000	-	1,277,017	1,827,017
2024	570,000	-	1,269,138	1,839,138
2025	600,000	-	1,258,385	1,858,385
2026	625,000	-	1,249,733	1,874,733
2027-2031	20,485,000	-	7,048,647	27,533,647
2032-2036	47,665,000	-	3,011,554	50,676,554
2037-2038	10,840,000	-	135,598	10,975,598
	<u>\$81,860,000</u>	<u>\$ -</u>	<u>\$ 16,535,423</u>	<u>\$ 98,395,423</u>

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

V. INTEREST RATE SWAP AGREEMENTS (Continued)

Risks

Credit Risk – Credit risk is the risk that the counterparty will not fulfill its obligations. As of June 30, 2021, the swap was in a liability position; therefore, the City is not exposed to credit risks. However, should interest rates change and the fair market value of the swap becomes an asset position, the City would be exposed to credit risks. The credit rating of the counterparty is 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 swap. As LIBOR or the SIFMA 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 this hedging derivative instrument are based on a rate or index other than interest rates the City pays on its hedge variable-rate debt. As of June 30, 2021, the interest rate on the City's hedged variable rate debt was 0.08%, while the SIFMA swap index rate was 0.30%.

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, 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.

Rollover Risk – Rollover risk is the risk that a hedging instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. The City is not exposed to rollover risk because the hedging derivative instrument associated with the hedgeable debt item extends to the maturity of the hedgeable debt item.

The City is not required to post collateral under the interest rate swap agreement.

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.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

VI. COMMITMENTS AND CONTINGENCIES (Continued)

B. CONSENT DECREE (Continued)

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 AND CONSTRUCTION

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. During the year ended June 30, 2017, the original agreement was amended. The amendment required that the City add an additional 16 acres of property to the development site. The City's commitments are to occur in four phases. The first phase occurred during the year ended June 30, 2014. This phase required the City to make \$5,250 in public improvements. Phase two, achieved during the year ended June 30, 2015, required the City to make \$7,965,842 in public improvements. Phase three, achieved during the year ended June 30, 2016, required the City to make \$2,179,342 in public improvements. Phase four is subdivided into four subphases. The first subphase requires the City to make \$5,000,000 in public improvements once the developer makes \$25,000,000 in taxable improvements. This subphase was accomplished during the year ended June 30, 2017. The second subphase, which was achieved during the year ended June 30, 2018, requires the City to make an additional \$5,000,000 in public improvements upon completion of an additional \$25,000,000 in taxable improvements by the developer. The third subphase requires an additional \$5,000,000 in public improvements by the City upon the completion of an additional \$25,000,000 in taxable investments by the developer. The fourth subphase requires the City make \$840,816 in public improvements upon the completion of \$6,250,000 in taxable investments by the developer. If the requirements for all four subphases are met, the City will be required to make \$15,840,816 in public improvements, and \$81,250,000 in taxable investments will have been made by the developer.

Also as part of the fourth phase, the City is required to construct two parking facilities with a combined total of at least 1,600 parking spaces if certain conditions are met by the developer. The garages are expected to cost between \$16,000,00 and \$18,000,000. The City will be required to construct the first parking facility if the developer either constructs 120,000 square feet of office, retail, or 6% assessed space that is subject to property tax or rehabilitates the Babcock Building, a historical structure located within the development area. The second parking facility is required to be constructed upon the developer purchasing or causing to be purchased 90 acres of the development or obtains commitments to construct \$75,000,000 in private investment. The developer has met the requirements to have both parking facilities constructed. However, the developer has requested that the parking facilities not be constructed until such time as the developer requests. This request was granted by the City. The City has not identified a definite funding source for the construction of the parking facilities at this time. The construction starting date has not yet been determined.

As of June 30, 2021, the City had total encumbrances for construction projects in the amounts of approximately \$2,007,000, \$137,154,000, and \$12,663,000 for the Parking Facilities Fund, Water/Sewer Facilities Fund, and Stormwater Facilities Fund, respectively.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

VII. OTHER INFORMATION

A. SUBSEQUENT EVENTS

The City entered into a capital lease agreement for \$9,000,000 with Bank of America in November 2021. This was for the acquisition of the City's rolling stock and certain information technology equipment.

The city refunded its Hospitality Bond, Series 2014 through a private placement with Sterling National Bank in September 2021. The par amount of the new bond was \$29,900,000. The bond will have an interest rate of 3.19% and will mature in February 2044.

The City purchased the property located at 715 Bluff Road, Columbia, South Carolina for \$2,508,015 in July 2021. This is a facility that the police department has leased in prior years. This purchase was paid with funds from the Installment Purchase Revenue Bond, Series 2021.

The City purchased the property located at 3000 Harden Street, Columbia, South Carolina for \$1,705,023 in July 2021. This purchase was paid from funds from the Water and Sewer Fund.

The City purchased the property located at 1213 Flora Drive, Columbia, South Carolina for \$1,184,766 in July 2021. This purchase was paid with funds from the Installment Purchase Revenue Bond, Series 2021.

B. IMPLEMENTATION OF GASB STATEMENTS

Recently Implemented GASB Standards

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City implemented the new guidance with the 2021 financial statements with no significant impact.

GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City implemented the new guidance with the 2021 financial statements with no significant impact.

Recent GASB Standards Not Yet Implemented

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

VII. OTHER INFORMATION (Continued)

B. IMPLEMENTATION OF GASB STATEMENTS (Continued)

Recent GASB Standards Not Yet Implemented (Continued)

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City will implement the new guidance with the 2022 financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to increase the usefulness of financial statements by improving conduit debt obligation reporting. The Statement provides a single method of reporting conduit debt obligations for issuers and improves consistency of commitments extended by issuers, conduit debt arrangements, and related disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The City will implement the new guidance with the 2023 financial statements.

GASB Statement No. 92, *Omnibus 20*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to address practice issues identified during application of specific previous GASB Statements to improve consistency. The City will implement the new guidance with the 2022 financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the impact of replacing LIBOR with other reference rates on accounting and financial reporting in order to maintain consistency and reliability of this information. The requirements of this Statement are effective for reporting periods ending after December 31, 2021. The City will implement the new guidance with the 2022 financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to provide guidance for issues related to public-private and public-public partnership arrangements ("PPPs") and availability payment arrangements ("APAs") in order to improve financial reporting. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The City will implement the new guidance with the 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address subscription-based information technology arrangements ("SBITAs") for governments. This Statement provides that a SBITA results in a right-to-use subscription asset and related subscription liability, defines capitalization criteria, and requires additional related disclosures for SBITAs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The City will implement the new guidance with the 2023 financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to address issues related to fiduciary component units in which a potential component unit does not have a governing board and the primary government performs board duties; mitigate costs associated with the reporting of certain pension plans, other postemployment benefit plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and enhance the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City will implement the new guidance with the 2022 financial statements.

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the City's Total OPEB Liability and Related Ratios provides information relating to the City's adoption of GASB Statement No. 75.

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
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30
(UNAUDITED)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 11,726,172	\$ 4,987,631	\$ 4,303,230	\$ 4,441,132
Interest	5,296,956	6,390,325	6,419,751	6,050,483
Changes of benefit terms	-	(10,752,440)	-	-
Difference between expected and actual experience	-	5,871,821	-	-
Changes in assumptions or other inputs	(1,814,558)	48,681,157	11,402,855	(5,968,255)
Benefit payments	(3,929,263)	(5,676,306)	(6,539,599)	(8,464,680)
Net change in total OPEB liability	11,279,307	49,502,188	15,586,237	(3,941,320)
Total OPEB liability - beginning	229,909,006	180,406,818	164,820,581	168,761,901
Total OPEB liability - ending	<u>\$ 241,188,313</u>	<u>\$ 229,909,006</u>	<u>\$ 180,406,818</u>	<u>\$ 164,820,581</u>
Covered-employee payroll	\$ 111,900,512	\$ 111,900,512	\$ 104,186,841	\$ 102,133,193
Total OPEB liability as a percentage of covered-employee payroll	215.54%	205.46%	173.16%	161.38%

Notes to Schedule:

Changes in assumptions. The valuation reflects the following assumption changes:

The discount rate decreased from 2.21% to 2.16%.

The mortality assumption was updated to

PUB-2010 Public Plans, Amounts-Weighted, Above-Medium Income, Healthy Annuitant
Mortality Table with Generational Improvements by Scale MP2020.

No assets are being accumulated in a trust to pay related benefits as they become due.

The City implemented GASB 75 during fiscal year 2018; as such only the last four years of data are available.

Each year the City will add an additional year of data until a total of ten years is presented.

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance
REVENUES				
General property and local option sales taxes	\$ 57,333,994	\$ 57,333,994	\$ 61,316,613	\$ 3,982,619
Hospitality and admission taxes	79,971	79,971	678,353	598,382
Licenses and permits	26,404,652	26,404,652	30,183,111	3,778,459
Franchise fees	11,974,635	11,974,635	10,924,209	(1,050,426)
Intergovernmental revenue	16,017,801	16,017,801	17,828,494	1,810,693
Charges for services	15,088,203	15,088,203	15,537,968	449,765
Fines and forfeitures	677,587	677,587	714,035	36,448
Federal government	-	-	352,680	352,680
State government	-	-	79,991	79,991
Private grants	-	-	100	100
Interest	289,662	289,662	45,219	(244,443)
Rental income	99,943	99,943	1,661,502	1,561,559
Other revenues	151,441	151,441	24,178	(127,263)
Total revenues	<u>128,117,889</u>	<u>128,117,889</u>	<u>139,346,453</u>	<u>11,228,564</u>
EXPENDITURES				
Current				
General government	8,146,618	8,159,566	12,459,109	(4,299,543)
Judicial	2,447,480	2,454,480	3,127,814	(673,334)
Finance department	2,106,842	2,129,376	1,899,630	229,746
Planning and development	3,392,227	3,473,448	3,877,154	(403,706)
Public safety	71,241,149	71,950,889	70,371,223	1,579,666
Parks and recreation	12,487,454	12,472,099	11,422,399	1,049,700
Public services	18,966,832	18,949,934	15,180,963	3,768,971
General services	1,406,433	1,412,747	2,564,284	(1,151,537)
Tourism and community development	1,155,117	1,155,117	3,692,981	(2,537,864)
Community promotions	91,430	91,430	50,333	41,097
Nondepartmental	2,595,512	2,993,238	-	2,993,238
Debt service				
Principal payment on bonds	5,508,754	5,508,754	5,221,778	286,976
Interest on bonds	-	-	429,290	(429,290)
Capital outlay				
Capital outlay	265,000	5,119,418	10,076,163	(4,956,745)
Total expenditures	<u>129,810,848</u>	<u>135,870,496</u>	<u>140,373,121</u>	<u>(4,502,625)</u>
(Deficiency) excess of revenues over (under) expenditures	<u>(1,692,959)</u>	<u>(7,752,607)</u>	<u>(1,026,668)</u>	<u>6,725,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,814,680	13,906,261	9,256,337	(4,649,924)
Transfers (out)	(7,293,993)	(7,526,979)	(6,422,727)	1,104,252
Sale of general capital assets	172,272	172,272	334,563	162,291
Insurance recoveries	-	-	177,040	177,040
Unappropriated surplus	-	1,201,053	-	(1,201,053)
Total other financing sources	<u>1,692,959</u>	<u>7,752,607</u>	<u>3,345,213</u>	<u>(4,407,394)</u>
Excess of revenues and other financing sources over expenditures, other financing sources and special items	-	-	2,318,545	2,318,545
Beginning fund balances	47,905,486	47,905,486	47,905,486	-
Ending fund balances	<u>\$ 47,905,486</u>	<u>\$ 47,905,486</u>	<u>\$ 50,224,031</u>	<u>\$ 2,318,545</u>

See accompanying independent auditor's report and notes to budgetary comparison schedule.

CITY OF COLUMBIA, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
June 30, 2021

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. All unused appropriations lapse at year end. Encumbrances are re-appointed on a yearly basis and are reflected as an increase in budgeted expenditures in the next year.

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 unappropriated surplus, decreases in the amount of transfers out and judicial expenses, and increases in general, planning and development, and public safety expenses. These amendments have been approved by City Council authorizations.

**CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULES OF THE CITY'S CONTRIBUTIONS - PENSION
YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

**SOUTH CAROLINA RETIREMENT SYSTEM
LAST 8 FISCAL YEARS
(UNAUDITED)**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contributions	\$ 9,894,590	\$ 11,071,936	\$ 9,117,950	\$ 8,119,349	\$ 6,888,470	\$ 6,155,138	\$ 5,815,863	\$ 5,669,535
Contributions made to the pension plan	<u>9,894,590</u>	<u>11,071,936</u>	<u>9,117,950</u>	<u>8,119,349</u>	<u>6,888,470</u>	<u>6,155,138</u>	<u>5,815,863</u>	<u>5,669,535</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 63,589,910	\$ 71,156,401	\$ 62,623,283	\$ 59,877,207	\$ 59,588,839	\$ 55,652,247	\$ 53,480,622	\$ 52,411,010
Contributions as a percentage of covered payroll	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.87%	10.82%

**POLICE OFFICER'S RETIREMENT SYSTEM
LAST 8 FISCAL YEARS
(UNAUDITED)**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contributions	\$ 8,537,277	\$ 8,233,662	\$ 7,519,937	\$ 6,777,860	\$ 5,784,601	\$ 5,548,189	\$ 5,031,606	\$ 4,736,002
Contributions made to the pension plan	<u>8,537,277</u>	<u>8,233,662</u>	<u>7,519,937</u>	<u>6,777,860</u>	<u>5,784,601</u>	<u>5,548,189</u>	<u>5,031,606</u>	<u>4,736,002</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 47,324,152	\$ 45,641,142	\$ 44,131,086	\$ 42,255,986	\$ 41,200,865	\$ 40,976,282	\$ 37,437,424	\$ 36,688,676
Contributions as a percentage of covered payroll	18.04%	18.04%	17.04%	16.04%	14.04%	13.54%	13.44%	12.91%

The City implemented GASB 68 during fiscal year 2015; as such only the last eight years of data are available.
Each year the City will add an additional year of data until a total of ten years is presented.

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2021
(UNAUDITED)

SOUTH CAROLINA RETIREMENT SYSTEM
LAST 8 FISCAL YEARS
(UNAUDITED)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's percentage of the net pension liability	0.579680%	0.591528%	0.578106%	0.590550%	0.575439%	0.570267%	0.589139%	0.589139%
The City's proportionate share of the net pension liability	\$ 148,118,430	\$ 135,070,450	\$ 129,535,220	\$ 132,942,302	\$ 122,912,706	\$ 108,153,887	\$ 101,430,204	\$ 105,670,520
The City's covered payroll	\$ 71,156,401	\$ 62,623,283	\$ 59,877,207	\$ 59,588,839	\$ 55,652,247	\$ 53,480,622	\$ 52,411,010	\$ 51,204,018
The City's proportionate share of the net pension liability as a percentage of its covered payroll	208.16%	215.69%	216.33%	223.10%	220.86%	202.23%	193.53%	206.37%
The Plan's fiduciary net position as a percentage of the total pension liability	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.92%	59.92%

POLICE OFFICER'S RETIREMENT SYSTEM
LAST 8 FISCAL YEARS
(UNAUDITED)

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
The City's percentage of the net pension liability	2.988833%	3.011805%	3.01677%	3.02172%	3.17559%	3.03491%	3.06671%	3.06671%
The City's proportionate share of the net pension liability	\$ 99,116,039	\$ 86,316,550	\$ 85,481,582	\$ 82,781,885	\$ 80,547,962	\$ 66,145,819	\$ 58,710,014	\$ 63,572,138
The City's covered payroll	\$ 45,641,142	\$ 44,131,086	\$ 42,255,986	\$ 41,200,865	\$ 40,976,282	\$ 37,437,424	\$ 36,688,676	\$ 35,432,581
The City's proportionate share of the net pension liability as a percentage of its covered payroll	217.16%	195.59%	202.29%	200.92%	196.57%	176.68%	160.02%	179.42%
The Plan's fiduciary net position as a percentage of the total pension liability	58.80%	62.70%	61.70%	60.90%	60.40%	64.60%	67.55%	67.55%

The City implemented GASB 68 during fiscal year 2015, as such only the last eight years of data are available.
Each year the City will add an additional year of data until a total of ten years is presented.
The amounts presented above were determined as of June 30th of the preceding year.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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 beautification.

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 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.

