

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2014

WITH

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2014

CONTENTS

Report of Independent Auditor	1-2
Management’s Discussion and Analysis	3-10

BASIC FINANCIAL STATEMENTS

<u>Government-wide</u>	
Statement of Net Position	11
Statement of Activities.....	12
<u>Governmental Funds</u>	
Balance Sheet	13
Statement of Revenue, Expenditures and Changes in Fund Balances	14-15
<u>Proprietary Fund</u>	
Balance Sheet – Combined Utility Fund	16
Statement of Revenue, Expenses and Changes in Net position - Combined Utility Fund	17
Statement of Cash Flows – Combined Utility Fund	18
Notes to Financial Statements	19-41

Required Supplementary Information

(Other than Management’s Discussion and Analysis)

Budgetary Comparison Schedule – General Fund	42
Notes to Budgetary Comparison Schedule – General Fund	43

OTHER FINANCIAL INFORMATION

Combining ‘Non-Major’ Governmental Financial Statements

Combining Balance Sheet – Non-Major Governmental Funds	44
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	45

Individual Fund Financial Schedules

General Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual	46-47
--	-------

Combined Utility Fund

Schedule of Revenue, Expenses and Changes in Net Position – Budget and Actual	48
---	----

Victim’s Rights Assistance

Schedule of Court Fines, Assessments and Surcharges.....	49
--	----

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

ROBERT E. MILHOUS, C.P.A., P.A. & ASSOCIATES

A Professional Association Of
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

121 EXECUTIVE CENTER DRIVE, SUITE 206, COLUMBIA, SOUTH CAROLINA 29210
POST OFFICE BOX 1960, COLUMBIA, SOUTH CAROLINA 29202
FAX: (803) 216-9498

Columbia
Phone: (803) 772-5300

Myrtle Beach/Conway
Phone: (843) 488-5301

REPORT OF INDEPENDENT AUDITOR

The Honorable Mayor and Members of City Council
City of Bennettsville, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina (the "City"), as of and for the year ended April 30, 2014, 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. Management's responsibility also 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

My responsibility is to express an opinion based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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, I 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinions

Unmodified Opinion

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina, as of April 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 16 to the financial statements, the 2013 Business-type Activities and Proprietary Fund financial statements have been restated as a result of the City implementing new GASB standards. My opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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. I 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 inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying other financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Bennettsville, South Carolina.

The other financial information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the combining and individual fund financial statements and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Summarized Comparative Information

The prior year summarized comparative information presented in the individual fund financial statements and schedules has been derived from the City's 2013 audited financial statements, and in my report dated September 3, 2013, I expressed an unqualified opinion on those financial statements.


November 7, 2014
Columbia, South Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

City of Bennettsville, South Carolina
Management's Discussion and Analysis
Year Ended April 30, 2014

This section of the City of Bennettsville, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on April 30, 2014. Please read it in conjunction with City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Per the Government-wide *Statement of Net Position*, the City's total assets at year end April 30, 2014 were \$41.5 million and exceeded total liabilities by \$24.7 million. Of the total net position at April 30, 2014, \$3.9 million were unrestricted and available to support short term operations of the City.

Per the Government-wide *Statement of Activities*, the City's total net position decreased by \$842,020 for the year ended April 30, 2014. The Governmental Activities resulted in a net decrease of \$364,327, while the Business-type Activities decreased net position in the amount of \$477,693, which included a transfer of \$1.7 million to the Governmental Activities during the year.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements have three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis of accounting when the underlying event gives rise to the change that occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues receivable and earned but unused vacation leave).

Overview of the Financial Statements (continued)

Government-Wide Financial Statements (continued) - Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e., *governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., *business-type activities*). The “governmental activities” of the City include general government, public safety, public works, culture and recreation, and interest. The “business-type” activities of the City include a Combined Utility Enterprise Fund. The Government-wide financial statements can be found immediately following the discussion and analysis.

Fund Financial Statements – The “Fund financial statements” provide a more detailed look at the City’s most significant activities. 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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental funds, Proprietary funds, and Fiduciary funds.

Governmental funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. Most of the City’s governmental services are accounted for in the Governmental funds. However, unlike the Government-wide financial statements, these funds focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. The Governmental Fund financial statements can be found immediately following the ‘Government-wide’ financial statements.

Proprietary funds - *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Government-wide financial statements. The City uses enterprise funds to account for its combined electric, gas, water and sewer utility. Proprietary funds provide the same type of information and the same basis of accounting as the Government-wide financial statements business type activities, only in more detail. The basic Proprietary Fund financial statements can be found immediately following the ‘Governmental Fund’ financial statements.

Notes to Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the Government-wide and Fund financial statements.

Required Supplementary Information - The City adopts an annual appropriated budget for its General Fund. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget, and can be found in the section entitled “Required Supplementary Information”.

Overview of the Financial Statements (continued)

Other Financial Information - Following the basic financial statements, the notes to financial statements and the required supplementary information, this annual financial report also presents certain detail financial data of individual fund statements and schedules.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded total liabilities by \$24.8 million at the close of April 30, 2014.