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

Permanent Trust

Anna Dickson Trust 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, 2021

Special Revenue										
	Liquor Permit Fee	Business Improvement District	Accommoda- tions Tax	Confiscated Drug Program	Hospitality Tax	Community Development	Federal Grants	Other Programs	Tourism Development Convention Center	Total Nonmajor Special Revenue Funds
ASSETS										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 358,770	\$ 206,981	\$ -	\$ -	\$ 555,976	\$ 20,053	\$ 1,141,780
Restricted cash and cash equivalents	1,208,940	-	351,398	23,952	3,783,967	-	113,559	247,403	1,855,259	7,584,478
Investments	-	-	-	-	-	-	13,589,663	-	-	13,589,663
Restricted investments	376,358	-	60,192	331,238	839,729	-	-	317,885	-	1,925,402
Receivables										
Federal government	-	-	-	2,043	-	2,642,759	1,752,584	-	-	4,397,386
State government	-	-	-	-	-	-	-	152,792	-	152,792
Accounts, net	-	-	-	-	-	-	-	372	-	372
Accrued interest receivable	1,358	-	217	-	3,030	-	-	1,175	-	5,780
Due from grantee agencies	-	-	-	-	-	-	6	-	-	6
TOTAL ASSETS	\$ 1,586,656	\$ -	\$ 411,807	\$ 716,003	\$ 4,833,707	\$ 2,642,759	\$ 15,455,812	\$ 1,275,603	\$ 1,875,312	\$ 28,797,659
LIABILITIES AND FUND BALANCES										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 29,575	\$ 84,678	\$ 660,805	\$ 217,604	\$ 162,864	\$ 20,053	\$ 1,175,579
Accrued salaries and benefits	-	-	-	-	-	15,710	28,755	9,348	-	53,813
Refundable advances	-	-	-	331,238	125,333	-	13,589,942	39,290	-	14,085,803
Due to other funds	-	-	-	-	-	3,256,969	1,360,478	649,159	-	5,266,606
Total liabilities	-	-	-	360,813	210,011	3,933,484	15,196,779	860,661	20,053	20,581,801
Fund balances										
Restricted	1,586,656	-	411,807	355,190	4,623,696	-	259,033	414,942	1,855,259	9,506,583
Unassigned	-	-	-	-	-	(1,290,725)	-	-	-	(1,290,725)
Total fund balances	1,586,656	-	411,807	355,190	4,623,696	(1,290,725)	259,033	414,942	1,855,259	8,215,858
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,586,656	\$ -	\$ 411,807	\$ 716,003	\$ 4,833,707	\$ 2,642,759	\$ 15,455,812	\$ 1,275,603	\$ 1,875,312	\$ 28,797,659

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
June 30, 2021

		Capital Projects				Permanent Trust	
	Debt Service Fund	Congaree Vista District	Streetscaping	Miscellaneous Projects	Total Nonmajor Capital Projects Funds	Anna Dickson Trust	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ 26,073	\$ 7,523,648	\$ 480,580	\$ 8,030,301	\$ 5,048	\$ 9,177,129
Restricted cash and cash equivalents	-	4,097,901	-	5,401,928	9,499,829	-	17,084,307
Investments	-	-	2,440,704	-	2,440,704	-	16,030,367
Restricted investments	3,524,059	1,468,306	-	29,504,338	30,972,644	-	36,422,105
Receivables							
Federal government	-	-	-	-	-	-	4,397,386
State government	-	-	-	-	-	-	152,792
Accounts, net	-	-	-	-	-	-	372
Accrued interest receivable	3,297	5,297	8,806	548	14,651	-	23,728
Due from grantee agencies	-	-	-	-	-	-	6
TOTAL ASSETS	\$ 3,527,356	\$ 5,597,577	\$ 9,973,158	\$ 35,387,394	\$ 50,958,129	\$ 5,048	\$ 83,288,192
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 31,370	\$ 489,650	\$ 10,541	\$ 531,561	\$ -	\$ 1,707,140
Accrued salaries and benefits	-	-	-	-	-	-	53,813
Refundable advances	-	-	-	24	24	-	14,085,827
Due to other funds	-	-	-	470,563	470,563	-	5,737,169
Total liabilities	-	31,370	489,650	481,128	1,002,148	-	21,583,949
Fund balances							
Nonspendable	-	-	-	-	-	5,048	5,048
Restricted	3,527,356	5,566,207	-	34,906,266	40,472,473	-	53,506,412
Assigned	-	-	9,483,508	-	9,483,508	-	9,483,508
Unassigned	-	-	-	-	-	-	(1,290,725)
Total fund balances	3,527,356	5,566,207	9,483,508	34,906,266	49,955,981	5,048	61,704,243
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,527,356	\$ 5,597,577	\$ 9,973,158	\$ 35,387,394	\$ 50,958,129	\$ 5,048	\$ 83,288,192

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue								Total	
	Liquor Permit Fee	Business Improvement District	Accommo- dations Tax	Confiscated Drug Program	Hospitality Tax	Community Development	Federal Grants	Other Programs	Tourism Development Convention Center	Nonmajor Special Revenue Funds
REVENUES										
General property taxes	\$ -	\$ 1,056,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,056,652
Hospitality and admission taxes	-	-	-	-	11,055,083	-	-	-	-	11,055,083
Accommodations tax	-	-	1,950,190	-	-	-	-	-	-	1,950,190
Tourism development fee	-	-	-	-	-	-	-	-	2,604,061	2,604,061
Liquor permit fee	323,055	-	-	-	-	-	-	-	-	323,055
Intergovernmental revenue	-	-	-	-	-	2,473	10,137	132,388	-	144,998
Charges for services	-	-	-	-	-	-	-	1,988	-	1,988
Fines and forfeitures	-	-	-	41,745	-	-	-	51,840	-	93,585
Federal government	-	-	-	-	-	2,749,093	4,692,577	-	-	7,441,670
County government	-	-	-	-	-	-	-	22,244	1,975,200	1,997,444
Interest income	2,844	-	465	24	6,427	-	484	2,445	1	12,690
Other revenues	-	-	-	-	-	1,265	-	247,504	-	248,769
Total revenues	325,899	1,056,652	1,950,655	41,769	11,061,510	2,752,831	4,703,198	458,409	4,579,262	26,930,185
EXPENDITURES										
Current										
General government	1,059	-	-	-	2,369	-	-	8,304	-	11,732
Public safety	-	-	-	60,251	-	-	769,218	187,906	-	1,017,375
Parks and recreation	-	-	-	-	-	-	-	158,534	-	158,534
Public services	-	-	-	-	-	-	2,542,398	-	-	2,542,398
Tourism and community development	-	1,056,652	1,446,421	-	2,829,053	2,321,901	1,179	543,913	3,201,304	11,400,423
Debt service										
Principal payment on bonds	-	-	-	-	-	-	-	-	2,605,000	2,605,000
Interest on bonds	-	-	-	-	-	-	-	-	120,569	120,569
Fiscal agent charges	-	-	-	-	-	-	-	-	1,815	1,815
Capital outlay										
Capital outlay	-	-	-	-	-	-	69,213	13,013	-	82,226
Total expenditures	1,059	1,056,652	1,446,421	60,251	2,831,422	2,321,901	3,382,008	911,670	5,928,688	17,940,072
Excess (deficiency) of revenues over (under) expenditures	324,840	-	504,234	(18,482)	8,230,088	430,930	1,321,190	(453,261)	(1,349,426)	8,990,113
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	4,223,828	144,774	346,752	31,244	-	4,746,598
Transfers (out)	-	-	(25,000)	-	(8,639,357)	(776,491)	(1,625,521)	(181,797)	-	(11,248,166)
Total other financing (uses) sources	-	-	(25,000)	-	(4,415,529)	(631,717)	(1,278,769)	(150,553)	-	(6,501,568)
Net change in fund balances	324,840	-	479,234	(18,482)	3,814,559	(200,787)	42,421	(603,814)	(1,349,426)	2,488,545
Beginning fund balances	1,261,816	-	(67,427)	373,672	809,137	(1,089,938)	216,612	1,018,756	3,204,685	5,727,313
Ending fund balances (deficits)	\$ 1,586,656	\$ -	\$ 411,807	\$ 355,190	\$ 4,623,696	\$ (1,290,725)	\$ 259,033	\$ 414,942	\$ 1,855,259	\$ 8,215,858

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
Year Ended June 30, 2021

		Capital Projects				Permanent Trust	
	Debt Service Fund	Congaree Vista District	Streetscaping	Miscellaneous Projects	Total Nonmajor Capital Projects Funds	Anna Dickson Trust	Total Nonmajor Governmental Funds
REVENUES							
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,056,652
Hospitality and admission taxes	-	-	-	-	-	-	11,055,083
Accommodations tax	-	-	-	-	-	-	1,950,190
Tourism development fee	-	-	-	-	-	-	2,604,061
Liquor permit fee	-	-	-	-	-	-	323,055
Intergovernmental revenue	-	-	-	-	-	-	144,998
Charges for services	-	-	-	-	-	-	1,988
Fines and forfeitures	-	-	-	-	-	-	93,585
Federal government	-	-	-	-	-	-	7,441,670
County government	-	-	189,072	-	189,072	-	2,186,516
Private grants	-	-	817,793	-	817,793	-	817,793
Interest income	6,875	11,060	18,426	4,854	34,340	10	53,915
Other revenues	-	-	-	-	-	-	248,769
Total revenues	6,875	11,060	1,025,291	4,854	1,041,205	10	27,978,275
EXPENDITURES							
Current							
General government	-	4,137	6,875	-	11,012	-	22,744
Public safety	-	-	-	-	-	-	1,017,375
Parks and recreation	-	-	-	-	-	-	158,534
Public services	-	-	-	-	-	-	2,542,398
Tourism and community development	-	-	-	-	-	-	11,400,423
Debt service							
Principal payment on bonds	8,265,000	-	-	-	-	-	10,870,000
Interest on bonds	2,422,284	-	-	-	-	-	2,542,853
Issuance costs	-	-	-	1,800,616	1,800,616	-	1,800,616
Fiscal agent charges	11,525	-	-	3,102	3,102	-	16,442
Capital outlay							
Capital outlay	-	29,500	961,156	72,901	1,063,557	-	1,145,783
Total expenditures	10,698,809	33,637	968,031	1,876,619	2,878,287	-	31,517,168
Excess (deficiency) of revenues (under) over expenditures	(10,691,934)	(22,577)	57,260	(1,871,765)	(1,837,082)	10	(3,538,893)
OTHER FINANCING SOURCES (USES)							
Transfers in	10,687,284	-	-	-	-	-	15,433,882
Transfers (out)	-	-	-	(28,604,729)	(28,604,729)	-	(39,852,895)
Issuance of bonds	-	-	-	64,425,000	64,425,000	-	64,425,000
Total other financing sources (uses)	10,687,284	-	-	35,820,271	35,820,271	-	40,005,987
Net change in fund balances	(4,650)	(22,577)	57,260	33,948,506	33,983,189	10	36,467,094
Beginning fund balances	3,532,006	5,588,784	9,426,248	957,760	15,972,792	5,038	25,237,149
Ending fund balances	\$ 3,527,356	\$ 5,566,207	\$ 9,483,508	\$ 34,906,266	\$ 49,955,981	\$ 5,048	\$ 61,704,243

See accompanying independent auditor's report.

NONMAJOR ENTERPRISE FUNDS

Nonmajor Enterprise 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 recreation camp activities.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
June 30, 2021

	Hydro-electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Total Nonmajor Enterprise Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ 13,284,658	\$ 7,069,117	\$ -	\$ 20,353,775
Investments	-	18,247,609	-	-	18,247,609
Accounts receivable, net	-	750	-	-	750
Accrued interest receivable	-	62,093	-	-	62,093
Prepaid expenses	-	8,043	-	-	8,043
Real estate held for resale	-	-	688,335	-	688,335
Total current assets	-	31,603,153	7,757,452	-	39,360,605
Noncurrent assets					
Mortgage notes receivable, net	-	-	23,233,254	-	23,233,254
Investments	-	34,548,995	-	-	34,548,995
Capital assets					
Land	327,169	255,685	-	-	582,854
Buildings, improvements and utility plant	18,155,310	35,522,300	-	-	53,677,610
Machinery and equipment	-	5,234,258	-	-	5,234,258
Less accumulated depreciation	(6,321,012)	(10,667,939)	-	-	(16,988,951)
Construction in progress	-	13,026,249	-	-	13,026,249
Net capital assets	12,161,467	43,370,553	-	-	55,532,020
Total noncurrent assets	12,161,467	77,919,548	23,233,254	-	113,314,269
TOTAL ASSETS	12,161,467	109,522,701	30,990,706	-	152,674,874
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to the net pension liability	-	786,875	76,191	64,271	927,337
Deferred outflows related to OPEB liability	-	853,129	53,321	96,946	1,003,396
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	1,640,004	129,512	161,217	1,930,733

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
June 30, 2021

	Hydro-electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Total Nonmajor Enterprise Funds
LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION					
Current liabilities					
Accounts payable	\$ 23,272	\$ 2,465,653	\$ 12,036	\$ 1,753	\$ 2,502,714
Accrued salaries and benefits	-	107,940	1,481	5,529	114,950
Compensated absences	-	19,776	-	-	19,776
Retainage payable	-	476,028	-	-	476,028
Accrued interest payable	-	751,604	-	-	751,604
Revenue bonds payable	-	685,000	-	-	685,000
Due to other funds	8,747,608	-	204,612	276,732	9,228,952
Unearned revenue	-	15,052	86,386	1,031	102,469
Total current liabilities	8,770,880	4,521,053	304,515	285,045	13,881,493
Noncurrent liabilities					
Compensated absences	-	79,105	-	-	79,105
Net pension liability	-	4,157,175	314,380	278,745	4,750,300
Total OPEB liability	-	4,244,914	265,307	482,377	4,992,598
Revenue bonds payable - net	-	40,797,055	-	-	40,797,055
Total noncurrent liabilities	-	49,278,249	579,687	761,122	50,619,058
Total liabilities	8,770,880	53,799,302	884,202	1,046,167	64,500,551
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to the net pension liability	-	78,188	5,797	5,343	89,328
Deferred inflows related to the net OPEB liability	-	78,924	4,933	8,969	92,826
TOTAL DEFERRED INFLOWS OF RESOURCES	-	157,112	10,730	14,312	182,154
FUND NET POSITION					
Net investment in capital assets	12,161,467	35,961,465	-	-	48,122,932
Restricted for debt service	-	1,037,134	-	-	1,037,134
Unrestricted	(8,770,880)	20,207,692	30,225,286	(899,262)	40,762,836
Total fund net position	\$ 3,390,587	\$ 57,206,291	\$ 30,225,286	\$ (899,262)	\$ 89,922,902

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2021

	Hydro-electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Total Nonmajor Enterprise Funds
Operating revenues					
Charges for service	\$ -	\$ 15,578,149	\$ 547,740	\$ 12,032	\$ 16,137,921
Intergovernmental revenue	-	15,052	570	1,031	16,653
Total operating revenues	-	15,593,201	548,310	13,063	16,154,574
Operating expenses					
Personnel services	-	3,467,786	113,106	172,029	3,752,921
Materials and supplies	-	175,658	8,735	15,401	199,794
Other services and charges	882,417	5,511,235	342,031	13,641	6,749,324
Depreciation	393,291	1,624,959	-	-	2,018,250
Bad debt expense	-	-	216,143	-	216,143
Total operating expenses	1,275,708	10,779,638	680,015	201,071	12,936,432
Operating income (loss)	(1,275,708)	4,813,563	(131,705)	(188,008)	3,218,142
Nonoperating revenues (expenses)					
Investment income (loss)	-	139,441	36,265	-	175,706
Other nonoperating revenue	-	-	70,303	-	70,303
Federal grant revenue	-	92,670	2,172,985	-	2,265,655
Gain (loss) from sale of assets	-	120,230	-	-	120,230
Interest expense	-	(1,643,499)	-	-	(1,643,499)
Bond related costs	-	(3,900)	-	-	(3,900)
Total nonoperating revenues (expenses)	-	(1,295,058)	2,279,553	-	984,495
Income (loss) before contributions and transfers	(1,275,708)	3,518,505	2,147,848	(188,008)	4,202,637
Transfers					
Transfers in	-	32,248	281,810	-	314,058
Transfers out	-	(560,000)	(289,581)	-	(849,581)
Total transfers	-	(527,752)	(7,771)	-	(535,523)
Change in net position	(1,275,708)	2,990,753	2,140,077	(188,008)	3,667,114
Net position - beginning of period	4,666,295	54,215,538	28,085,209	(711,254)	86,255,788
Net position - ending	\$ 3,390,587	\$ 57,206,291	\$ 30,225,286	\$ (899,262)	\$ 89,922,902

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2021

	Hydro-electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Programs Fund	Parks and Recreation Camp Fund	Total Nonmajor Enterprise Funds
Cash flows from operating activities					
Receipts from customers and users	\$ -	\$ 15,592,551	\$ 765,608	\$ 13,063	\$ 16,371,222
Internal activity - payments to other funds	-	(288,020)	-	-	(288,020)
Payments to suppliers	(916,158)	(5,153,958)	(610,825)	(63,457)	(6,744,398)
Payments to employees	-	(1,572,517)	(61,640)	(78,467)	(1,712,624)
Net cash (used in) provided by operating activities	(916,158)	8,578,056	93,143	(128,861)	7,626,180
Cash flows from noncapital financing activities					
Advances from other funds	916,157	-	-	128,861	1,045,018
Advances to other funds	-	-	(451,096)	-	(451,096)
Operating grants	-	92,670	2,172,985	-	2,265,655
Transfers in	-	32,248	281,810	-	314,058
Transfers out	-	(560,000)	(289,581)	-	(849,581)
Net cash provided by (used in) noncapital financing activities	916,157	(435,082)	1,714,118	128,861	2,324,054
Cash flows from capital and related financing activities					
Principal paid on bonds and notes	-	(660,000)	-	-	(660,000)
Interest paid on debt	-	(1,830,250)	-	-	(1,830,250)
Payments for bond related costs	-	(3,900)	-	-	(3,900)
Purchase of capital assets	-	(5,091,381)	-	-	(5,091,381)
Proceeds from sale of capital assets	-	120,230	-	-	120,230
Net cash used in capital and related financing activities	-	(7,465,301)	-	-	(7,465,301)
Cash flows from investing activities					
Purchase of investments	-	(472,690)	-	-	(472,690)
Sale of investments	-	-	70,303	-	70,303
Purchase of real estate held for resale	-	-	(91,994)	-	(91,994)
Advances of mortgage notes receivable	-	-	(193,770)	-	(193,770)
Interest received	-	126,113	36,265	-	162,378
Net cash used in investing activities	-	(346,577)	(179,196)	-	(525,773)
Net (decrease) increase in cash and cash equivalents	(1)	331,096	1,628,065	-	1,959,160
Cash and cash equivalents, July 1, 2020	1	12,953,562	5,441,052	-	18,394,615
Cash and cash equivalents, June 30, 2021	\$ -	\$ 13,284,658	\$ 7,069,117	\$ -	\$ 20,353,775

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (CONTINUED)
Year Ended June 30, 2021

	Hydro-electric Facilities Fund	Stormwater Facilities Fund	Redevelopment Program Fund	Parks and Recreation Camp Fund	Total Nonmajor Enterprise Funds
Reconciliation of operating (loss) income to net cash provided by operating activities					
Operating (loss) income	<u>\$ (1,275,708)</u>	<u>\$ 4,813,563</u>	<u>\$ (131,705)</u>	<u>\$ (188,008)</u>	<u>\$ 3,218,142</u>
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	393,291	1,624,959	-	-	2,018,250
Bad debt expense	-	-	216,143	-	216,143
Accrued benefits related to net pension liability	-	229,839	14,365	26,120	270,324
Change in operating assets and liabilities					
Accounts receivable	-	(650)	1,156	-	506
Prepaid expenses	-	-	6,103	-	6,103
Accounts payable	(33,741)	1,501,547	(34,737)	(7,274)	1,425,795
Accrued salaries	-	50,907	(311)	62	50,658
Accrued compensated absences	-	3,800	-	-	3,800
OPEB liability	-	354,091	22,130	40,239	416,460
Unearned revenue	-	-	(1)	-	(1)
Total adjustments	<u>359,550</u>	<u>3,764,493</u>	<u>224,848</u>	<u>59,147</u>	<u>4,408,038</u>
Net cash (used in) provided by operating activities	<u><u>\$ (916,158)</u></u>	<u><u>\$ 8,578,056</u></u>	<u><u>\$ 93,143</u></u>	<u><u>\$ (128,861)</u></u>	<u><u>\$ 7,626,180</u></u>

See accompanying independent auditor's report.