Below is a 'condensed' Statement of Net Position at April 30, 2014, which depicts the major components of the City's assets, liabilities and net position (with comparative amounts for April 30, 2013).

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and cash equivalents:						
Unrestricted	\$ 657,217	\$ 703,700	\$ 27,525	\$ 118,352	\$ 684,742	\$ 822,052
Restricted	279,687	279,196	4,390,985	675,977	4,670,672	955,173
Equity in pooled cash	1,070,504	1,132,305	—	—	1,070,504	1,132,305
Investments	—	—	1,691,491	1,703,345	1,691,491	1,703,345
Other current assets	483,351	467,954	2,682,201	2,425,728	3,165,552	2,893,682
Internal balances	2,115,978	2,171,345	(2,115,978)	(2,171,345)	—	—
Capital assets, net of accumulated depreciation	6,919,272	7,276,626	23,362,819	23,869,019	30,282,091	31,145,645
Total assets	\$ 11,526,009	\$ 12,031,126	\$ 30,039,043	\$ 26,621,076	\$ 41,565,052	\$ 38,652,202
Liabilities and Net Position						
Current liabilities	\$ 429,353	\$ 466,485	\$ 1,724,560	\$ 1,455,505	\$ 2,153,913	\$ 1,921,990
Non-current liabilities	650,973	754,631	13,989,161	10,362,556	14,640,134	11,117,187
Total liabilities	1,080,326	1,221,116	15,713,721	11,818,061	16,794,047	13,039,177
Net investment in capital assets	6,629,994	6,874,331	9,586,397	13,703,243	16,216,391	20,577,574
Restricted	279,687	760,241	4,390,985	675,977	4,670,672	1,436,218
Unrestricted	3,536,002	3,175,438	347,940	423,795	3,883,942	3,599,233
Total net position	\$ 10,445,683	\$ 10,810,010	\$ 14,325,322	\$ 14,803,015	\$ 24,771,005	\$ 25,613,025

Of total net position of \$24.8 million at April 30, 2014, (and \$25.9 million at April 30, 2013), \$10.4 million (and \$10.8 million in 2013) represents net position of the City's Governmental Activities while \$14.3 million (and \$15.0 million in 2013) represents net position of the City's Business-type Activities.

By far the largest portion of the City's net position (\$16.2 million, or 80%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending.

Government-Wide Financial Analysis (continued)

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Also a portion of the City's total net position, \$4,670,672, or 18.9% represents resources that are subject to external restrictions on how they may be used, which includes resources for the City's housing, community development, capital projects and debt service (\$279,687 of Governmental Activities), and restricted net position for debt service and capital projects (totaling \$4,390,985 of the City's Business-type Activities). The remaining balance of *unrestricted net position* (\$3.9 million, or 15.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

The Governmental and Business-type Activities total assets and liabilities remained about the same in 2014 (as compared to 2013).

Business-type Activities net position decreased in 2014 by \$477,693 primarily due to depreciation of \$1.3 million and a \$1.7 million transfer to the Governmental Activities of the City.

The City's components of changes in net position (condensed from the Statement of Activities) for FY 2014 and FY 2013 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue and transfers						
Program Revenue:						
Charges for services	\$ 1,208,660	\$ 1,362,653	\$17,554,060	\$15,675,781	\$18,762,720	\$17,038,434
Operating grants and contributions	—	202,163	—	—	—	202,163
Capital grants and contributions	39,542	16,868	158,240	696,611	197,782	713,479
General revenue:						
Property taxes and L.O.S.T	1,575,969	1,795,883	—	—	1,575,969	1,795,883
State shared and unallocated intergovernmental	471,719	224,199	—	—	471,719	224,199
Licenses and other	829,288	811,509	—	—	829,288	811,509
Other	397,022	348,394	23,896	442,945	420,918	791,339
Transfers	1,700,000	1,900,000	(1,700,000)	(1,900,000)	—	—
Total revenue and transfers	<u>6,222,200</u>	<u>6,661,669</u>	<u>16,036,196</u>	<u>14,915,337</u>	<u>22,258,396</u>	<u>21,577,006</u>
Expenses						
General government	1,138,016	1,077,081	—	—	1,138,016	1,077,081
Public safety	3,398,327	3,361,502	—	—	3,398,327	3,361,502
Public works	1,618,230	1,639,530	—	—	1,618,230	1,639,530
Culture and recreation	425,654	391,520	—	—	425,654	391,520
Interest	6,300	100,744	—	—	6,300	100,744
Combined utility	—	—	16,513,889	14,977,457	16,513,889	14,977,457
Total expenses	<u>6,586,527</u>	<u>6,570,377</u>	<u>16,516,889</u>	<u>14,977,457</u>	<u>23,100,416</u>	<u>21,547,834</u>
Changes in net position	(364,327)	91,292	(477,693)	(62,120)	(842,020)	29,172
Beginning net position	10,810,010	10,718,718	14,803,015	14,865,135	25,613,025	25,583,853
Ending net position	<u>\$10,445,683</u>	<u>\$10,810,010</u>	<u>\$14,325,322</u>	<u>\$14,803,015</u>	<u>\$24,771,005</u>	<u>\$25,613,025</u>

Government-Wide Financial Analysis (continued)

Net position in Governmental Activities had a total decrease in 2014 of \$364,327, compared to an increase of \$91,292 in 2013. This was primarily due to the City's efforts to manage spending with flat revenue. Net position in Business-type Activities decreased \$477,693 and \$62,120 in 2014 and 2013, respectively, after the restatement in 2013. Both periods included transfers to the governmental activities of \$1,700,000 and \$1,900,000 in 2014 and 2013, respectively.