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 liability plans for employee health, worker's compensation, and tort liability for all City departments.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	Fleet Management Fund	Support Services Fund	Risk Management Fund	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 14,765	\$ 219,994	\$ 90,788,850	\$ 91,023,609
Accounts receivable, net	44,074	-	441,937	486,011
Inventory	-	916,194	-	916,194
Prepaid expenses	2,140	92,261	1,950,129	2,044,530
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Total current assets	60,979	1,228,449	93,180,916	94,470,344
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Noncurrent assets				
Capital assets				
Buildings, improvements and utility plant	903,586	10,990	-	914,576
Machinery and equipment	316,696	1,270,641	-	1,587,337
Less accumulated depreciation	(1,039,430)	(1,279,433)	-	(2,318,863)
	<hr/>	<hr/>	<hr/>	<hr/>
Net capital assets	180,852	2,198	-	183,050
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	180,852	2,198	-	183,050
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TOTAL ASSETS	241,831	1,230,647	93,180,916	94,653,394
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DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to other postemployment benefits liability	741,640	19,389	35,496,945	36,257,974
Deferred outflows related to the net pension liability	745,179	238,350	79,101	1,062,630
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,486,819	257,739	35,576,046	37,320,604
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CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
June 30, 2021

	Fleet Management Fund	Support Services Fund	Risk Management Fund	Total Internal Service Funds
LIABILITIES, DEFERRED INFLOWS AND FUND NET POSITION				
Current liabilities				
Accounts payable	\$ 1,123,692	\$ 270,781	\$ 301,935	\$ 1,696,408
Accrued salaries and benefits	106,020	90,112	38,544	234,676
Compensated absences	24,345	30,281	17,521	72,147
Due to other funds	-	929,707	11,572	941,279
Unearned revenue	12,619	12,740	4,376	29,735
Accrued liability for claims	-	-	15,290,239	15,290,239
	<u>1,266,676</u>	<u>1,333,621</u>	<u>15,664,187</u>	<u>18,264,484</u>
Total current liabilities				
Noncurrent liabilities				
Compensated absences	97,378	121,123	70,086	288,587
Net pension liability	4,084,702	1,738,398	371,337	6,194,437
Total OPEB liability	3,690,181	96,475	176,622,202	180,408,858
	<u>7,872,261</u>	<u>1,955,996</u>	<u>177,063,625</u>	<u>186,891,882</u>
Total noncurrent liabilities				
Total liabilities	<u>9,138,937</u>	<u>3,289,617</u>	<u>192,727,812</u>	<u>205,156,366</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to other postemployment benefits liability	68,610	1,794	3,283,874	3,354,278
Deferred inflows related to the net pension liability	76,583	31,848	7,061	115,492
	<u>145,193</u>	<u>33,642</u>	<u>3,290,935</u>	<u>3,469,770</u>
TOTAL DEFERRED INFLOWS OF RESOURCES				
FUND NET POSITION				
Net investment in capital assets	180,852	2,198	-	183,050
Unrestricted	(7,736,332)	(1,837,071)	(67,261,785)	(76,835,188)
	<u>(7,555,480)</u>	<u>(1,834,873)</u>	<u>(67,261,785)</u>	<u>(76,652,138)</u>
Total fund net position				

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Fleet Management Fund	Support Services Fund	Risk Management Fund	Total Internal Service Funds
Operating revenues				
Charges for service	\$ 8,948,759	\$ 866,712	\$ 39,548,425	\$ 49,363,896
Intergovernmental revenues	12,619	12,740	4,376	29,735
Total operating revenues	8,961,378	879,452	39,552,801	49,393,631
Operating expenses				
Personnel services	3,025,368	2,253,956	15,606,156	20,885,480
Materials and supplies	6,970,990	1,136,999	130,647	8,238,636
Other services and charges	127,506	2,576,901	1,892,157	4,596,564
Heat, light and power	-	-	3,813	3,813
Depreciation	18,072	1,099	-	19,171
Claims and premiums	-	-	31,089,599	31,089,599
Total operating expenses	10,141,936	5,968,955	48,722,372	64,833,263
Operating income (loss)	(1,180,558)	(5,089,503)	(9,169,571)	(15,439,632)
Nonoperating revenues				
Investment income	-	-	113,818	113,818
Gain (loss) from sale of assets	9,250	-	-	9,250
Total nonoperating revenues	9,250	-	113,818	123,068
Income (loss) before contributions and transfers	(1,171,308)	(5,089,503)	(9,055,753)	(15,316,564)
Transfers				
Transfers in	3,139	5,303,900	4,491,647	9,798,686
Transfers out	(783,627)	(259,340)	(786,799)	(1,829,766)
Total transfers	(780,488)	5,044,560	3,704,848	7,968,920
Change in net position	(1,951,796)	(44,943)	(5,350,905)	(7,347,644)
Net position - beginning of period	(5,603,684)	(1,789,930)	(61,910,880)	(69,304,494)
Net position - ending	\$ (7,555,480)	\$ (1,834,873)	\$ (67,261,785)	\$ (76,652,138)

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Fleet Management Fund	Support Services Fund	Risk Management Fund	Total Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 244,478	\$ -	\$ -	\$ 244,478
Internal activity - receipts from other funds	8,678,431	879,452	39,472,866	49,030,749
Payments to suppliers	(9,303,961)	(4,640,747)	(4,230,542)	(18,175,250)
Claims paid	-	-	(31,237,712)	(31,237,712)
Payments to employees	(1,443,601)	(1,505,789)	(574,321)	(3,523,711)
Net cash (used in) provided by operating activities	<u>(1,824,653)</u>	<u>(5,267,084)</u>	<u>3,430,291</u>	<u>(3,661,446)</u>
Cash flows from noncapital financing activities				
Advances from other funds	-	244,884	2,885	247,769
Transfers in	3,139	5,303,900	4,491,647	9,798,686
Transfers out	(783,627)	(259,340)	(786,799)	(1,829,766)
Net cash (used in) provided by noncapital financing activities	<u>(780,488)</u>	<u>5,289,444</u>	<u>3,707,733</u>	<u>8,216,689</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	9,250	-	-	9,250
Net cash provided by capital and related financing activities	<u>9,250</u>	<u>-</u>	<u>-</u>	<u>9,250</u>
Cash flows from investing activities				
Interest received	-	-	113,818	113,818
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>113,818</u>	<u>113,818</u>
Net (decrease) increase in cash and cash equivalents	(2,595,891)	22,360	7,251,842	4,678,311
Cash and cash equivalents, July 1, 2020	<u>2,610,656</u>	<u>197,634</u>	<u>83,537,008</u>	<u>86,345,298</u>
Cash and cash equivalents, June 30, 2021	<u><u>\$ 14,765</u></u>	<u><u>\$ 219,994</u></u>	<u><u>\$ 90,788,850</u></u>	<u><u>\$ 91,023,609</u></u>

(Continued)

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (CONTINUED)
Year Ended June 30, 2021

	Fleet Management Fund	Support Services Fund	Risk Management Fund	Total Internal Service Funds
Reconciliation of operating loss to net cash (used in) provided by operating activities				
Operating loss	\$ (1,180,558)	\$ (5,089,503)	\$ (9,169,571)	\$ (15,439,632)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:				
Depreciation	18,072	1,099	-	19,171
Accrued benefits related to net pension liability	199,804	(1,777)	28,731	226,758
Change in operating assets and liabilities				
Accounts receivable	(38,469)	-	(79,935)	(118,404)
Inventory	-	(214,869)	-	(214,869)
Prepaid expenses	4	(2,214)	(1,950,129)	(1,952,339)
Accounts payable	(1,190,394)	(23,962)	(13,388)	(1,227,744)
Accrued salaries and benefits	54,246	40,822	19,056	114,124
Accrued compensated absences	4,823	15,272	10,628	30,723
OPEB liability	307,819	8,048	14,733,012	15,048,879
Accrued liability for claims	-	-	(148,113)	(148,113)
Total adjustments	(644,095)	(177,581)	12,599,862	11,778,186
Net cash (used in) provided by operating activities	<u>\$ (1,824,653)</u>	<u>\$ (5,267,084)</u>	<u>\$ 3,430,291</u>	<u>\$ (3,661,446)</u>

See accompanying independent auditor's report.

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.

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.

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

Custodial 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, 2021

	Private-Purpose Trust Funds			
	Breast Cancer Awareness Fund	Employee Special Activity Fund	Mayor's Commission Employ People with Disabilities Fund	Total Private-Purpose Trust Funds
ASSETS				
Cash and cash equivalents	\$ 1,839	\$ 510	\$ 2,586	\$ 4,935
Total assets	<u>1,839</u>	<u>510</u>	<u>2,586</u>	<u>4,935</u>
NET POSITION				
Held in trust - other purposes	<u>\$ 1,839</u>	<u>\$ 510</u>	<u>\$ 2,586</u>	<u>\$ 4,935</u>

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2021

	Private-Purpose Trust Funds			
	Breast Cancer Awareness Fund	Employee Special Activity Fund	Mayor's Commission Employ People with Disabilities Fund	Total Private-Purpose Trust Funds
ADDITIONS				
Contributions:				
Private donations	\$ 10	\$ 2	\$ 15	\$ 27
Total contributions	<u>10</u>	<u>2</u>	<u>15</u>	<u>27</u>
DEDUCTIONS				
Program expenses	1	-	2	3
Total deductions	<u>1</u>	<u>-</u>	<u>2</u>	<u>3</u>
Change in net position	9	2	13	24
Net position - beginning	<u>1,830</u>	<u>508</u>	<u>2,573</u>	<u>4,911</u>
Net position - ending	<u>\$ 1,839</u>	<u>\$ 510</u>	<u>\$ 2,586</u>	<u>\$ 4,935</u>

See accompanying independent auditor's report.

CITY OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
Year Ended June 30, 2021

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
ASSETS				
Cash and cash equivalents	\$ 43,362	\$ 42,378	\$ 225	\$ 85,965
Total assets	<u>\$ 43,362</u>	<u>\$ 42,378</u>	<u>\$ 225</u>	<u>\$ 85,965</u>
LIABILITIES				
Accounts payable	\$ 43,362	\$ 49	\$ 42,554	\$ 85,965
Total liabilities	<u>\$ 43,362</u>	<u>\$ 49</u>	<u>\$ 42,554</u>	<u>\$ 85,965</u>

See accompanying independent auditor's report.

OTHER SCHEDULE

**CITY OF COLUMBIA, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
YEAR ENDED JUNE 30, 2021**

<u>For the State Treasurer's Office</u>	<u>Municipal Court</u>
COUNTY/MUNICIPAL FUNDS COLLECTED by the CLERK OF COURT	
Court Fines and Assessments:	
Court fines and assessments collected	\$ 944,152
Court fines and assessments remitted to the State Treasurer	(473,569)
Total Court Fines and Assessments Retained	<u><u>\$ 470,583</u></u>
 Surcharges and Assessments Retained for Victim Services:	
Surcharges Collected and Retained	\$ 9,035
Assessments Retained	42,805
Total Surcharges and Assessments Retained for Victim Services	<u><u>\$ 51,840</u></u>
 <u>For the Department of Crime Victim Compensation (DCVC)</u>	
Victim Service Funds Collected	
Carryforward From Previous Year - Beginning Balance	\$ -
<u>Victim Service Revenue</u>	
Victim Service Assessments Retained by City/County Treasurer	9,035
Victim Service Surcharges Retained by City/County Treasurer	42,805
Total Funds Allocated to Victim Service Fund plus Beginning Balance	<u>51,840</u>
 <u>Expenditures for Victim Service Program:</u>	
Operating Expenditures	<u>155,085</u>
Total Expenditures from Victim Services Fund	<u>155,085</u>
Total Victim Service Funds Retained by Municipal County Treasurer	<u>(103,245)</u>
Carryforward Funds - End of Year	<u><u>\$ (103,245)</u></u>

See accompanying independent auditor's report.

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APPENDIX B

SELECTED INFORMATION REGARDING THE CITY, LEXINGTON COUNTY, RICHLAND COUNTY AND THE COLUMBIA MSA

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Population

The population estimates of the City, Lexington County, Richland County and the Columbia Metropolitan Statistical Area (the “Columbia MSA”) for the preceding four decades are set forth in the following table:

<u>Year</u>	<u>City</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>Columbia MSA</u>
1990	103,477	167,611	285,720	453,932
2000	116,278	216,014	320,677	647,158
2010	129,272	262,391	384,504	767,598
2020	136,632	293,991	416,147	829,472
2021 [†]	137,541	300,137	418,307	838,250

Source: U.S. Department of Commerce, Bureau of the Census

[†] Estimate as of July 1, 2021.

Per Capita Personal Income

The following table shows the per capita income in Lexington County, Richland County and the State for the past five calendar years, for which information is available:

<u>Calendar Year</u>	<u>Lexington County</u>	<u>Richland County</u>	<u>State</u>
2016	\$44,447	\$42,391	\$40,744
2017	46,317	43,951	42,296
2018	46,715	45,001	43,711
2019	47,789	46,806	45,455
2020	50,188	49,678	48,021

Source: U.S. Department of Commerce

Last updated November 16, 2021 – new statistics for 2020; revised statistics for 2016-2019.

Median Family Income

Estimated median family income statistics are available only as combined figures for the Columbia MSA made up of Lexington, Richland, Fairfield, Kershaw, Calhoun and Saluda counties. The median family income for the Columbia MSA for the last five fiscal years, for which information is available, are shown in the following table. Median family income figures for the State and United States are shown for comparison purposes.

<u>Fiscal Year Ended</u>	<u>Columbia MSA</u>	<u>State</u>	<u>United States</u>
<u>June 30</u>			
2017	\$67,000	\$58,300	\$68,000
2018	69,900	62,500	71,900
2019	68,900	65,400	75,500
2020	72,600	66,300	78,500
2021	72,100	68,700	79,900

Source: U.S. Department of Housing and Urban Development, Office of Policy Development and Research

Retail Sales

The following table shows retail sales of businesses located in Lexington County, Richland County and the City for the last five fiscal years, for which information is available:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Lexington</u> <u>County</u>	<u>Richland</u> <u>County</u>	<u>City</u>
2018	\$14,646,693,608	\$11,483,661,054	\$5,441,133,931
2019	14,590,044,748	11,838,516,781	5,639,948,748
2020	14,323,325,617	11,847,239,102	5,719,209,775
2021	16,424,802,867	12,795,614,754	6,175,099,048
2022	18,798,111,717	13,780,784,000	6,931,960,613

Source: South Carolina Department of Revenue

Unemployment Rates

The average unemployment rates in the City, Lexington County, Richland County, the State and the United States for each of the last five calendar years, for which information is available, are set forth in the following table:

<u>Calendar</u> <u>Year</u>	<u>City</u>	<u>Lexington</u> <u>County</u>	<u>Richland</u> <u>County</u>	<u>State</u>	<u>United</u> <u>States</u>
2017	4.6%	3.5%	4.2%	4.2%	4.4%
2018	3.8	2.8	3.4	3.4	3.9
2019	3.1	2.3	2.7	2.8	3.7
2020	6.0	4.2	5.7	6.0	8.1
2021	4.4	3.0	4.1	4.0	5.3

Source: U.S. Bureau of Labor Statistics

The monthly unemployment rates in the City, Lexington County, Richland County, the State and the United States for the last 12 months, for which information is available, are set forth in the following table:

<u>Month</u>	<u>City</u>	<u>Lexington</u> <u>County</u>	<u>Richland</u> <u>County</u>	<u>State</u>	<u>United</u> <u>States</u>
October 2021	3.5%	2.5%	3.4%	3.3%	4.3%
November 2021	3.3	2.5	3.2	3.2	3.9
December 2021	3.4	2.6	3.3	3.3	3.7
January 2022	3.7	2.9	3.8	3.8	4.4
February 2022	4.3	3.3	4.0	4.1	4.1
March 2022	3.5	2.7	3.3	3.3	3.8
April 2022	2.9	2.1	2.7	2.6	3.3
May 2022	3.9	2.5	3.2	3.1	3.4
June 2022	4.0	2.8	3.5	3.4	3.8
July 2022	3.9	2.6	3.3	3.2	3.8
August 2022	3.7	2.6	3.3	3.2	3.8
September 2022 ^P	3.4	2.5	3.1	3.0	3.3

^P Preliminary.

Source: U.S. Bureau of Labor Statistics

Construction Activity

The growth of the City is reflected in the following table showing the number of new commercial and residential units constructed in the City and the approximate cost of those units in the last five fiscal years, for which information is available:

Fiscal Year Ended <u>June 30</u>	<u>Commercial</u>		<u>Residential</u>	
	Number of <u>Units</u>	Estimated <u>Commercial Costs</u>	Number of <u>Units</u>	Estimated <u>Residential Costs</u>
2018	26	\$ 60,628,991	446	\$84,234,497
2019	42	132,467,454	392	71,623,594
2020	42	117,310,047	457	81,301,467
2021 [†]	32	61,393,082	0	0
2022	38	56,037,385	1,949	313,207,085

[†] There were no new residential units in 2021 due to the COVID-19 pandemic. Once statewide and national restrictions were lifted and some regularity returned to the construction market, demand for residential units returned and is reflected in the number of permits issued in Fiscal Year 2022.

Source: City of Columbia, Planning and Development Services, Permits

Commerce and Industry

The City has a diverse economy driven by private-sector employers, State and federal government presence, and higher-educational institutions, the largest of which is the University of South Carolina.

Major Industrial Employers

The following table shows the ten largest industrial employers, located within the Columbia MSA, the type of business and their approximate number of employees:

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Dominion Energy	Utility	3,066
Michelin North America Inc.	Tire manufacturing	1,470
Trane	Air conditioning	1,345
Nephron Pharmaceuticals	Pharmaceuticals	1,200
Westinghouse Electric Corp.	Nuclear fuel assemblies	1,093
Invista	Chemical products/preparation	1,000
Square D/Schneider Electric	Industrial electrical controls	800
V.C. Summer Nuclear Plant	Alternative Energy	700
International Paper Corp.	Wood and Paper Products	684
Harsco Track Technologies	Construction/energy	567

Source: Central SC Alliance

Major Non-Industrial Employers

The following table shows the ten largest non-industrial employers (other than the governmental entities described under “Government Employers” below), located within the Columbia MSA, the type of business and their approximate number of employees:

<u>Name</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Prisma Health	Health Care	15,000
Blue Cross & Blue Shield of SC	Insurance	10,998
Lexington Medical Center	Healthcare	7,893
Wal-mart	Retail	5,800
Amazon	Distribution Center	2,500
AT&T	Telecommunications	2,100
MUSC Health Columbia	Healthcare	1,625
DORN VA Medical Center	Healthcare	1,457
UPS	Logistics, Distribution	1,329
Palmetto GBA	Finance & Insurance	1,300

Source: Central SC Alliance

Government Employers

Governmental entities are the largest employers in the Columbia MSA. As the table below indicates, such governmental entities have historically provided a stable employment base. These entities include the State government, local governments (including the City), other federal government entities and local school districts. The table shown below provides a breakdown on employment by these entities for the Columbia MSA:

<u>Name</u>	<u>Approximate Number of Employees</u>
State of South Carolina	32,085
University of South Carolina	6,456
S.C. Department of Corrections	4,478
S.C. Department of Social Services	4,272
Richland County School District 1	4,265
S.C. Department of Mental Health	4,069
S.C. Department of Transportation	4,004
Lexington County School District 1	3,750
Richland County School District 2	3,654
S.C. Department of Health and Environmental Control	3,023

Source: Central SC Alliance

Fort Jackson

Fort Jackson (“Fort”) was established in 1917 and designated as a permanent post of the United States Army in 1940. The Fort is the largest and most active Initial Entry Training Center in the United States Army. In addition, the Fort hosts a number of schools and training institutions that provided advance training to approximately 22,000 students on an annual basis. More than 3,500 active duty soldiers and their family members are assigned to the Fort.

The Fort, annexed into the City in October 1968, has a significant economic impact on the midlands area, contributing approximately \$2.4 billion to the local economy. In addition, approximately 250,000 friends and family members visit the midlands area each year to attend basic training graduation activities, using local hotels, restaurants and shopping areas. The Fort encompasses more than 52,000 acres of land including over 100 ranges and field training sites and over 1,000 buildings.

Commercial Development

The City has a number of vibrant corridors to include Downtown, the Vista and the Bull Street District. These areas are notable for attracting new businesses and residents, while offering a mix of commercial space, residential options, retail shops and a wide array of restaurants and bars.

Facilities and Infrastructure

Transportation

Interstate highways I-20, I-26 and I-77 and a network of U.S. and State highways traverse the Columbia MSA. Rail freight service is provided by CSX Transportation and Norfolk Southern Corporation. Rail passenger service is available through Amtrak. Nationwide freight service is available through approximately 50 motor freight lines regularly serving the area. Intercity bus service is provided by Greyhound Lines, Inc.

The Columbia Metropolitan Airport (the “Airport”) is comprised of two runways, associated taxiways, an air traffic control tower, aviation fuel storage facilities, aircraft parking aprons, a passenger terminal building, air cargo buildings, general aviation hangars and terminals, support facilities for the U.S. Army Reserve, the aeronautical facilities of the South Carolina Aeronautics Commission, roads, grounds and public parking facilities; all of which are located on approximately 2,600 acres. Air operations are conducted on an 8,600-foot x 150-foot runway and an 8,000-foot x 150-foot runway. The passenger airlines currently serving the Airport include American Airlines, Delta Air Lines, United Airlines and Silver Airways. The major air cargo companies serving the Airport include Mountain Air Cargo, Martinaire, Air Cargo Carriers, Federal Express, United Parcel Service (“UPS”) and contracted carriers. The Airport is the site of UPS’s southeastern region Air/Ground Hub and Sortation Station for both its Next Day Air and Second Day Air package delivery services. The Jim Hamilton-L.B. Owens Airport, with a 5,011-foot x 75-foot

runway and 400-foot stopway, is located in the southeast section of the City and is used by private and other small aircraft.

Medical and Health Services

Richland County is a regional health center with two federal facilities (Wm. Jennings Bryan Dorn VA Medical Center and Moncrief) and six primary acute care hospitals: Prisma Health Richland, Prisma Health Baptist, Prisma Health Baptist Parkridge, MUSC Health Columbia Medical Center Downtown, MUSC Health Columbia Medical Center Northeast, and Lexington Medical Center Northeast. In addition, there are five psychiatric hospitals and approximately 100 licensed nursing homes and community residential care facilities in the Columbia MSA.

Financial Institutions

The Columbia MSA serves as the chief financial center of the State. According to the Federal Deposit Insurance Corporation, as of June 30, 2022, there were 81 branches of commercial banks and savings institutions in the Columbia MSA, with deposits at all financial institutions totaling \$21,292,604.

Utilities

Electricity for industrial, residential and commercial consumption is provided by Dominion Energy South Carolina, Tri-County Cooperative, Inc., and Mid-Carolina Electric Cooperative, Inc. Natural gas is provided by Dominion Energy South Carolina. Water and sewer service is provided by the City inside the City limits, as well as to portions of Richland and Lexington Counties.

Recreation

The City offers many opportunities for recreation and leisure activities, including Columbia Museum of Art, South Carolina State Museum, and EdVenture Children's Museum. Local theatres include Koger Center for the Arts, Trustus Theatre and Town Theatre. Riverbanks Zoo & Garden, ranked among the top ten zoos in the nation. Lake Murray, a 50,000-acre man-made lake with more than 500 miles of shoreline in Richland, Lexington, Saluda and Newberry counties, includes opportunities for fishing, camping, boating, sailing and skiing, as well as residential sites for single-family and multi-family development. Congaree National Park, offers more than 20,000 federally designated wilderness acres that visitors can explore by foot, kayak, or canoe.

Public Schools

The Columbia MSA is home to several large school districts, including Richland County School District 1, Richland County School District 2 and Lexington-Richland School District 5. The enrollment in these districts is approximately 65,000 students. All public schools are fully accredited and all teachers fully certified by the South Carolina Department of Education.

Higher Education

There are eight institutions of higher education in the Columbia MSA, the largest being the main campus of the University of South Carolina ("USC") in the City. The table below lists these institutions and their Fall 2021 enrollments:

<u>College/University</u>	<u>Enrollment</u>
University of South Carolina (Columbia Campus)	35,388
Midlands Technical College	8,702
Columbia International University	2,338
Benedict College	1,912
Columbia College	1,389
Southern Wesleyan University	1,300
South University	634
Allen University	621

Source: South Carolina Commission on Higher Education

USC is the State's flagship research university. The main campus is located centrally in the City and serves as an economic driver for the surrounding area through direct investments by USC and its Development Foundation. USC's campus is home to the Colonial Life Arena – the largest arena in the State with 18,000 seats, the Strom Thurmond Wellness and Fitness Center, the Greek Village, the Alumni Center, and School of Law, and Innovista, a research campus comprised of the Arnold School of Public Health, the Darla Moore School of Business and two research complexes: Horizon Center and Discovery Plaza.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

The following statements are brief summaries of certain provisions of the General Ordinance, the Eleventh Supplemental Ordinance and the Fifteenth Supplemental Ordinance (as such terms are defined in the front part of this Official Statement or herein, as the context would allow; such General Ordinance, Eleventh Supplemental Ordinance and Fifteenth Supplemental Ordinance are referenced herein as the “Ordinance”). These summaries do not purport to be complete, and reference is made to the Ordinance for a full and complete statement of such provisions. All capitalized terms not defined herein have the meanings ascribed thereto in the front part of this Official Statement or the Ordinance.

CERTAIN DEFINITIONS

“2009 Bonds” means the \$81,860,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2009, dated September 2, 2009, of which \$81,335,000 principal amount is presently outstanding.

“2013 Bonds” means the \$75,305,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2013, dated December 18, 2013, of which \$1,735,000 principal amount is presently outstanding.

“2016 Bonds” means, collectively, the 2016A Bonds and the 2016B Bonds.

“2016A Bonds” means the \$63,325,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2016A, dated December 8, 2016, of which \$30,350,000 principal amount is presently outstanding.

“2016B Bonds” means the \$146,710,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2016B, dated December 8, 2016, of which \$142,100,000 principal amount is presently outstanding.

“2018 Bonds” means the \$87,340,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2018, dated June 21, 2018, of which \$50,510,000 principal amount is presently outstanding.

“2019 Bonds” means, collectively, the 2019A Bonds, the 2019B Bonds and the 2019C Bonds.

“2019A Bonds” means the \$131,085,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2019A, dated December 5, 2019, of which \$93,110,000 principal amount is presently outstanding.

“2019B Bonds” means the \$143,855,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Taxable Series 2019B, dated December 5, 2019, of which \$136,320,000 principal amount is presently outstanding.

“2019C Bonds” means the \$6,875,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Series 2019C, dated December 5, 2019, of which \$4,980,000 principal amount is presently outstanding.

“2021 Bonds” means, collectively, the 2021A Bonds and the 2021B Bonds.

“2021A Bonds” means the \$18,935,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2021A, dated March 17, 2021, all of which is presently outstanding.

“2021B Bonds” means the \$116,600,000 original principal amount Waterworks and Sewer System Refunding Revenue Bonds, Taxable Series 2021B, dated March 17, 2021, all of which is presently outstanding.

“2022 Bonds” means the \$73,815,000 original principal amount Waterworks and Sewer System Revenue Bonds, Series 2022.

“2022 Debt Service Fund” means the fund of that name established pursuant to the Fifteenth Supplemental Ordinance to provide for the payment of the principal and interest on the 2022 Bonds.

“2022 Projects” means, collectively, the improvements, extensions and enlargements to the System, including any one or more of the projects described in the Fifteenth Supplemental Ordinance, and such other improvements as the City may deem necessary or incidental to the System.

“Accountant” means a firm of independent certified public accountants selected by the City.

“Act” means Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended, and all other statutory authorizations, now or hereinafter enacted, authorizing and enabling the City to provide for the issuance of the Bonds, including, if applicable, with respect to any Series of refunding Bonds, Title 11, Chapter 21, Code of Laws of South Carolina 1976, as amended.

“Additional Bonds” means any Bonds issued under the provisions of the General Bond Ordinance described under the heading “SUMMARY OF ORDINANCE—Additional Bonds—*Parity Obligations*” herein.

“Annual Budget” means the annual budget required by the provisions of the General Bond Ordinance described in Paragraph G under the heading “SUMMARY OF ORDINANCE—General Covenants” herein.

“Beneficial Owner” means any purchaser who acquires beneficial ownership interest in any 2022 Bond held by the Depository. In determining any Beneficial Owner, the City, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any 2022 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bondholders” or the term “Holders” or any similar term means the registered owner or owners of any Outstanding Bond or Bonds.

“Bond Counsel” means any attorney or firm of attorneys of nationally recognized standing in the matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

“Bonds” means, collectively, the 2009 Bonds, the 2013 Bonds, the 2016 Bonds, the 2018 Bonds, the 2019 Bonds, the 2021 Bonds, the 2022 Bonds and any Bonds issued under and pursuant to the General Bond Ordinance, except Junior Bonds and Special Facilities Bonds.

“Book-Entry Form” or “Book-Entry System” means with respect to the 2022 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the 2022 Bonds may be transferred only through a book-entry and (b) physical 2022 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical 2022 Bond certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the 2022 Bonds, when subject to the Book-Entry System.

“Books of Registry” means the registration books maintained by the Registrar in accordance with the General Bond Ordinance.

“Business Day” means any day other than a Saturday, a Sunday or a day which is in the State or the state in which the respective office of the Paying Agent and the Registrar is located a legal holiday or a day on which banking institutions are authorized by law or executive order to close.

“City” means the City of Columbia, South Carolina.

“Construction Fund” means any fund established with and maintained by the custodian named by ordinance or resolution of the City, and derived from certain of the proceeds of the sale of Bonds of a Series and intended to defray the cost of all or a portion of any Project and to pay all Costs of Acquisition and Construction in connection therewith, as established in a supplemental ordinance authorizing the issuance of such Series of Bonds.

“Construction Fund of 2022” means the fund established pursuant to the Fifteenth Supplemental Ordinance into which a portion of the proceeds of the 2022 Bonds will be deposited.

“Consulting Engineer” means the engineer or engineering firm or corporation registered and qualified to practice the profession of engineering under the laws of the State and having a favorable reputation for skill and experience in the construction and operation of water treatment systems, sewage disposal and treatment systems employed by the City to perform and carry out the duties imposed by the General Bond Ordinance, and who or which is not a full-time employee of the City.

“Contingent Fund” means the fund of that name established pursuant to the General Bond Ordinance.

“Cost of Acquisition and Construction” means, to the extent permitted by the Act, all costs of acquisition and construction of any Project, including the Costs of Issuance with respect to and capitalized interest on Bonds issued for such purpose. Cost of Acquisition and Construction include the payment of amounts due on bond anticipation notes, the proceeds of which were used for Cost of Acquisition and Construction.

“Cost of Issuance” means all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Registrar or Paying Agent, legal fees and charges, auditing and accounting fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for insurance of the payment of Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other costs, charges or fees in connection with the original issuance of Bonds.

“Council” means the City Council of the City of Columbia, South Carolina.

“Debt Service” means, with respect to each Series of Bonds and with respect to any particular Fiscal Year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the applicable Debt Service Fund in such Fiscal Year for the payment of the principal of, redemption premium, if any, and interest (to the extent not capitalized) on such Series of Bonds; provided, that the interest on Variable Rate Indebtedness then Outstanding will be calculated at the actual average rate of interest on the Variable Rate Indebtedness during the twelve (12) months immediately preceding the date of calculation; provided further, that for purposes of the provisions of the General Bond Ordinance described under the heading “SUMMARY OF ORDINANCE—Additional Bonds—*Parity Obligations*” herein, interest on Variable Rate Indebtedness then proposed to be issued will be calculated at the initial interest rate on such Variable Rate Indebtedness as of the date of such calculation; provided, further, that in the case of Bonds which have been or will be issued as taxable obligations, for which the City has or will be entitled to receive a payment that effectively reduces the City’s debt service payment obligation therefore (including but not limited to Build America Bonds (“BABs”) issuable pursuant to the authority of the American Recovery and Reinvestment Act of 2009 (“ARRA”)), the amount to be paid or set aside in the applicable Debt Service Fund in each Fiscal Year for such payment of Debt Service will be reduced by the payment that the City has or will be entitled to receive for such purpose.