Key Governmental Activities revenue highlights are as follows: Total Program Revenue decreased by \$333,482 in 2014 primarily due to decrease in charges for services and operating grants.

Governmental Activity expense changes between 2014 and 2013 were nearly unchanged in total.

Key Business-type Activity revenue highlights are as follows: seasonal temperature variations along with rate adjustments increased overall revenue and expenses of the combined utility system. The major cost drivers for the electric and gas systems are the costs of electricity and gas sold for resale to the City's customers. Overall system demand was higher in 2014.

Expenses and Program Revenues – Governmental Activities - Governmental expenses (totaling \$6.6 million) are funded in part by program-specific revenues of fees for services, grants and contributions. As shown below, Governmental Activities were overall funded by 19% 'program revenues', leaving 81% to be funded by 'general revenues'. From the Statement of Activities, the following table details this activity for the City.

	(Expenses)	Program Revenue	Net (Expense)	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	\$ (1,138,016)	\$ —	\$ (1,138,016)	—	100.0
Public safety	(3,398,327)	228,898	(3,169,429)	6.7	93.3
Public works	(1,618,230)	980,679	(637,551)	60.6	39.4
Culture and recreation	(425,654)	38,625	(387,029)	9.0	91.0
Interest	(6,300)	—	(6,300)	—	100.0
Totals	\$ (6,586,527)	\$ 1,248,202	\$ (5,338,325)	19.0	81.0

Government-Wide Financial Analysis (continued)

General Revenues by Source – Governmental Activities

As shown in the table on the preceding page, General Revenues funded the City's Governmental Activities by 81% in the following categories.

	<u>2014</u>	<u>2013</u>
Property taxes	\$ 1,575,969	\$ 1,795,883
Accommodation and hospitality taxes	312,633	246,451
State shared revenue	471,719	224,199
Licenses and other	829,288	811,509
Investment earnings	237	547
Miscellaneous	84,152	101,396
Transfer	<u>1,700,000</u>	<u>1,900,000</u>
Total	<u>\$ 4,973,998</u>	<u>\$ 5,079,985</u>

Overall, the City experienced no change in General Revenues.

Expenses and Program Revenues – Business-type Activities - The City's Combined Utility Enterprise Fund that comprises its Business-type Activities is used for all resources associated with supplying electricity, natural gas, water and providing sewage services to domestic, business and industrial customers within the City limits as well as some of the surrounding unincorporated areas of Marlboro County. Operating revenues totaled \$17.6 million in 2014 (as compared to \$16.1 million in 2013) and includes electric sales of \$10.6 million, natural gas sales of \$2.8 million, water sales of \$1.7 million plus \$1.9 million from sewer services, with the balance consisting of penalties, reconnect fees and other revenues. Operating income at year ended April 30, 2014, totaled \$1,785,060 (as compared to \$1,423,728 in 2013) and includes a significant improvement and stability in electric revenue primarily due to an electric rate design adjustment increasing purchased power cost recovery. The system has seen no significant growth in its customer base or consumption patterns.

General Fund Financial Analysis and Budgetary Highlights

Of the City's Governmental Funds, the City's General Fund is the primary (and major) fund. The General Fund's 'final' budgeted revenues totaled \$4,252,500 and actual revenues achieved equaled \$4,135,816 or \$116,684 less than budget. This decrease was a result of decreased revenues in the local option sales taxes and service-related fees, along with a reduction in intergovernmental revenues from Marlboro County. The City had actual General Fund expenditures of \$6,065,569, compared to a 'final' budget of \$6,014,500 for an unfavorable variance of \$51,069 for the fiscal year ended April 30, 2014. This decrease was a result of increased expenditures in the Public Safety department and capital outlay.

General Fund Financial Analysis and Budgetary Highlights (continued)

Increases in the cost of gas, diesel fuel, contributed significantly to the over original budget expenditures in the General Fund for Public Safety and Public Works. Also, increased actual costs for capital outlay contributed to non-favorable original budget to actual variances in the General Fund.

Details of the City's General Fund budget are shown in the section entitled "Required Supplementary Information" which follows the "Notes to Financial Statements" in this report. Below is a 'condensed' summary budget-to-actual table for fiscal year 2014 compared to 2013 actual amounts achieved.