“Debt Service Fund” means the funds of that name established pursuant to the General Bond Ordinance and so designated pursuant to a supplemental ordinance to provide for the payment of the principal of and interest on the respective Series of Bonds issued pursuant to the General Bond Ordinance as the same respectively become due and payable.

“Debt Service Reserve Fund” means the funds, if any, of that name established pursuant to the General Bond Ordinance and so designated pursuant to a supplemental ordinance.

“Default” or “Event of Default” means any of those defaults specified in and defined as such under the General Bond Ordinance, as summarized under the heading “SUMMARY OF ORDINANCE—Events of Default and Remedies—*Events of Default*” herein.

“Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its Participants or otherwise, a book-entry system to record ownership of beneficial interests in the 2022 Bonds, and to effect transfers of the 2022 Bonds, in book-entry only form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Depreciation Fund” means the fund of that name established pursuant to the General Bond Ordinance.

“Eleventh Supplemental Ordinance” means the Eleventh Supplemental Ordinance No. 2016-046 of the Council enacted on September 6, 2016.

“Expenses of Operating and Maintaining the System” means the costs and expenses of operating and maintaining the System in good repair and working order including wages, salaries, costs of materials and supplies, costs of routine

repairs, renewals, replacements or alterations occurring in the normal course of business, the reasonable fees and charges of any Paying Agents and Registrars of any Bonds issued pursuant to the General Bond Ordinance or any supplemental ordinance thereto, the costs of any audit required by the General Bond Ordinance and the premium for all insurance required with respect to the System. Expenses of Operating and Maintaining the System do not include (i) any allowance for depreciation, (ii) any renewals or replacements of capital assets of the System, (iii) any amounts deemed to be payments in lieu of taxes or other equity transfers, (iv) any pension-related and other post-employment benefit-related expenses (other than such amounts actually paid) of the System, (v) any payment or amortization of financing expenses, underwriting discounts, call premiums, losses on the extinguishment of debt due to refinancing of the same, and other related and non-recurring expenses resulting from the issuance or refinancing of long term indebtedness, or (vi) any losses on the sale or other disposition of investments or fixed or capital assets.

“Fifteenth Supplemental Ordinance” means the Fifteenth Supplemental Ordinance No. 2022-012 of the Council enacted on October 4, 2022.

“Fiscal Year” means the fiscal year for the System as determined by the Council, initially being the period from July 1 in any year to and including June 30 in the following year.

“General Bond Ordinance” means Ordinance No. 93-43 of the Council of the City authorizing the issuance of Bonds enacted on May 21, 1993, as from time to time amended or supplemented by one or more supplemental ordinances.

“Government Obligations” means any of the following:

- (a) non-callable bonds, notes or direct obligations and general obligations of the United States;
- (b) non-callable, U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”);
- (c) non-callable, direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury;
- (d) non-callable, obligations issued by any agency or instrumentality of the United States of America which are backed by the full faith and credit of the United States of America; and
- (e) pre-refunded municipal bonds which are rated “Aaa” by Moody’s or “AAA” by S&P.

“Interest Account” means the account by that name created within each respective Debt Service Fund.

“Junior Bonds” means either (a) bonds secured by a pledge of Net Revenues junior and subordinate in all respects to the pledge securing the Bonds or (b) any other obligation or form of indebtedness, including lease purchase obligations secured by Net Revenues after provision has been made for all payments required to be made with respect to the Bonds which obligation or indebtedness may be authorized by an ordinance of Council which is not supplemental to the General Bond Ordinance.

“Maximum Debt Service” means, the highest aggregate principal and interest requirements (to the extent not capitalized) on the Bonds then Outstanding during any Fiscal Year. With respect to any Series of Variable Rate Indebtedness, for purposes of determining Maximum Debt Service the following methods will determine the interest rate to be used:

- (a) in case of determining the Reserve Fund Requirement, the interest rate will be equal to the lesser of (i) the 25-Bond Revenue Index published by *The Bond Buyer* no more than two (2) weeks prior to, but in no event after, the sale of the series of Bonds to which the Reserve Fund Requirement in question applies, or (ii) the maximum interest rate allowable on such Variable Rate Indebtedness; and
- (b) in the case of determining the Maximum Debt Service for purposes of the provisions of the Ordinance described in paragraph (C) under the heading “SUMMARY OF ORDINANCE—Additional Bonds—*Parity Obligations*” herein, the interest rate on Variable Rate Indebtedness will be equal to the interest rate as established or in effect with respect thereto on the date thereof;

provided, however, that if the 25-Bond Revenue Index referred to in (a) above is no longer published, any reasonably equivalent nationally recognized index published for the periods in question may be selected by the City for use in its stead; provided, further, that in the case of Bonds which have been or will be issued as taxable obligations, for which the City has or will be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefore (including but not limited to BABs issuable pursuant to the authority of the ARRA), the highest aggregate principal and interest requirements for such Bonds during any Fiscal Year will be reduced by the payment that the City has or will be entitled to receive therefor.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Net Revenues" means the Revenues of the System after deducting the Expenses of Operating and Maintaining the System.

"Ordinance" means the General Bond Ordinance and the Fifteenth Supplemental Ordinance.

"Outstanding," when used with respect to any Bond, have the construction given to such word pursuant to the defeasance provisions of the General Bond Ordinance; i.e., a Bond is not Outstanding if such Bond is not, or would not be, at the time, deemed to be Outstanding by reason of the operation and effect of such provisions.

"Parity Bonds" means the 2009 Bonds, the 2013 Bonds, the 2016 Bonds, the 2018 Bonds, the 2019 Bonds and the 2021 Bonds.

"Participant" means any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Paying Agent" means for each Series of Bonds the respective paying agent or paying agents appointed pursuant to the supplemental ordinance authorizing such Bonds. With respect to the 2022 Bonds, the initial Paying Agent is Regions Bank, which also serves as the custodian of the 2022 Debt Service Fund.

"Permitted Investments" means (a) any one or more of the investments now or hereafter permitted by Section 6-5-10, Code of Laws of South Carolina 1976, as amended and in effect from time to time, or any authorization relating to the investment of City funds; and (b) the South Carolina Pooled Investment Fund or similar State administered pool investment fund.

"Principal Account" means the account by that name created within each respective Debt Service Fund.

"Project" means any and all replacements, enlargements, improvements, extensions, additions and betterments to the System, and all appurtenances, facilities, lands, rights in land, water rights, franchises and structures in connection therewith or incidental thereto, and any other project which may be financed through the issuance of bonds under the Act, including the acquisition of any system which is combined with or consolidated into the System pursuant to law.

"Record Date" means with respect to any Series of Bonds the fifteenth (15th) day (whether or not a business day) of the calendar month immediately preceding an interest payment date or such other day as may be provided in the supplemental ordinance authorizing the issuance of such Series of Bonds.

"Registrar" means for any Series of Bonds, the respective bank, trust company, depository or transfer agent appointed as registrar pursuant to the supplemental ordinance authorizing such Series of Bonds. With respect to the 2022 Bonds, the initial Registrar is Regions Bank.

"Reserve Fund Requirement" means, as of the date of calculation, the debt service reserve fund requirement, if any, established pursuant to a supplemental ordinance authorizing the issuance of a Series of Bonds.

"Revenues" means all fees, tolls, rates, rentals and other charges to be levied and collected in connection with and all other income and receipts of whatever kind or character derived by the City from the operation of the System or arising from the System excluding the receipts, income, revenues, fees and other charges derived from the operation of Special Facilities.

"S&P" means S&P Global Ratings and its successors.

“Series” or “Series of Bonds” or “Bonds of Series” means all Bonds designated as being of the same series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefore pursuant to the General Bond Ordinance.

“Series 2009 Swap” means the interest rate swap transaction entered into between the City and the Swap Counterparty, related to the 2009 Bonds.

“Special Facilities” means any Project, the revenues and expenses resulting from the operation of which can be segregated from the revenues and expenses of the System and which the City designates as such pursuant to ordinance of Council.

“State” means the State of South Carolina.

“Swap Counterparty” means JPMorgan Chase Bank, N.A., as the provider of the Series 2009 Swap.

“System” means the existing Waterworks and Sewer System of the City, as the same is now constituted, all properties, real and personal, and matters and things used or useful in the maintenance, operation or functioning thereof, all apparatus and equipment used in connection therewith, and all replacements, enlargements, improvements, extensions, additions, and betterments thereto that may be made thereto at any time hereafter, including any Project, and any other public utility system with which the System may hereafter be combined pursuant to ordinance of Council.

“Underwriters” means PNC Capital Markets LLC and Raymond James & Associates Inc., on behalf of themselves and as representatives of Siebert Williams Shank & Co., LLC.

“Variable Rate Indebtedness” means indebtedness in the form of Bonds the interest rate on which is not established at a fixed or constant rate at the time such indebtedness is incurred.

SUMMARY OF ORDINANCE

Operation and Maintenance

The City has covenanted that adequate provision will be made for the Expenses of Operating and Maintaining the System, and that the Revenues derived from the System will be first used to make provision for the Expenses of Operating and Maintaining the System to keep the System in good repair and working order. The City has further covenanted and agreed it will at all times operate the System properly and in an efficient and economical manner and will maintain, preserve and keep the same with the appurtenances and every part and parcel thereof in good repair, working order and condition, and will from time to time make all necessary and proper repairs and replacements so that at all times the operation of the System may be properly and advantageously conducted.

Security for and Payment of the Bonds

The Bonds, together with the interest thereon, are payable solely from and secured equally and ratably by a lien upon the Net Revenues of the System. The Net Revenues are irrevocably pledged in the General Bond Ordinance to the payment of the principal of, premium, if any, and interest on the Bonds.

The Bonds will be on a parity with respect to the pledge and lien on the Net Revenues of the System inter sese, but not with respect to the particular Debt Service Fund or Debt Service Reserve Fund created for the benefit of the Holders of the Bonds of a Series, notwithstanding, that they may be in different form, and bear different dates, interest rates, number, date of issuance or date of execution; and in all such instances, the pledge of Net Revenues made under the General Bond Ordinance, and the covenants and remedies thereby granted will be applicable and available to the Holders of such Bonds. The pledge of and lien upon Net Revenues securing the 2022 Bonds (and any other Bonds) is senior to the pledge and lien on Net Revenues securing the City’s obligations under the Series 2009 Swap or any Junior Bonds or any other charges, liens or encumbrances on the Net Revenues of the System, as contemplated by the provisions of the General Bond Ordinance described under the subheading “Funds Created Under General Bond Ordinance—*Application of Remaining Revenues*” herein.

The Bonds do not constitute an indebtedness of the City within any State Constitutional provision (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from

special sources not involving revenues from any tax or license) or statutory limitation and will never constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing power. The full faith, credit and taxing powers of the City are not pledged to the payment of the principal of and interest on the Bonds.

The covenants and agreements set forth in the General Bond Ordinance to be performed by the City are for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to payment or security or otherwise (except as to maturity) of any of the Bonds for any reason or cause whatsoever, except as expressly provided in the General Bond Ordinance or in the Bonds, and, except as aforesaid, all Bonds will rank pari passu and will be secured equally and ratably thereunder without discrimination or preference whatsoever.

Creation and Flow of Funds

Creation of Funds and Order of Payment

The following are the funds and accounts created and established by the General Bond Ordinance:

- (i) Debt Service Fund to be held by the City, including an Interest Account and Principal Account.
- (ii) Debt Service Reserve Fund, if any, to be held by the City.
- (iii) Contingent Fund and Depreciation Fund, to be held by the City.
- (iv) Construction Fund, to be held by the City.

For the avoidance of doubt, (a) the designation of the Contingent Fund and the Depreciation Fund in and by the General Bond Ordinance will not be construed to require the establishment of any completely independent, self-balancing fund as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of the Revenues and assets of the System for certain purposes and to establish certain priorities for application of such Revenues and assets as provided in the General Bond Ordinance, and (b) the cash required to be accounted for in each of the foregoing funds established pursuant to the General Bond Ordinance may be deposited in a single bank account, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the cash in and deposited therein for the various purposes of such funds as provided in the General Bond Ordinance.

One or more accounts may, by direction of the City or by the terms of a supplemental ordinance, be established within any of the above funds. It is intended by the General Bond Ordinance that the funds created thereby (other than the Construction Fund) will remain in existence for so long a time as any sum remains due and payable by way of principal of and interest on the Bonds, and that deposits and withdrawals therefrom be made in the manner prescribed by the General Bond Ordinance and in the order of priority therein set forth.

So long as any of the Bonds are Outstanding, the Revenues of the System will be applied at the times, in the amounts and for the purposes as provided or permitted by the General Bond Ordinance, and in the following order of priority:

First, provision will be made for the payment of Expenses of Operating and Maintaining the System;

Second, there will be transferred into the respective Debt Service Funds, the amounts required by the General Bond Ordinance or any supplemental ordinance thereto;

Third, there will be transferred into the respective Debt Service Reserve Funds, if any, the amounts required by the General Bond Ordinance or any supplemental ordinance thereto;

Fourth, provision will be made for the payment of any Junior Bonds or to meet any other obligations of the City which are charges, liens or encumbrances upon the Revenues of the System junior and subordinate to the lien on Net Revenues securing the Bonds (including but not limited to termination payments under the Series 2009 Swap and the payment of interest on amounts advanced by the provider of any surety bond, insurance policy or letter of credit), as described in the General Bond Ordinance;

Fifth, there will be transferred into the Contingent Fund and the Depreciation Fund the amounts required by the General Bond Ordinance; and

Sixth, the remaining Revenues will be disposed of as provided in the General Bond Ordinance.

The Debt Service Fund, the Debt Service Reserve Fund and the Construction Fund or any one or more of such funds, may at the option of the City be held by a bank, a trust company, a national banking association or a national association as Custodian under the General Bond Ordinance or a supplemental ordinance thereto.

Funds Created Under General Bond Ordinance

Debt Service Fund

The respective Debt Service Funds are intended to provide for the payment of the principal of, redemption premium, if any, and interest on each Series of Bonds as the same respectively fall due. Payments into such Funds will be made in the manner prescribed by the General Bond Ordinance and all moneys in the respective Debt Service Funds will be used solely to pay the principal of, redemption premium, if any, and interest on the respective Series of Bonds, and for no other purpose, and withdrawals therefrom will be made only to effect payment of the principal of, redemption premium, if any, and interest on the respective Series of Bonds. Earnings on investments in the Debt Service Fund, including the accounts therein, will be added to and become a part of such respective Funds and the accounts therein.

There will be transferred from the Revenues of the System into the Debt Service Fund sufficient moneys so as to comply with the provisions described below for the payment of the Bonds then Outstanding.

(a) There will be established and maintained, for the purpose of paying the interest on the respective Series of Bonds as the same becomes due and payable, an Interest Account in the respective Debt Service Funds. Not later than the fifth day preceding an interest payment date (or if such fifth preceding day is not a business day, then on the next preceding business day), the City will transfer for deposit into the respective Debt Service Funds for credit to the Interest Account an amount which will, together with any other funds on deposit from whatever source in the Interest Account of the respective Debt Service Fund, on such date be equal to the installment of interest then falling due on the respective Series of Bonds then Outstanding. In making any of the deposits to the Interest Account described in this paragraph, consideration will be given to and allowance made for accrued interest received upon delivery of each Series of Bonds to the initial purchasers and for any other credits otherwise made to the Interest Account.

(b) There will be established and maintained, for the purpose of paying the principal of the Bonds as it becomes due, whether at maturity or by mandatory sinking fund redemption, a Principal Account in the respective Debt Service Funds. Not later than the fifth day preceding any principal payment date or mandatory sinking fund redemption date on any Bond (or if such fifth preceding day is not a business day, then on the next preceding business day), the City will transfer into the respective Debt Service Funds to the credit of the Principal Account an amount which will, together with any other funds on deposit from whatever source in the Principal Account of the Debt Service Fund, provide sufficient funds to pay the aggregate amount of the principal of Bonds coming due on such principal payment date or mandatory sinking fund redemption date. In making any of the deposits to the Principal Account described in this paragraph, consideration will be given to and allowance made for any other credits otherwise made to the Principal Account.

(c) If, on the dates when the payments required by paragraphs (a) and (b) above are to be made, the payments required by said paragraphs (a) and (b) will be less than the sum required to be transferred to a Debt Service Fund to effect the payment of succeeding installment of principal or interest, or both, as the case may be, moneys in the applicable Debt Service Reserve Fund, if any, equal to such deficiency will be added to the payment to be made pursuant to said paragraphs (a) and (b).

Moneys in the respective Debt Service Funds will be used and applied solely to the payment of the interest on and the retirement of principal of and redemption premium, if any, on the respective Series of Bonds and will be used and applied in accordance with the provisions of the General Bond Ordinance. The moneys paid into the respective Debt Service Funds will be held by the City in trust solely for the purpose of paying the interest on and the retirement of the principal of and redemption premium, if any, on the respective Series of Bonds and withdrawals from such Funds will be made in order to transfer such moneys to the Paying Agent for the respective Series of Bonds. Such withdrawals will be made so that the necessary moneys will be available to the Paying Agent not later than one (1)

business day prior to the day on which principal or interest or both, and redemption premium, if any, as the case may be, are payable on the Bonds.

Moneys held for the credit of the respective Debt Service Funds will be invested, to the fullest extent practicable and reasonable, in Permitted Investments which will mature prior to the respective dates when the moneys held for the credit of such Fund will be required for the purpose intended.

Debt Service Reserve Fund

A supplemental ordinance to the General Bond Ordinance may, but is not required to, provide for the establishment of a Debt Service Reserve Fund for any Series of Bonds. Each Debt Service Reserve Fund will, subject to certain provisions of the General Bond Ordinance, be maintained in an amount equal to the applicable Reserve Fund Requirement, as determined pursuant to a supplemental ordinance, and in the manner determined pursuant to such supplemental ordinance, so long as the applicable Series of Bonds is Outstanding. Each such Debt Service Reserve Fund is intended to insure the timely payment of the principal of and interest on the applicable Series of Bonds and to provide for the redemption of such Series of Bonds prior to their stated maturities. The respective Debt Service Reserve Funds will be kept on deposit with the City, and withdrawals therefrom will be made for the purposes provided in the General Bond Ordinance. **No Debt Service Reserve Fund will be established for or funded with the proceeds of the 2022 Bonds.**

Moneys in each Debt Service Reserve Fund will be used for the following purposes, and for no other:

(a) to prevent a Default in the payment of the principal of or interest on the applicable Series of Bonds, by reason of the fact that moneys in the applicable Debt Service Fund are insufficient for such purposes;

(b) to pay the principal of, interest on, and redemption premium, if any, of the applicable Series of Bonds in the event that all Outstanding Bonds of such Series be redeemed as a whole;

(c) to effect partial redemption of the applicable Series of Bonds, provided that such redemption be undertaken in accordance with the provisions of the General Bond Ordinance permitting a partial redemption of the applicable Series of Bonds and the balance remaining in the applicable Debt Service Reserve Fund following such partial redemption will not be less than the Reserve Fund Requirement; and

(d) to effect the retirement of a Series of Bonds through purchase under the conditions prescribed in the General Bond Ordinance.

Whenever the market value (determined as of the evaluation date specified in the General Bond Ordinance) of the cash and securities in the applicable Debt Service Reserve Fund exceeds the applicable Reserve Fund Requirement, such excess may at the direction of the City (i) be used to repurchase and retire the applicable Series of Bonds at prices not exceeding the call price first to become available or then prevailing, (ii) be considered Revenues or (iii) be transferred to the Construction Fund during the period of construction or acquisition of a Project. Purchases of Bonds will be effected by the City through the Paying Agent, and whenever Bonds have been purchased pursuant to this authorization, it will be the duty of the Paying Agent to cancel and destroy such Bonds and to deliver certificates evidencing such act to the City.

Whenever the aggregate value of cash and securities in a Debt Service Reserve Fund is less than the applicable Reserve Fund Requirement, there will be deposited in such Debt Service Reserve Fund that amount which, together with equal, successive, monthly deposits in the same amount, will restore the value of cash and securities in such Debt Service Reserve Fund to the applicable Reserve Fund Requirement during the succeeding 12 months.

If the City obtains a surety bond, insurance policy or letter of credit in substitution for moneys deposited to the applicable Debt Service Reserve Fund as may be permitted under the applicable supplemental ordinance, excess moneys will be transferred to the applicable Construction Fund, or if one does not exist, be considered Revenues.

Moneys in the respective Debt Service Reserve Funds established by the General Bond Ordinance will be invested, to the fullest extent practicable, in Permitted Investments, maturing at such times and in such amounts as are required to provide moneys to make the payments required to be made from such funds.

Contingent Fund and Depreciation Fund

The General Bond Ordinance establishes a Contingent Fund and a Depreciation Fund.

The City will deposit from time to time (at least on a monthly basis) into the Contingent Fund and the Depreciation Fund the amounts determined in the Annual Budget prepared for the System. Moneys in the Contingent Fund will be used to build up a reasonable reserve for improvements, betterments, and extensions to the System, other than those necessary to maintain the System in good repair and working order, and moneys in the Depreciation Fund will be used to build up a reserve for the depreciation of the System and used for the purpose of restoring or replacing depreciated or obsolete items of the System.

Moneys in the Contingent Fund and the Depreciation Fund will be held by the City in accordance with the General Bond Ordinance, and may be invested in Permitted Investments. Withdrawals from the Contingent Fund and the Depreciation Fund may be made by an authorized representative of the City.

Application of Remaining Revenues

After making payment for the Expenses of Operating and Maintaining the System, and after making payments on the Bonds, the Revenues of the System will then be used first for the payment of Junior Bonds or to meet any other obligations of the City which are or which will become charges, liens or encumbrances upon the Revenues of the System; second to make such deposits to the Contingent Fund as required by the General Bond Ordinance to provide for adequate funds for improvements to the System and build up a proper reserve against contingencies and to the Depreciation Fund as required by the General Bond Ordinance to build up a proper reserve for depreciation of the System; and third as the Council will from time to time determines to be in the best interest of the City.

Rates and Charges

The City has covenanted and agreed in the General Bond Ordinance to operate the System in an efficient and economical manner and establish, levy, maintain, revise and collect such fees, rates and other charges for the use of the services and facilities furnished by the System as may be necessary or proper, which fees, rates, and other charges, together with other Revenues and other available moneys, will at all times be at least sufficient after making due and reasonable allowances for contingencies and for a margin of error in estimates to provide an amount equal to (a) 100% of the amounts required to pay Expenses of Operating and Maintaining the System for the then current Fiscal Year; (b) 110% of the amounts required to be deposited into each Debt Service Fund for the then current Fiscal Year; (c) 100% of the amounts required to be deposited into each Debt Service Reserve Fund for the then current Fiscal Year; (d) 100% of the amounts required to provide for payment of any Junior Bonds for the then current Fiscal Year; and (e) the amounts necessary to comply in all respects with the terms of the General Bond Ordinance or any other contract or agreement with the Holder of a Bond; provided, further, that for purposes of determining the amounts required to be deposited into a Debt Service Fund pursuant to clause (b), to provide for payment of Junior Bonds pursuant to clause (d) or otherwise as provided in clause (e) described above, in the case of Bonds or Junior Bonds which have been or will be issued as taxable obligations, for which the City has or will be entitled to receive a payment that effectively reduces the City's debt service payment obligation therefor (including but not limited to BABs issuable pursuant to the authority of the ARRA), the debt service requirements for such Bonds or Junior Bonds will be reduced by the payment that the City has or will be entitled to receive therefor.

Additional Bonds

Parity Obligations

Anytime and from time to time, one or more Series of Additional Bonds (exclusive of bonds issued to refund Bonds) may be issued by a supplemental ordinance for such purposes as may be permitted by the Act upon compliance with the provisions of the General Bond Ordinance in such principal amounts as may be determined by the Council for the purpose of paying all or part of the Costs of Acquisition and Construction of one or more Projects, upon compliance with the following conditions:

- A. There will be executed a certificate of the Finance Director, City Manager or chief administrative official of the City stating (i) either (a) that no default exists in the payment of the principal of, premium, if any, or interest on the Junior Bonds and no Default exists in the payment of the principal of, premium, if any or interest on the Bonds, and all mandatory sinking fund redemptions, if any,

required to have been made have been made, or (b) that the application of the proceeds of sale of the Series of Additional Bonds to be issued as required by the supplemental ordinance authorizing their issuance will cure any such default or Default or permit such redemptions; and (ii) either (a) that to the best of his or her knowledge, the City is not in Default in the performance of any other of its covenants and agreements contained in the General Bond Ordinance, or (b) setting forth the circumstances of each such Default known to him or her.

- B. If a certificate executed pursuant to the provisions of the General Bond Ordinance described in part (A) above should disclose a default or Default, there will be filed with the City an opinion of Bond Counsel that, in the case of any default or Default disclosed in a certificate filed pursuant thereto, each such default or Default does not deprive the Bondholders of the security afforded by the General Bond Ordinance, as amended and supplemented, in any material aspect.
- C. For the issuance of Additional Bonds to finance the Cost of Acquisition and Construction, or a portion thereof, of any Project, there will be delivered a report, which report is not required to be based upon the latest audit of the City, from the City Manager or Finance Director of the City, an Accountant or a Consulting Engineer stating that the amount of Net Revenues of the System for any consecutive twelve (12) month period out of the last twenty-four (24) month period ("Test Period") is not less than one hundred thirty percent (130%) of the sum of the Maximum Debt Service on the Bonds to be Outstanding after the issuance of such Additional Bonds for any succeeding Fiscal Year, provided the amount of Net Revenues for any such twelve (12) month period may be adjusted by adding the following:
 - (1) in case the rates and charges for the services furnished by the System will have been revised and such revised rates and charges will have gone into effect prior to the delivery of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such rates and charges had been in effect during such Test Period as determined by a Consulting Engineer or an Accountant, and
 - (2) in case an existing sewer system, existing water system or any other public utility system is to be acquired and combined or made a part of the System from the proceeds of the Additional Bonds proposed to be issued, the additional amount of Net Revenues which would have been realized during the Test Period if such existing system or systems to be acquired had been a part of the System during such Test Period (which computation of the additional amount of Net Revenues will be based upon the method of computing Net Revenues under the General Bond Ordinance and approved by a Consulting Engineer or an Accountant).
- D. Such Additional Bonds will be issued to secure funds to defray the Cost of Acquisition and Construction of a Project; or to refund Junior Bonds, or any notes, bonds or other obligations issued to finance or to aid in financing the acquisition, construction, improvement, enlargement or repair of the System or another enterprise combined with the System.
- E. The supplemental ordinance to the General Bond Ordinance authorizing such Additional Bonds may provide for the funding of the Debt Service Reserve Fund with respect to such Series of Bonds in the amount of the Reserve Fund Requirement, if any, with respect to such Series of Bonds.

Without complying with the provisions of the General Bond Ordinance described in the first paragraph under this subheading "*Parity Obligations*" except as otherwise provided in the General Bond Ordinance, the City by means of a supplemental ordinance to the General Bond Ordinance enacted in compliance with the provisions of the Act and any other statutory provisions authorizing the issuance of revenue refunding bonds, including advance refunding bonds, may issue refunding Bonds under the provisions of the General Bond Ordinance as follows:

- A. Additional Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity or prior to any sinking fund installment due date, the Bonds maturing on such date (or an amount of Bonds subject to redemption from such sinking fund installments not in excess of the amount of Bonds required to be redeemed on such due date) for the payment of which sufficient Revenues are not available. Any Additional Bonds issued for such

purpose will mature (or sinking fund installments therefor will commence) not earlier than the latest stated maturity of any Bond not then refunded to be Outstanding after such refunding.

- B. Additional Bonds may be issued at any time for the purpose of refunding (including by purchase) Bonds, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) of the Bonds and the Costs of Issuance; provided that (i) the Debt Service on all Bonds to be Outstanding after the issuance of the proposed Series of refunding Bonds will not be greater than would have been the Debt Service on all Bonds not then refunded and the Bonds to be refunded or (ii) the requirements of the provisions of the General Bond Ordinance described in parts (A), (B), (C) and (E) of the preceding paragraph are met with respect to the refunding Bonds.

Junior Bonds

The City may at any time issue Junior Bonds in such amount as it may from time to time determine, payable from the Revenues, provided that such Junior Bonds are issued to secure funds to defray the cost of improving, extending, enlarging, or repairing the System, some part thereof, including the acquisition of any system which may be combined with or consolidated into the System pursuant to law, or to refund Bonds, Junior Bonds, or any notes, bonds or other obligations issued to finance or to aid in financing the acquisition, construction or improvement of the System, and provided further that the pledge of Net Revenues securing Junior Bonds is at all times subordinate and inferior to the pledge securing the Bonds.

Special Facilities Bonds

The City also has the right to issue, from time to time, Special Facilities Bonds to defray the costs of acquiring or constructing Special Facilities subject to the following conditions:

- A. The City must determine that the receipts, income, revenues, fees and other charges to be levied and collected in connection with the Special Facilities are at least equal to: (1) the estimated costs of operating and maintaining such Special Facilities; (2) the principal and interest requirements of the Special Facilities Bonds; (3) the amounts to be deposited in any reserve funds with respect thereto; and (4) any other costs and expenses relating to such Special Facilities.
- B. The receipts, income, revenues, fees and other charges derived from the operation of the Special Facilities will be segregated from the Revenues of the System.
- C. The debt service payments and other costs and expenses related to such Special Facilities will not be paid from Revenues of the System.

General Covenants

The City has made several covenants in the General Bond Ordinance (which covenants are also made a part of the supplemental ordinances thereto) including, without limitation, the following:

- A. The City will keep proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries will be made of all transactions relating to the System. A complete financial statement of the System will be prepared within 180 days after the end of each Fiscal Year and will be prepared in accordance with generally accepted accounting principles and audited by an Accountant. The City will cause to be furnished to any Holder of any of the Bonds, who makes written request therefor, a copy of such statement. Such records will be kept in accordance with the standards from time to time prescribed by the Governmental Accounting Standards Board or its successor. The City will cause to be furnished to any Holder of any of the Bonds, who make written request therefor, copies of financial statements certified by an accountant.
- B. The City will not issue any bonds, notes, certificates or other obligations or evidences of indebtedness other than the Bonds or obligations authorized or permitted by the General Bond Ordinance secured by a pledge of the Net Revenues, and it will not create or cause to be created any lien or charge on the Revenues other than the liens and charges created or permitted to be created pursuant to the General Bond Ordinance, and no part of the System will be sold, mortgaged, leased or otherwise disposed of or encumbered; provided, however, the City may from time to time

permanently abandon the use of, sell, trade or lease any property forming a part of the System, but only if there is filed with the Clerk of the City prior to such abandonment, sale or lease a certificate, signed by the City Manager, stating:

- (1) that the City is not then in Default in the performance of any of the covenants, conditions, agreements or provisions contained in the General Bond Ordinance, and
 - (2) that the Net Revenues for the preceding Fiscal Year, after giving effect to such abandonment, sale or lease and any replacement and after adjustment to reflect the moneys which would have been received if the rate schedule in effect on the date of such certificate had been in effect throughout such Fiscal Year, are not less than 100% of the Debt Service for any Fiscal Year thereafter. Amounts received from any such sale or disposition will be considered Revenues of the System.
- C. The City will make provision to maintain adequate insurance (including self-insurance) on the works, plants, facilities and properties comprising the System against the risks, accidents or casualties, of the kinds and in at least the amounts which are usually and customarily carried on similar plants, properties and systems which are owned and operated by a public or municipal corporation, including without limiting the generality of the foregoing, fire, extended coverage, general liability and workmen's compensation, and also all additional insurance covering such risks as may be deemed necessary or desirable by the City or recommended by a competent independent engineer or other advisor employed for the purpose of making such recommendations.
- D. The City will not furnish free service by the System to the City or to any agency, instrumentality or person. The reasonable costs and value of any services of the System rendered to the City through the operation of the System will be charged against the City and will be paid as the service accrues from the current funds and such funds, when so paid, will be accounted for in the same manner as other Revenues of the System.
- E. Prior to the beginning of each Fiscal Year, the City will prepare an annual budget for the ensuing Fiscal Year which will set forth in reasonable detail the estimated Revenues and operation and maintenance expenses. The City also may at any time adopt an amended annual budget for the remainder of the then current Fiscal Year.

The City has made several covenants in the Fifteenth Supplemental Ordinance including, without limitation, the following:

- A. The City will not take any action which will, or fail to take any action which failure will, cause interest on the 2022 Bonds to become includable in the gross income of the Holders for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the 2022 Bonds. No use of the proceeds of the 2022 Bonds will be made which, if such use had been reasonably expected on the date of issue of the 2022 Bonds would have caused the 2022 Bonds to be "arbitrage bonds," as defined in the Code; and to that end the City will:
- (1) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as any of the 2022 Bonds are Outstanding;
 - (2) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and
 - (3) make such reports of such information at the times and places required by the Code.
- B. The City will comply with and carry out all of the provisions of the Disclosure Dissemination Agent Agreement in the form attached to this Official Statement as Appendix E ("Continuing Disclosure Agreement") with such changes as may be approved by the Mayor and the City Manager, or either of them acting alone, upon advice of counsel. Notwithstanding any other provision of the General

Bond Ordinance or the Fifteenth Supplemental Ordinance, failure of the City to comply with the provisions of the Continuing Disclosure Agreement will not be considered an Event of Default under the General Bond Ordinance or the Fifteenth Supplemental Ordinance.

- C. The City, so long as and to the extent required pursuant to Section 11-1-85, Code of Laws of South Carolina 1976, as amended, will file with a central repository for availability in the secondary bond market when requested:
 - (1) an annual independent audit, within thirty (30) days of the City's receipt of the audit; and
 - (2) event specific information within thirty (30) days of an event adversely affecting more than five percent (5%) of the Revenues or the City's tax base.
- D. The only remedy for failure by the City to comply with the Continuing Disclosure Agreement or the covenants of the Fifteenth Supplemental Ordinance described in paragraph C above will be an action for specific performance of the covenant; and failure to comply will not constitute a default or an "Event of Default" under the General Bond Ordinance or the Fifteenth Supplemental Ordinance. The Registrar and the Paying Agent will have no responsibility to monitor the City's compliance with the Continuing Disclosure Agreement or the covenants included in the provisions of the Fifteenth Supplemental Ordinance described in paragraph C above, and the City has specifically reserved the right to amend or delete its covenants in the Continuing Disclosure Agreement or in the provisions of the Fifteenth Supplemental Ordinance described in paragraph C above to reflect any change in Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, or federal law, as applicable, without the consent of the Registrar and the Paying Agent or the Registered Holders of any 2022 Bond.