General Fund	2014		Variances Over (Under)	2013
	Final Budget	Actual		Actual
Revenue				
Property taxes	\$ 916,000	\$ 937,875	\$ 21,875	\$ 918,999
Local option sales tax	735,000	638,094	(96,906)	742,440
Licenses, permits and franchise fees	766,000	829,288	63,288	834,947
Fines and forfeitures	212,200	195,627	(16,573)	205,708
Intergovernmental	503,000	474,391	(28,609)	609,939
Service fees	1,059,300	979,554	(79,746)	951,313
Interest income and other	61,000	80,987	19,987	149,743
Total revenue	4,252,500	4,135,816	(116,684)	4,413,089
Expenditures				
Current:				
General government	1,031,035	964,662	66,373	885,128
Public safety	3,013,126	3,108,515	(95,389)	3,153,329
Public works	1,517,665	1,500,613	17,052	1,549,439
Culture and recreation	306,657	318,449	(11,792)	294,852
Capital outlay	33,000	54,013	(21,013)	462,355
Debt service	113,017	119,317	(6,300)	434,138
Total expenditures	6,014,500	6,065,569	(51,069)	6,779,241
Excess (deficiency) of revenue over (under) expenditures	1,762,000	1,929,753	(167,753)	(2,366,152)
Other financing sources and (uses)	(1,762,000)	1,762,000	—	1,952,760
Net change in fund balance	\$ —	\$ (167,753)	\$ (167,753)	\$ (413,392)

General Fund Financial Analysis and Budgetary Highlights (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of April 30, 2014, the City's investment in capital assets for its Governmental Activities totaled \$12.3 million, less accumulated depreciation of \$5.4 million for a net carrying value of \$6.9 million. For its Business-type Activities, total investment in capital assets equaled \$42.7 million, less accumulated depreciation of \$19.3 million for a net carrying value of \$23.4 million. The City's investment in capital assets includes land, buildings, utility system improvements, machinery and equipment, park facilities, vehicles and furniture. The City's significant capital asset acquisition for the Governmental Activities was new public safety vehicles and City sidewalk improvements. The Business-type Activities (Combined Utility Fund), acquired vehicles and equipment during the year and is continuing with its major capital improvement plan for system infrastructure. Additional information on the City's Capital Assets can be found in *Note 6* of this report.

Long-Term Debt – During 2014, the City issued Series 2013 Combined Utility Refunding and Improvement Revenues Bonds of \$10.0 million. A portion of the bond proceeds refunded Series 2004 revenue bonds (approximately \$6.0 million) with the remaining \$4.0 million available for capital improvements to the utility. At April 30, 2014, the Business-type Activities had long-term debt outstanding \$13.8 million. The current portion due in year end 2015 for those obligations is \$615,825. Additional information on the City's long-term debt can be found in *Note 7* of this report.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Manager, City of Bennettsville, South Carolina.

BASIC FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

APRIL 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents:			
Unrestricted	\$ 657,217	\$ 27,525	\$ 684,742
Restricted	279,687	4,390,985	4,670,672
Equity in pooled cash	1,070,504	—	1,070,504
Investments	—	1,691,491	1,691,491
Receivables, net:			
Accounts	93,384	1,992,026	2,085,410
Due from other governments, net	262,718	—	262,718
Internal balances, net	2,115,978	(2,115,978)	—
Inventories and prepaid items	127,249	690,175	817,424
Capital assets:			
Nondepreciable	326,401	564,666	891,067
Depreciable, net	6,592,871	22,798,153	29,391,024
Total Assets	<u>\$ 11,526,009</u>	<u>\$ 30,039,043</u>	<u>\$ 41,565,052</u>
Liabilities and Net Position			
Current liabilities:			
Accounts payable	\$ 40,719	\$ 949,109	\$ 989,828
Accrued payroll and other payables	187,501	123,431	310,932
Accrued interest payable	—	197,294	197,294
Customer deposits and prepayments	201,133	454,726	655,859
Accrued compensated absences	361,695	212,739	574,434
Non-current liabilities:			
Due in less than one year	114,996	615,825	730,821
Due in more than one year	174,282	13,160,597	13,334,879
Total liabilities	<u>1,080,326</u>	<u>15,713,721</u>	<u>16,794,047</u>
Net position:			
Net investment in capital assets	6,629,994	9,586,397	16,216,391
Restricted for:			
Debt and capital projects	102,575	4,390,985	4,493,560
Housing and community development	93,840	—	93,840
Fire and law enforcement activities	83,272	—	83,272
Unrestricted	3,536,002	347,940	3,883,942
Total net position	<u>10,445,683</u>	<u>14,325,322</u>	<u>24,771,005</u>
Total Liabilities and Net Position	<u>\$ 11,526,009</u>	<u>\$ 30,039,043</u>	<u>\$ 41,565,052</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2014

Functions and Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ (1,138,016)	\$ —	\$ —	\$ —	\$ (1,138,016)	\$ —	\$ (1,138,016)
Public safety	(3,398,327)	228,898	—	—	(3,169,429)	—	(3,169,429)
Public works	(1,618,230)	941,137	—	39,542	(637,551)	—	(637,551)
Culture and recreation	(425,654)	38,625	—	—	(387,029)	—	(387,029)
Interest	(6,300)	—	—	—	(6,300)	—	(6,300)
Total governmental activities	<u>(6,586,527)</u>	<u>1,208,660</u>	<u>—</u>	<u>39,542</u>	<u>(5,338,325)</u>	<u>—</u>	<u>(5,338,325)</u>
Business-type activities:							
Combined utility	<u>(16,513,889)</u>	<u>17,554,060</u>	<u>—</u>	<u>158,240</u>	<u>—</u>	<u>1,198,411</u>	<u>1,198,411</u>
Total business-type activities	<u>(16,513,889)</u>	<u>17,554,060</u>	<u>—</u>	<u>158,240</u>	<u>—</u>	<u>1,198,411</u>	<u>1,198,411</u>
Total functions and programs	<u>\$ (23,100,416)</u>	<u>\$ 18,762,720</u>	<u>\$ —</u>	<u>\$ 197,782</u>	<u>(5,338,325)</u>	<u>1,198,411</u>	<u>(4,139,914)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes and L.O.S.T.					1,575,969	—	1,575,969
Accommodation and hospitality taxes					312,633	—	312,633
State shared and intergovernmental (unrestricted)					471,719	—	471,719
Business licenses and other franchise fee/tax					829,288	—	829,288
Unrestricted investments earnings					237	15,265	15,502
Miscellaneous					84,152	8,631	92,783
Transfers in (out)					1,700,000	(1,700,000)	—
Total general revenue and transfers					<u>4,973,998</u>	<u>(1,676,104)</u>	<u>3,297,894</u>
Changes in net position					<u>(364,327)</u>	<u>(477,693)</u>	<u>(842,020)</u>
Net Position – beginning of year (as restated, <i>See Note 16</i>)					<u>10,810,010</u>	<u>14,803,015</u>	<u>25,613,025</u>
Net Position – end of year					<u>\$ 10,445,683</u>	<u>\$ 14,325,322</u>	<u>\$ 24,771,005</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents:			
Unrestricted	\$ 113,908	\$ 543,309	\$ 657,217
Restricted	163,812	115,875	279,687
Equity in pooled cash	1,070,504	—	1,070,504
Receivables:			
Property taxes	790,154	—	790,154
Other	129,990	880,000	1,009,990
Less, allowances for doubtful accounts	(899,762)	—	(899,762)
Due from other governments	278,715	—	278,715
Due from other funds	1,906,400	239,432	2,145,832
Inventory and prepaid items	127,249	—	127,249
Total assets	<u>\$ 3,680,970</u>	<u>\$ 1,778,616</u>	<u>\$ 5,459,586</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 40,719	\$ —	\$ 40,719
Accrued payroll and other payables	187,501	—	187,501
Due to other funds	29,854	—	29,854
Due to other governments	15,997	—	15,997
Deferred revenue and deposits	201,133	—	201,133
Total liabilities	<u>475,204</u>	<u>—</u>	<u>475,204</u>
Fund balances:			
Non-spendable	127,249	—	127,249
Restricted	163,812	995,875	1,159,687
Committed	—	—	—
Assigned	107,396	782,741	890,137
Unassigned	2,807,309	—	2,807,309
Total fund balances	<u>3,205,766</u>	<u>1,778,616</u>	<u>4,984,382</u>
Total liabilities and fund balances	<u>\$ 3,680,970</u>	<u>\$ 1,778,616</u>	

Reconciliation to amounts reported for governmental activities in the Statement of Net Position (See Note 13):

Capital assets, net of accumulation depreciation, used in governmental activities are not financial resources and therefore, are not reported in these funds.	6,919,272
Certain receivables are not financial resources and therefore, are not reported in these funds.	(806,999)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds.	(650,972)
Net position, end of year – Governmental Activities	<u>\$ 10,445,683</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

YEAR ENDED APRIL 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Taxes, penalties and fees	\$ 937,875	\$ —	\$ 937,875
Local options sales tax	638,094	—	638,094
Licenses, permits and franchise fees	829,288	—	829,288
Fines and forfeitures	195,627	—	195,627
Intergovernmental:			
Grants	26,042	13,500	39,542
Rural fire protection	—	33,271	33,271
Other intergovernmental	448,349	336,211	784,560
User fees	22,439	—	22,439
Solid waste collection fees	940,929	—	940,929
Franchise fees	—	—	—
Rental fees	16,186	—	16,186
Interest income	237	—	237
Other	80,750	3,402	84,152
Total revenue	<u>4,135,816</u>	<u>386,384</u>	<u>4,522,200</u>
Expenditures			
Current:			
General government	964,662	108,675	1,073,337
Public safety	3,108,515	—	3,108,515
Public works	1,500,613	—	1,500,613
Culture and recreation	318,449	106,875	425,324
Capital outlay	54,013	51,711	105,724
Debt service	119,317	—	119,317
Total expenditures	<u>6,065,569</u>	<u>267,261</u>	<u>6,332,830</u>
Excess (deficiency) of revenue over expenditures	(1,929,753)	119,123	(1,810,630)
Other Financing Sources (Uses)			
Transfers in	1,852,000	90,000	1,942,000
Transfers (out)	(90,000)	(152,000)	(242,000)
Total other financing sources (uses)	<u>1,762,000</u>	<u>(62,000)</u>	<u>1,700,000</u>
Net change in fund balances	(167,753)	57,123	(110,630)
Fund balances, beginning of year	<u>3,373,519</u>	<u>1,721,493</u>	<u>5,095,012</u>
Fund balances, end of year	<u>\$ 3,205,766</u>	<u>\$ 1,778,616</u>	<u>\$ 4,984,382</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-
 GOVERNMENTAL FUNDS