Pursuant to the Eleventh Supplemental Ordinance, the Council adopted the following procedures relating to continuing disclosure for all publicly-traded debt including but not limited to the 2022 Bonds:

- A. The Assistant City Manager for Finance and Economic Services or the equivalent thereto ("Disclosure Representative") of the City will be responsible for compliance with these written procedures and for compliance with any continuing disclosure obligations undertaken by the City or imposed upon the City by state or federal law or regulations. The Disclosure Representative is permitted to obtain the assistance of his or her staff and authorized to obtain professional assistance to cause this information to be compiled and provided, but the ultimate responsibility for the dissemination of the information will remain with the Disclosure Representative.
- B. The Disclosure Representative will acquire a clear understanding regarding the City's continuing disclosure obligations. Through participation in professional groups such as the South Carolina Government Finance Officers Association or the South Carolina Financial Concepts and Strategies Institute, the Disclosure Representative will participate in continuing education programs regarding continuing disclosure.
- C. For each issuance of bonds that involves a continuing disclosure obligation, the Disclosure Representative will review such continuing disclosure undertaking and discuss with the City's bond counsel, financial advisor and underwriter, if any, prior to the execution of such continuing disclosure undertaking.

Amendments or Supplements to the Ordinance

The City may, from time to time and without the consent of any Holder of the Bonds enact an ordinance amendatory or supplemental to the General Bond Ordinance (1) to provide for the issuance of Bonds, or (2) (a) to make any amendments or modifications thereto which may be required to permit the General Bond Ordinance to be qualified under the Trust Indenture Act of 1939, as amended; (b) to make any modification or amendment to the General Bond Ordinance not inconsistent therewith required for the correction of language or to cure any ambiguity or defective provisions, omission, mistake or manifest error therein contained; (c) to make any amendments or supplements thereto to grant to or confer upon the Holders additional rights, remedies, power and authority, or to grant to or confer upon any Holders, committee or trustee for the Holders any additional rights, power or authority; or (d) to add to the security of the Holders of the Bonds.

From time to time the Holders of 66-2/3% in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing signed by such Holders and filed with the City, have the power to assent to and authorize any modification or amendment to the provisions of the General Bond Ordinance that may be proposed by the City or of the rights and obligations of the City and of the Holders of Bonds issued under the General Bond Ordinance; and any action authorized to be taken with the assent and authority given as aforesaid of the Holders of 66-2/3% in principal amount of the Bonds at the time Outstanding will be effective and binding upon all of the Holders of Bonds Outstanding and upon the City as fully as though such action were specifically and expressly authorized by the terms of the General Bond Ordinance; provided always, that without the consent of the Holder of each Bond affected thereby, no such modification will be made which will (1) extend the time of payment of principal of or the interest on any Bond, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, or (2) give to any Bond or Bonds any preference over any other Bond or Bonds, or (3) authorize the creation of any pledge prior to or, except as provided in the General Bond Ordinance for the issuance of Series of Bonds, on a parity with the pledge afforded by the General Bond Ordinance, or (4) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to the General Bond Ordinance. For the purpose of computations described by this paragraph, Bonds directly or indirectly owned or controlled by the City will be disregarded.

Any modification or amendment or supplement to the provisions of the General Bond Ordinance or of any ordinance supplemental thereto will be set forth in an ordinance to be enacted by the City.

The City expressly authorizes the underwriter or purchaser of any Series of Bonds, or provider of bond insurance for any Series of Bonds, to assent to and consent to such amendments to the General Bond Ordinance as contemplated by the provisions thereof described under this heading "Amendments or Supplements to the Ordinance" in the same manner as the Holders of the Bonds.

Events of Default and Remedies

Events of Default

With respect to the Bonds, the following will constitute "Defaults" or "Events of Default:"

- A. If payment of the principal of any Bond, whether at maturity or by proceedings for redemption, by declaration or otherwise, is not made by the City after the same has become due and payable; or
- B. If payment of any installment of interest on any Bond is not made by the City as the same becomes due and payable; or
- C. If the City fails or refuses to comply with the essential provisions of the Act, or fails in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the General Bond Ordinance or in any supplemental ordinance thereto on the part of the City to be performed, and such failure continues for 30 days after written notice specifying such failure and requiring the same to be remedied has been given to the City by the Holders of not less than 20% in principal amount of the Bonds then Outstanding or any trustee or committee therefore; or
- D. If any proceedings are instituted, with the consent or acquiescence of the City, for the purpose of effecting a composition between the City and its creditors and if the claim of such creditors is in any circumstance payable from any of the Revenues or any other moneys pledged and charged in the General Bond Ordinance or any supplemental ordinance thereto for the payment of the Bonds, or any such proceedings are instituted for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted; or
- E. If an order or decree is entered (1) with the consent or acquiescence of the City, appointing a receiver or receivers of the System or any of the facilities thereof, or (2) without the consent or acquiescence of the City, appointing a receiver or receivers of the System or any of the facilities thereof and if, in either case, such order or decree having been entered is not vacated or discharged or stayed on appeal within 60 days after the entry thereof; or

- F. If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the System or any of the facilities thereof, and such custody or control is not terminated within 90 days from the date of assumption of such custody or control; or
- G. If the City is for any reason rendered incapable of fulfilling its obligations under the General Bond Ordinance in any material respect.

Subject to the provisions, limitations and conditions of the General Bond Ordinance, insofar as the remedies provided in said provisions are concerned, nothing will prohibit or limit, or be construed as prohibiting or limiting any Holder of a Bond from enforcing the duties of the City, or any of the officers thereof, under any provisions of the General Bond Ordinance by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, even though the failure of the City or any of the officers thereof to perform any such duty may not then constitute an "Event of Default" as defined in the General Bond Ordinance.

Declaration of Principal and Interest as Due

Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then and in each and every case the Holders of not less than 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the Clerk of the City, declare the principal of all Bonds then Outstanding, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same will become and be due and payable immediately, anything contained in the General Bond Ordinance or any supplemental ordinance thereto or in any of the Bonds to the contrary notwithstanding. This provision is also subject, however, to the condition that, if at any time after the principal of the Bonds, together with the accrued and unpaid interest thereon and other moneys secured in the General Bond Ordinance, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the Holders of 25% in principal amount of the Bonds then Outstanding, by notice in writing delivered to the City, may waive such Default and its consequences and rescind and annul such declaration. No such waiver or rescission or annulment will extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent Default.

Appointment of a Receiver

Upon the occurrence of an Event of Default described in paragraphs A and B under the sub-caption "Events of Default" above, and at any time thereafter while such default continues, any court of competent jurisdiction may appoint a receiver; provided, however, if application is made by the Holders of not less than 25% in principal amount of the Bonds then Outstanding or any trustee therefore, such court will appoint a receiver. Any receiver so appointed will (a) enter into and upon and take possession of the System, to the exclusion of the City if such court so directs; (b) have, hold, use, operate, manage and control the System as such receiver may deem best; and (c) exercise all rights and powers of the City with respect to the System as the City itself may do. In addition, the receiver will (a) maintain, restore and insure the System and from time to time make all necessary and proper repairs to the System as such receiver may deem expedient; (b) establish, levy, maintain and collect such fees, rentals and other charges in connection with the System as such receiver may deem necessary or proper and reasonable; and (c) collect and receive all Revenues, deposit such Revenues in a separate account and apply such Revenues so collected and received in such manner as the court directs.

Notwithstanding anything contained in the General Bond Ordinance or the Act, such receiver has no power to sell, assign, mortgage or otherwise dispose of any assets of whatever kind or character of the City and useful to the System.

Suits at Law or in Equity and Mandamus

In case any one or more of the Events of Default happens and is continuing, then and in every such case, but subject to the provisions, limitations and conditions of the General Bond Ordinance so far as the remedies provided

in said provisions are concerned, the Holder of any Bond at the time Outstanding, or trustee therefore, may, for the equal benefit and protection of all Holders of the Bonds similarly situated,

- (a) by mandamus or other suit, action or proceedings at law or in the equity, enforce such Holder's right against the City and require and compel the City to perform and carry out its duties and obligations under the Act and the General Bond Ordinance, and to perform and carry out its covenants and agreements with the Bondholders;
- (b) by action or suit in equity require the City to account as if such City were the trustee of an express trust;
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; or
- (d) bring suit upon the Bonds.

Remedies Not Exclusive; Effect of Waiver of Default, Effect of Abandonment of Proceedings or Adverse Determination

The Holders from time to time of the Bonds are entitled to all the remedies and benefits of the General Bond Ordinance as are and as will be provided by law, and, subject to the provisions of the General Bond Ordinance, nothing therein will be construed to limit the rights or remedies of any such Holders under any applicable statute that may now exist or be enacted thereafter. No remedy conferred by the Act and the General Bond Ordinance upon any Holder of any Bond is intended to be exclusive of any other remedy, and each and every such remedy will be cumulative and will be in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act and the General Bond Ordinance or by any other law now or hereafter existing. Every substantive right and remedy conferred upon the Holders of the Bonds may be enforced and exercised from time to time and as often as may be deemed expedient.

No waiver of any default or breach of duty or contract by any Holder of any Bond will extend to or affect any subsequent default or breach of duty or contract, or will impair any rights or remedies thereon. No delay or omission of any Holder of a Bond to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or acquiescence therein.

In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and then discontinued or abandoned, or will be determined adversely to Holders of the Bonds then and in every such case, the City and such Holders will be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

Restrictions on Bondholder's Action

No Holder of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the General Bond Ordinance or the execution of any trust under the General Bond Ordinance or for any remedy under the General Bond Ordinance unless such Holder has previously given to the City written notice of the happening of an Event of Default and the Holders of at least 25% in principal amount of the Bonds then Outstanding has filed a written request with the City and has offered the City reasonable opportunity, either to exercise the powers granted in the General Bond Ordinance or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders has offered to the City adequate security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the City has refused to comply with such request for a period of 60 days after receipt by it of such notice, request an offer of indemnity, it being understood and intended that no one or more Holders of Bonds has any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the General Bond Ordinance, or to enforce any right under the General Bond Ordinance, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the General Bond Ordinance will be instituted, had and maintained in the manner provided in the General Bond Ordinance and for the equal benefit of all Holders of the Outstanding Bonds.

Nothing in the General Bond Ordinance or in the Bonds contained will affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and redemption premium, if any) and interest on the Bonds to the respective Holders thereof, or affect or

impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Application of Revenues and Other Moneys After Default

During the continuance of an Event of Default, all moneys received by the City or any receiver pursuant to any right given or action taken under the provisions of the General Bond Ordinance described in this heading "Events of Default" will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the City or any receiver with respect thereto, be deposited in the Debt Service Fund, and all amounts held by the City or any receiver will be applied as follows:

- (a) Unless the principal of all Outstanding Bonds has become or has been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of maturity of such installments, and, if the amount available are not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the person entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal amounts or redemption premium, if any, of any Bonds which have become due (other than Bonds previously called for redemption in accordance with the provisions hereof), whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available are not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the principal amounts or redemption premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

- (b) If the principal amounts of all Outstanding Bonds have become or have been declared due and payable, to the payment of the principal amounts and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal amounts and interest, to the persons entitled thereto without any discrimination or preference.
- (c) If the principal amounts of all Outstanding Bonds have been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of the General Bond Ordinance, then, subject to the provisions of the General Bond Ordinance described in paragraph (b) herein in the event that the principal amounts of all Outstanding Bonds later becomes due or is declared due and payable, the moneys will be applied in accordance with the provisions of the General Bond Ordinance described in paragraph (a) above.

Whenever moneys are to be applied by the City or any receiver pursuant to the provisions of the Ordinance described under this caption "Application of Revenues and Other Moneys After Default," such moneys will be applied by it at such times, and from time to time, as the City or any receiver determines, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the City or any receiver applies such moneys, it will fix the date (which will be a Bond payment date unless it deems another date more suitable) upon which such application is to be made and upon such date interest on the principal amounts to be paid on such dates ceases to accrue. The City or any receiver will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and will not be required to make payment to the Holder of any Bond until such Bond is presented to the City or any receiver for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Bonds and interest thereon have been paid under the provisions of the General Bond Ordinance described under this caption "Application of Revenues and Other Moneys After Default" and all expenses and charges of any receiver have been paid, any balance remaining will be paid to the person entitled to receive the same; if no other person is entitled thereto, then the balance will be paid to the City or as a court of competent jurisdiction may direct.

Defeasance

The obligations of the City under the General Bond Ordinance and the liens, pledges, charges, trusts and the covenants and agreements of the City therein made or provided for, will be fully discharged and satisfied as to any Bond; and, unless or except as otherwise provided in the supplemental ordinance to the General Bond Ordinance providing for the issuance of any Series of Bonds, such Bond or Series of Bonds will no longer be deemed to be Outstanding thereunder when:

(a) such Bond or Series of Bonds has been purchased by the City and surrendered to the City for cancellation or otherwise surrendered to the City or the Registrar, and is canceled or subject to cancellation by the City or Registrar, or

(b) payment of the principal of, redemption premium, if any, and interest on such Bond or Series of Bonds, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Paying Agent or such other depository as the City may designate in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent and the Registrar. At such time as a Bond or Series of Bonds is no longer deemed to be Outstanding under the General Bond Ordinance, as aforesaid, such Bond or Series of Bonds will cease to draw interest from the redemption date thereof, and, except for the purposes of any such payment from such moneys or Government Obligations, will no longer be secured by or entitled to the benefits of the General Bond Ordinance.

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APPENDIX D

FORMS OF OPINIONS OF CO-BOND COUNSEL

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FORM OF OPINION OF CO-BOND COUNSEL

[BURR & FORMAN LLP]

[December 8], 2022

City Council of the
City of Columbia, South Carolina
Columbia, South Carolina

\$73,815,000
City of Columbia, South Carolina
Waterworks and Sewer System Revenue Bonds
Series 2022

We have acted as bond counsel to the City of Columbia, South Carolina (the “City”), in connection with the issuance of the City’s \$73,815,000 Waterworks and Sewer System Revenue Bonds, Series 2022 (“2022 Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The 2022 Bonds are issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the “State”), including particularly Article X, Section 14(10) of the South Carolina Constitution; Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended (the “Act”); and General Bond Ordinance No. 93-43 of the City Council of the City (the “Council”) enacted on May 21, 1993, as amended (as so amended, the “General Bond Ordinance”) and supplemented, including as amended and supplemented particularly by Fifteenth Supplemental Ordinance No. 2022-012 of the Council enacted on October 4, 2022 (the “Supplemental Ordinance”). The General Bond Ordinance and the Supplemental Ordinance are sometimes collectively referred to as the “Bond Ordinances.”

The 2022 Bonds are being issued for the purposes of (i) improving and enlarging the Waterworks and Sewer System of the City (as described in Schedule I of the Supplemental Ordinance); and (ii) paying the Cost of Issuance (as defined in the Bond Ordinances) of the 2022 Bonds.

The 2022 Bonds are subject to optional and mandatory redemption prior to maturity as contemplated by the Bond Ordinances.

The 2022 Bonds are immobilized in the custody of The Depository Trust Company, New York, New York (“DTC”), and a book entry system is being used to evidence ownership and transfer on the records of DTC and its participants.

Regarding questions of fact material to our opinion, we have relied on the representations of the City contained in the Bond Ordinances and the Federal Tax Certificate of the City dated the date hereof, and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to the issuance of the 2022 Bonds have been duly authorized, executed and delivered by all parties thereto other than the City, and we have further assumed the due organization, existence and powers of such other parties other than the City.

As bond counsel, we have been retained solely for the purpose of examining the validity and legality of the 2022 Bonds and of rendering the specific opinion herein stated and for no other purpose. We have not acted as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934) to the City in connection with the execution and delivery of the 2022 Bonds. We have not verified the accuracy, completeness or fairness of any representation or information concerning the business or financial condition of the City in connection with the sale of

the 2022 Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representation or information.

We refer you to the 2022 Bonds and the Bond Ordinances for a further description of the 2022 Bonds, the purposes for which the 2022 Bonds are issued, the uses of the proceeds from the sale of the 2022 Bonds and the security therefor.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is validly existing as a body politic and corporate of the State with the power to enact the Bond Ordinances, perform the agreements on its part contained therein and issue the 2022 Bonds.

2. The Bond Ordinances have been duly enacted by the Council and constitute valid and binding obligations of the City enforceable against the City.

3. The 2022 Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City payable solely from and secured equally and ratably by a pledge of and a lien on the Net Revenues (as defined in the General Bond Ordinance) derived by the City from the operation of its waterworks and sewer system (the "System"), on a parity with the pledges of Net Revenues securing the Bonds of 2009, the Bonds of 2013, the Bonds of 2016A, the Bonds of 2016B, the Bonds of 2018, the Bonds of 2019A, the Bonds of 2019B, the Bonds of 2019C, the Bonds of 2021A and the Bonds of 2021B (as such terms are defined in the Supplemental Ordinance). Under the General Bond Ordinance, the City may, under certain terms and conditions, issue Bonds (as defined in the General Bond Ordinance) on a parity with the 2022 Bonds.

4. Interest on the 2022 Bonds is not an item of tax preference in computing the individual federal alternative minimum tax. For tax years beginning after December 31, 2022, interest on the 2022 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the 2022 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause interest on the 2022 Bonds to be included in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2022 Bonds.

5. Under the laws of the State, the 2022 Bonds and the interest thereon are presently exempt from all taxation in the State, except for estate or other transfer taxes. It should be noted, however, that Section 12-11-20, Code of Laws of South Carolina 1976, amended, imposes on every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the 2022 Bonds.