— CONTINUED —

Reconciliation to amounts reported for governmental activities in the Statement of Activities (See Note 13):	
Net change in fund balances – total governmental funds	\$ (110,630)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(357,354)
Certain revenues and expenses are not reported as source and uses of current financial resources. This is the amount of such accruals.	(9,359)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	113,017
Change in Net Position – Governmental Activities	\$ <u>(364,327)</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

APRIL 30, 2014

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 27,525
Equity in pooled cash	—
Investments	1,691,491
Accounts receivable, net	1,992,026
Inventories and prepaid items	690,175
	<u>4,401,217</u>
Current restricted assets:	
Restricted cash and cash equivalents	4,390,985
Total current assets	<u>8,792,202</u>
Non-current assets:	
Capital assets, not subject to depreciation	564,666
Capital assets subject to depreciation	22,798,153
Total non-current assets	<u>23,362,819</u>
Total assets	<u>\$ 32,155,021</u>
Liabilities and Net position	
Current liabilities:	
Accounts payable	\$ 949,109
Accrued payroll and withholdings payable	123,431
Accrued interest payable	197,294
Due to General Fund	2,115,978
Customer deposits and prepayments	454,726
Bonds payable – current portion	469,466
Installment purchase contract – current portion	146,359
Total current liabilities	<u>4,456,363</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	212,739
Installment purchase contract	226,358
Revenue bonds payable	12,934,239
Total long-term liabilities	<u>13,373,336</u>
Total liabilities	<u>17,829,699</u>
Net position:	
Investment in capital assets	9,586,397
Restricted for debt and capital projects	4,390,985
Unrestricted	347,940
Total net position	<u>14,325,322</u>
Total liabilities and net position	<u>\$ 32,155,021</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2014

	Business-type Activities – Enterprise Fund Combined Utility
Operating Revenue (pledged as security for revenue bonds)	
Sales and services:	
Water	\$ 1,668,070
Sewer	1,890,294
Electric	10,660,960
Gas	2,856,260
Penalties, reconnect fees and other revenue	478,476
Total operating revenue	17,554,060
Operating Expenses	
Water plant and distribution	1,284,749
Wastewater plant and collection	633,616
Electricity purchase and transmission	8,879,266
Gas purchase and distribution	2,412,492
Administration and billing	1,073,356
Non-departmental	181,112
Depreciation expense	1,304,409
Total operating expenses	15,769,000
Operating income	1,785,060
Non-Operating Revenue (Expenses)	
Interest income	15,265
Interest expense	(508,871)
Bond issuance cost	(227,387)
Total non-operating revenue (expenses)	(720,993)
Income before contributions and transfers	1,064,067
Capital contributions	
Capital grants	128,240
Contributed capital	30,000
Total capital contributions	158,240
Transfers	
Transfers (out) to General Fund	(1,700,000)
Change in net position	(477,693)
Net position, beginning of year (as restated, <i>See Note 16</i>)	14,803,015
Net position, end of year	\$ 14,325,322

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED APRIL 30, 2014

	<u>Business-type Activities– Enterprise Fund Combined Utility</u>
Cash Flows from Operating Activities	
Cash received from:	
Combined utility sales and services, penalties, reconnect fees and other revenue	\$ 17,812,503
Cash paid to (for):	
Employee salaries and related costs, and combined utility operations	(14,886,467)
Net cash provided by (used in) operating activities	<u>2,926,036</u>
Cash Flows from Non-capital Financing Activities	
Transfer to General Fund	(1,700,000)
Net cash provided by (used in) non-capital financing activities	<u>(1,700,000)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(798,208)
Capital grants	158,240
Bond issue costs	(227,387)
Proceeds from bond issuance	10,077,158
Interest paid on capital related debt	(467,869)
Principal payments under bonds and capital leases	(622,200)
Redemption of Series 2004 Bonds	(5,725,000)
Net cash provided by (used in) capital and related financing activities	<u>2,394,734</u>
Cash Flows from Investing Activities	
Interest received	15,265
Sales of investments	687,183
Purchases of investments	(699,037)
Net cash provided by (used in) investing activities	<u>3,411</u>
Net increase (decrease) in cash and cash equivalents	3,624,181
Cash and cash equivalents, beginning of year (of which \$675,977 is restricted)	794,329
Cash and cash equivalents, end of year (of which \$4,390,985 is restricted)	<u>\$ 4,418,510</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,785,060
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	1,304,409
Changes in certain assets and liabilities:	
(Increase) decrease in accounts receivable	(258,443)
(Increase) decrease in inventory	(8,030)
Increase (decrease) in accounts payable/accrued expenses	190,387
Increase (decrease) in accrued compensated absences	15,959
Increase (decrease) in customer deposits	(47,939)
Increase (decrease) in internal balances due to other funds	(55,367)
Net cash provided by (used in) operating activities	<u>\$ 2,926,036</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2014