The rights of the owners of the 2022 Bonds and the enforceability of the 2022 Bonds and the Bond Ordinances are limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the 2022 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2022 Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

BURR & FORMAN LLP

FORM OF OPINION OF CO-BOND COUNSEL

[JOHNSON, TOAL, & BATTISTE, P.A.]

[December 8], 2022

City Council of the
City of Columbia, South Carolina
Columbia, South Carolina

\$73,815,000
City of Columbia, South Carolina
Waterworks and Sewer System Revenue Bonds
Series 2022

We have acted as bond counsel to the City of Columbia, South Carolina (the “City”), in connection with the issuance of the City’s \$73,815,000 Waterworks and Sewer System Revenue Bonds, Series 2022 (“2022 Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The 2022 Bonds are issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina (the “State”), including particularly Article X, Section 14(10) of the South Carolina Constitution; Title 6, Chapter 17, Code of Laws of South Carolina 1976, as amended (the “Act”); and General Bond Ordinance No. 93-43 of the City Council of the City (the “Council”) enacted on May 21, 1993, as amended (as so amended, the “General Bond Ordinance”) and supplemented, including as amended and supplemented particularly by Fifteenth Supplemental Ordinance No. 2022-012 of the Council enacted on October 4, 2022 (the “Supplemental Ordinance”). The General Bond Ordinance and the Supplemental Ordinance are sometimes collectively referred to as the “Bond Ordinances.”

The 2022 Bonds are being issued for the purposes of (i) improving and enlarging the Waterworks and Sewer System of the City (as described in Schedule I of the Supplemental Ordinance); and (ii) paying the Cost of Issuance (as defined in the Bond Ordinances) of the 2022 Bonds.

The 2022 Bonds are subject to optional and mandatory redemption prior to maturity as contemplated by the Bond Ordinances.

The 2022 Bonds are immobilized in the custody of The Depository Trust Company, New York, New York (“DTC”), and a book entry system is being used to evidence ownership and transfer on the records of DTC and its participants.

Regarding questions of fact material to our opinion, we have relied on the representations of the City contained in the Bond Ordinances and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to the issuance of the 2022 Bonds have been duly authorized, executed and delivered by all parties thereto other than the City, and we have further assumed the due organization, existence and powers of such other parties other than the City.

As bond counsel, we have been retained solely for the purpose of examining the validity and legality of the 2022 Bonds and of rendering the specific opinion herein stated and for no other purpose. We have not acted as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934) to the City in connection with the execution and delivery of the 2022 Bonds. We have not verified the accuracy, completeness or fairness of any

representation or information concerning the business or financial condition of the City in connection with the sale of the 2022 Bonds. Accordingly, we express no opinion on the completeness, fairness or adequacy of any such representation or information.

We refer you to the 2022 Bonds and the Bond Ordinances for a further description of the 2022 Bonds, the purposes for which the 2022 Bonds are issued, the uses of the proceeds from the sale of the 2022 Bonds and the security therefor.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is validly existing as a body politic and corporate of the State with the power to enact the Bond Ordinances, perform the agreements on its part contained therein and issue the 2022 Bonds.

2. The Bond Ordinances have been duly enacted by the Council and constitute valid and binding obligations of the City enforceable against the City.

3. The 2022 Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City payable solely from and secured equally and ratably by a pledge of and a lien on the Net Revenues (as defined in the General Bond Ordinance) derived by the City from the operation of its waterworks and sewer system (the "System"), on a parity with the pledges of Net Revenues securing the Bonds of 2009, the Bonds of 2013, the Bonds of 2016A, the Bonds of 2016B, the Bonds of 2018, the Bonds of 2019A, the Bonds of 2019B, the Bonds of 2019C, the Bonds of 2021A and the Bonds of 2021B (as such terms are defined in the Supplemental Ordinance). Under the General Bond Ordinance, the City may, under certain terms and conditions, issue Bonds (as defined in the General Bond Ordinance) on a parity with the 2022 Bonds.

The rights of the owners of the 2022 Bonds and the enforceability of the 2022 Bonds and the Bond Ordinances are limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the 2022 Bonds. Further, we express no opinion regarding tax consequences arising with respect to the 2022 Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

JOHNSON, TOAL, & BATTISTE, P.A.

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (“Disclosure Agreement”), dated [Closing Date], 2022, is executed and delivered by the City of Columbia, South Carolina (“Issuer” or “Obligated Person”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (“Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (defined below) of the Bonds (defined below) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (defined below). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3 of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements (if any) of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Assistant City Manager for Finance and Economic Services or designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

“Notice Event” means an event listed in Sections 4(a) of this Disclosure Agreement.

“Official Statement” means that Official Statement prepared by the Issuer in connection with its \$73,815,000 Waterworks and Sewer System Revenue Bonds Series 2022, as listed on Appendix A.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than 30 days prior to the Annual Filing Date. Promptly on receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than February 1 following the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2022. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). On such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification) no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent

in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall provide in a timely manner an electronic copy of the Issuer's unaudited financial statements to the Disclosure Dissemination Agent and shall, within a reasonable time of when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) on receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) on receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) on receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. Principal and interest payment delinquencies;
 - 2. Non-Payment related defaults, if material;
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - 5. Substitution of credit or liquidity providers, or their failure to perform;
 - 6. Adverse tax opinions, IRS notices or events affecting the tax status of the security;
 - 7. Modifications to rights of securities holders, if material;
 - 8. Bond calls, if material, and tender offers;
 - 9. Defeasances;
 - 10. Release, substitution, or sale of property securing repayment of the securities, if material;
 - 11. Rating changes;
 - 12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
 - 13. Merger, consolidation, or acquisition of the Obligated Person, if material;
 - 14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.
- (v) on receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) on receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. amendment to continuing disclosure undertaking;
 2. change in the Obligated Person;
 3. notice to investors pursuant to bond documents;
 4. certain communications from the Internal Revenue Service;
 5. secondary market purchases;
 6. bid for auction rate or other securities;
 7. capital or other financing plan;
 8. litigation/enforcement action;
 9. change of tender agent, remarketing agent, or other on-going party;
 10. derivative or other similar transaction; and
 11. other event-based disclosures;
- (vii) on receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. quarterly/monthly financial information;
 2. change in fiscal year/timing of annual disclosure;
 3. change in accounting standard;
 4. interim/additional financial information/operating data;
 5. budget;
 6. investment/debt/financial policy;
 7. information provided to rating agency, credit/liquidity provider or other third party;
 8. consultant reports; and
 9. other financial/operating data;

- (viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date on change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain the following Annual Financial Information with respect to the Issuer, as of and for the fiscal year then completed, as provided in the Official Statement as follows; provided, however, that in the event the following information is collected and prepared by a party other than the Issuer, the Issuer shall be excused from compliance for failure to timely provide such information in the event such information is not available to the Issuer:

- (a) The financial statements of the Issuer for the preceding fiscal year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the GASB (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) The financial and operating data contained in the following tables in the Official Statement:
 - (1) Under the caption, "FINANCIAL FACTORS": (i) Five-Year Summary and (ii) Historical Debt Service Coverage of the System; and
 - (2) Under the caption, "THE CITY AND THE SYSTEM": (i) Ten Largest Customers, (ii) Number of Billed Customers on Waterworks System, (iii) Number of Billed Customers on Sanitary Sewer System, (iv) Water Rates (if modified during such fiscal year), (v) Sewer Rates (if modified during such fiscal year), (vi) Comparison of Water Rates in the Columbia MSA, and (vii) Capital Improvements Undertaken.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer, which have been submitted to the MSRB. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 4. Reporting of Notice Events.

- (a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Reports.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds on the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or on delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, on thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination

Agent. On termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated in this Disclosure Agreement.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely on Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith on the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less

than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent

By: _____
Name: _____
Title: _____

CITY OF COLUMBIA, SOUTH CAROLINA, as Issuer

By: _____
Name: _____
Title: _____

EXHIBIT A
NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer	City of Columbia, South Carolina
Obligated Person(s)	City of Columbia, South Carolina
Name of Bond Issues:	\$73,815,000 Waterworks and Sewer System Revenue Bonds, Series 2022
Date of Issuance:	[Closing Date], 2022
Date of Official Statement:	November 16, 2022
CUSIP Numbers:	

EXHIBIT B
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer	City of Columbia, South Carolina
Obligated Person(s)	City of Columbia, South Carolina
Name of Bond Issues:	\$73,815,000 Waterworks and Sewer System Revenue Bonds, Series 2022

Date of Issuance:	[Closing Date], 2022
Date of Official Statement:	November 16, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement, dated as of [Closing Date], 2022, between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by:_____.

Dated: _____

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Disclosure Dissemination Agent,
on behalf of the Issuer

By: _____
Name: _____
Title: _____

cc: Issuer
Obligated Person

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and material event notice should be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Columbia, South Carolina

Issuer's Six-Digit CUSIP Number: 198504

or Nine-Digit CUSIP Number(s) of the bonds to which this material event notice relates: _____

Number of pages of attached material event notice: _____

____ Description of Notice Events (Check One):

1. ____ Principal and interest payment delinquencies;
2. ____ Non-Payment related defaults, if material;
3. ____ Unscheduled draws on debt service reserves reflecting financial difficulties;
4. ____ Unscheduled draws on credit enhancements reflecting financial difficulties;
5. ____ Substitution of credit or liquidity providers, or their failure to perform;
6. ____ Adverse tax opinions, IRS notices or events affecting the tax status of the security;
7. ____ Modifications to rights of securities holders, if material;
8. ____ Bond calls, if material;
9. ____ Tender offers
10. ____ Defeasances;
11. ____ Release, substitution, or sale of property securing repayment of the securities, if material;
12. ____ Rating changes;
13. ____ Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
14. ____ Merger, consolidation, or acquisition of the Obligated Person, if material;
15. ____ Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
16. ____ Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
17. ____ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
407-515-1100

Date: _____

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and notice should be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Columbia, South Carolina

Issuer's Six-Digit CUSIP Number: 198504

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages of attached notice:

Description of Voluntary Event Disclosure (Check One):

1. amendment to continuing disclosure undertaking;
2. change in Obligated Person;
3. notice to investors pursuant to bond documents;
4. certain communications from the Internal Revenue Service;
5. secondary market purchases;
6. bid for auction rate or other securities;
7. capital or other financing plan;
8. litigation/enforcement action;
9. change of tender agent, remarketing agent, or other on-going party; and
10. other event-based disclosures.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: Title:

Employer: Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and notice should be sent to the Municipal Securities Rulemaking Board pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Columbia, South Carolina

Issuer's Six-Digit CUSIP Number: 198504

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages of attached notice:

Description of Voluntary Financial Disclosure (Check One):

1. quarterly/monthly financial information;
2. change in fiscal year/timing of annual disclosure;
3. change in accounting standard;
4. interim/additional financial information/operating data;
5. budget;
6. investment/debt/financial policy;
7. information provided to rating agency, credit/liquidity provider or other third party;
8. consultant reports; and
9. other financial/operating data.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: Title:

Employer: Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, Florida 32801
407-515-1100

Date:

APPENDIX F
BOOK-ENTRY SYSTEM

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APPENDIX F

BOOK-ENTRY SYSTEM

Book-Entry System

THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE Series 2022 Bonds, PAYMENT OF INTEREST AND PRINCIPAL ON THE Series 2022 Bonds TO DIRECT AND INDIRECT PARTICIPANTS (AS DEFINED HEREIN) OR BENEFICIAL OWNERS (AS DEFINED HEREIN) OF THE Series 2022 Bonds, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE Series 2022 Bonds, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT AND INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE Series 2022 Bonds IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE CITY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATION CONCERNING THESE MATTERS.

Beneficial ownership interests in the Series 2022 Bonds will be available only in book-entry form. Each beneficial owner of the Series 2022 Bonds (“Beneficial Owner”) will not receive a physical bond certificate representing its interests in the Series 2022 Bonds purchased. So long as Cede & Co., as nominee for DTC, or its nominee is the registered owner of the Series 2022 Bonds, references in this Official Statement to the Bondholders or registered owners of the Series 2022 Bonds, as applicable (other than under the caption “TAX EXEMPTION AND OTHER TAX MATTERS” herein), shall mean DTC or its nominee and shall not mean the Beneficial Owners. Unless and until the book-entry system has been discontinued, the Series 2022 Bonds will be available only in book-entry form in denominations of \$5,000 or any whole multiple thereof.

DTC will initially act as securities depository for the Series 2022 Bonds. The Series 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each series and maturity of the Series 2022 Bonds, as set forth on the front cover page hereof, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of the Series 2022 Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission (“SEC”). More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests with respect to the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the Series 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, the Series 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of the Series 2022 Bonds may wish to ascertain that the nominee holding the Series 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar/Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a series of the Series 2022 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Registrar/Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Registrar/Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the City or Registrar/Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022 Bond certificates will be printed and delivered to DTC.

THE INFORMATION HEREIN CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CITY AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT NEITHER THE CITY NOR THE UNDERWRITERS TAKE RESPONSIBILITY FOR THE ACCURACY THEREOF. THE BENEFICIAL OWNERS SHOULD CONFIRM THE FOREGOING INFORMATION WITH DTC OR THE DIRECT OR INDIRECT PARTICIPANTS.

Each person for whom a Participant acquires an interest in the Series 2022 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Registrar/Paying Agent to DTC only.

For every transfer and exchange of Series 2022 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE CITY, THE UNDERWRITERS OR THE REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2022 BONDS UNDER THE ORDINANCE; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2022 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2022 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2022 BONDS; OR (VI) ANY OTHER MATTER.

The Supplemental Ordinance provides that if (a) DTC determines not to continue to act as securities depository for the Series 2022 Bonds and gives reasonable notice to the Registrar/Paying Agent or the City or (b) the City has advised DTC of the City's determination that DTC is incapable of discharging its duties, then the City will attempt to retain another qualified securities depository to replace DTC. On receipt by the City or the Registrar/Paying Agent of the Series 2022 Bonds, together with an assignment duly executed by DTC, the City will execute and deliver to the successor depository, the Series 2022 Bonds of the same principal amount, interest rate, and maturity. If the City is unable to retain a qualified successor to DTC, or the City has determined that it is in its best interest not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Series 2022 Bonds might be adversely affected if the book-entry system of transfer is continued (the City has undertaken no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2022 Bonds by mailing an appropriate notice to DTC, on receipt by the City of the Series 2022 Bonds together with an assignment duly executed by DTC, the City will execute, authenticate and deliver to the Direct Participants the Series 2022 Bonds in fully-registered form, in authorized denominations; provided, however, that the discontinuation of the book-entry system of registration and transfer or the replacement of DTC or any successor depository is subject to the applicable rules of DTC or such successor depository on file or otherwise approved by the SEC.

Because DTC is treated as the Owner of the Series 2022 Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of the Beneficial Owners is unknown to the City, to DTC or to the Registrar/Paying Agent, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Series 2022 Bonds that may be transmitted by or through DTC.

Registration, Transfers and Exchanges

Series 2022 Bonds Held in Book-Entry Form

So long as the Series 2022 Bonds are in book-entry form and are registered in the name of Cede & Co., as the nominee of DTC, the Series 2022 Bonds may be registered, transferred and exchanged as set forth under “Book-Entry System” herein.

Series 2022 Bonds Not Held in Book-Entry Form

Each Series 2022 Bond not held in book-entry form shall be transferable only on the Books of Registry of the City, which shall be kept for such purpose at the corporate trust office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney on surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. On the transfer of any such Series 2022 Bond, the Registrar/Paying Agent shall cause to be issued in the name of the transferee a new fully registered Series 2022 Bond, of the same aggregate principal amount, interest rate, series and maturity as the surrendered Series 2022 Bond. Any registered owner requesting a transfer shall pay any tax or other governmental charge required to be paid with respect thereto. Any Series 2022 Bond surrendered in exchange for a new registered Series 2022 Bond, respectively, shall be cancelled by the Registrar/Paying Agent.

The City and the Registrar/Paying Agent may deem and treat the person in whose name any Series 2022 Bond not held in book-entry form shall be registered as the absolute owner of such Series 2022 Bond for all purposes including the payment of or on account of the principal, premium, if any, or interest thereon and any such payment made to a registered owner shall be effectual to satisfy and discharge the liability on such Series 2022 Bond with respect thereto.

In the event any Series 2022 Bond not held in book-entry form becomes mutilated in whole or in part, or is lost, stolen or destroyed, or becomes so defaced as to impair the value thereof to the holder thereof, the City shall execute and the Registrar/Paying Agent shall authenticate and deliver a new Series 2022 Bond, respectively, of the same interest rate and denomination and like tenor and effect in exchange or in substitution for such mutilated, lost, stolen or destroyed Series 2022 Bond; provided that, in the case of any mutilated Series 2022 Bond, such Series 2022 Bond shall be surrendered to the Registrar/Paying Agent, and in the case of any lost, stolen or destroyed Series 2022 Bond there shall be furnished to the City and the Registrar/Paying Agent evidence of such loss, theft or destruction satisfactory to the City and the Registrar/Paying Agent together with such indemnity as they shall require. In the event any such mutilated, lost, stolen or destroyed 2022 Bond shall have matured, instead of issuing a duplicate Series 2022 Bond, the City may pay the same. The City and the Registrar/Paying Agent may charge the holder or owner of such mutilated, lost, stolen or destroyed Series 2022 Bond with their reasonable fees and expenses in connection therewith.