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Bennettsville, South Carolina (the “City”) was founded in 1819, under the laws of the State of South Carolina for the incorporation of municipal governments and as amended by Act 283 of the 1975 Code (Home Rule City Act). The City operates under the council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health, culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Basis of Presentation – Basis of Accounting

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the City. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental Activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type Activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the General Fund as the “major” governmental fund and the Combined Utility Fund as the “major” proprietary fund.

A schedule of non-major funds is presented separately as part of Other Financial Information. Because of the basis of accounting and reporting differences, summary reconciliations to the Government-wide financial statements are presented at the end of each applicable fund financial statement.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Governmental Funds

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

Special Revenue Funds – The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally (or donor) restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by the proprietary fund.

Proprietary Funds

Enterprise Fund – The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City operates a combined utility enterprise fund for its water, sewer, electricity and gas sales and services.

C. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements – The ‘government-wide’, and Proprietary Fund financial statements are reported using the economic resources measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

The City's policy for applying expenses that can use both restricted and unrestricted resources is to first apply the expense to restricted resources then to unrestricted resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases or installment note contract obligations are reported as other financing sources.

Taxes are billed in October and are payable at that time. Property taxes attach as enforceable liens on property as of December 31. All unpaid taxes levied become delinquent January 16 of the following year. Property tax revenues are recognized when levied to the extent that they result in current receivables. In keeping with the modified accrual method of accounting, it has been determined that taxes receivable should reflect only those deemed collectible within 60 days.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting

Budgets and Encumbrances – Generally, budgets are adopted on a basis consistent with generally accepted accounting principles. A legal operating budget is prepared annually for the General Fund and Combined Utility Fund. Informal budgetary controls are maintained for other funds.

The City Administrator is authorized to administer the budget and transfer amounts within and between departments and funds as necessary and designate continuing projects from fund balances or additional unbudgeted revenue and transfers.

The General Fund operated under a final budget totaling \$6,104,500. Actual expenditures totaled \$6,065,569, plus transfers out of \$90,000. The Combined Utility Fund operated under a budget totaling \$17,034,500. Actual operating expenses totaled \$15,769,000 (including a non-budgetary charge of \$1,304,409 for depreciation), non-operating expenses totaled \$720,993 and transfers out totaled \$1.7 million.

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses

Cash and Cash Equivalents and Investments

Cash includes amounts held in demand deposits. For purpose of the statement of cash flows, the City considers all savings and short-term investments purchased with maturities of three months or less to be cash equivalents. State statutes authorize the City to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are reported at fair value.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions result in loans or advances between individual funds. The lending fund reports amounts ‘due from other funds’, while the borrowing fund reports amounts ‘due to other funds’ and have been eliminated in the “Government-wide” financial statements. Such amounts between the Governmental activities and the Business-type activities are reported as “internal balances” on the Statement of Net Position.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable includes amounts due from other governments and is stated net of their allowance for uncollectible accounts.

Inventory

Inventory, consisting of materials and supplies for use in the City’s combined utility system, is valued at cost or estimated historical cost on a first-in, first-out (FIFO) basis. Inventory consists of expendable supplies held for consumption. Reported inventory expenditures or expenses are recognized when inventories are consumed.

Deferred Charges (Other Assets)

Bond issuance costs, as well as bond premiums and discounts, are expensed during the period pursuant to GASB Statement 65.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. **Summary of Significant Accounting Policies (Continued)**

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Restricted Assets

Restricted accounts include monies or other resources, the use of which is restricted by legal or contractual requirements. In the Enterprise Fund restricted assets arise from certain bond and contract ordinances.

Capital Assets and Depreciation

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets, are reported in the applicable Governmental or Business-type Activities columns in the Government-wide financial statements. Capital assets of the City that are not specifically related to activities reported in proprietary or fiduciary funds have been reported as assets in the governmental funds column of the Government-wide financial statement. Capital assets are defined by the City as those assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All capital assets are valued at historical cost if purchased or constructed, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets has been provided based on the estimated useful lives of the class of assets, or individual assets using the straight line method with service lives as follows:

Buildings	— 25 to 40 years
Improvements	— 10 to 20 years
Equipment	— 5 to 10 years
Combined utility systems	— 40 to 50 years

Interest costs incurred during the construction phase of capital assets are reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Long-term Obligations

In the Government-wide financial statements, and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental Activities, Business-type Activities, or Proprietary Fund type Statement of Net Position. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities.

In the Governmental Fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs as expenditures of the current period. The face amount of the debt issued, along with any bond premium and discounts, is reported as Other Financing Sources.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Compensated Absences (Accrued Vacation and Sick Leave)

The vacation policy of the City is to provide for vacation leave annually depending on length of service. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policy of the City is to provide for unlimited accumulation of earned sick leave. Sick leave does not vest. Since none of the entities have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the City.

Net Position and Fund Balances

In the Government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position for both the governmental and proprietary fund types displays three components – investment in capital assets, (net of related debt); restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represent the net position available for future operations.

In the Fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which amounts in those funds can be spent. "Nonspendable" fund balances include those amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. "Restricted" fund balances include those amounts that are legally restricted by outside parties, laws, governments, or enabling legislation for use for a specific purpose. "Committed" fund balances are amounts that can only be used for specific purposes due to constraints imposed by formal action of the City Council which is the City's highest level of decision making authority. "Assignments" of fund balance present management's intent, but are neither restricted nor committed. "Unassigned" fund balance is the residual classification representing fund balance that has not been restricted, committed, or assigned to a specific purpose.

Property Taxes

The City assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the mileage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes as of December 31 of each year. The basis for value of taxable property within the City is taken from the records of the Marlboro County Assessor. Taxes are levied on July 1 with the passage of the fiscal year budget and millage ordinance, billed in October, and are due by January 15 in the year following their levy. A penalty of 3% is added to the tax bill on January 16; with an additional 7% added on February 2; and an additional 5% added to the tax bill on March 17.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Fund Equity, Revenue, Expenditures and Expenses (Continued)

Property Taxes (continued)

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Transportation and payment is due before the end of the month of the scheduled renewal.

For Government-wide financial statements, property taxes are recognized as revenue in the year for which they are levied. For Government Fund financial statements, City property tax revenues are recognized for the budget period to which they apply when they become measurable and available. Delinquent and unpaid property taxes are reported as receivables, less amounts estimated to be uncollectible.

Program and General Revenue

The City charges public fees for building permits and inspections, and admission fees for certain recreational activities. These fees as well as fines for traffic violations and grant revenues are recorded as program revenue in the Statement of Activities.

General revenue reported by the City include property taxes, state-shared taxes, business licenses and other government imposed non-exchange fees (e.g. franchise fees, which are general revenue fees in lieu of business licenses).

Comparative Data and Reclassifications

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates

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

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments

As of April 30, 2014, the City had the following cash and investment balances:

Cash on hand	\$ 4,150
Carrying amount of deposits	6,421,768
Totals	\$ 6,425,918
Statement of Net Position balances:	
Cash and cash equivalents:	
Unrestricted	\$ 684,742
Restricted	4,670,672
Equity in pooled cash	1,070,504
Totals	\$ 6,425,918

Deposits

The City's policy, by law, requires all financial institutions that receive City funds to secure the deposits by deposit insurance or collateral securities to protect the City against any loss.

Custodial credit risk for deposits is the risk that in the event of a depository institution's failure, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposits in banks or the State Treasurer Investment Pool and non-negotiable certificates of deposits. At April 30, 2014, the carrying amounts of the City's deposits were covered by federal depository insurance with the remaining balance collateralized by securities held by the financial institution in the City's name.

Investments

Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbook savings accounts, bankers' acceptance agreements, and other available bank investments, provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. In addition, the City can invest in direct debt securities of the United States government.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. Deposits and Investments (Continued)

Investments (continued)

Types of investments at April 30, 2014 were certificates of deposit of various financial institutions, securities of the U.S. Treasury or agencies, mutual funds of governmental agency securities, and corporate bonds and notes as follows:

	<u>Fair Value</u>	<u>Maturity</u>
Certificate of deposit – 1.05%	\$ 238,961	4/28/2017
Certificate of deposit – 1.50%	241,771	10/11/2017
Certificate of deposit – .75%	150,284	9/22/2014
Certificate of deposit – 1.15%	100,614	7/13/2015
Certificate of deposit – 1.50%	203,388	8/31/2015
Certificate of deposit – 1.20%	95,343	4/20/2016
Certificate of deposit – 4.55%	100,455	4/2/2015
Certificate of deposit – 1.25%	141,610	3/27/2017
Certificate of deposit – 1.75%	142,558	3/27/2015
Corporate notes and bonds – 1.30%	151,326	4/20/2016
Federal government agencies’ securities	99,906	Varies
Other money fund investments	25,275	On demand
Total fair value	<u>\$ 1,691,491</u>	

Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of April 30, 2014, none of the City’s investments were exposed to custodial credit risk.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk. The City places no limit on the amount it may invest in any one issuer. All of the City’s investments were held and managed by two financial institutions as of April 30, 2014.

3. Restricted Assets

Restricted cash and cash equivalents reported in the Business-type Activities totaled \$4,390,985 at April 30, 2014. This amount was for projects authorized by the Combined Utility System Bonds, Series 2013, plus the Series 2009 A and B Debt Service Reserve Funds, and for obligations under installment note contracts or capital leases. Restricted cash and cash equivalents for the Governmental Activities totaled \$279,687 at April 30, 2014. This amount was restricted to the purchase of specific items of equipment as required under the terms of an installment note contract obligation, housing, and law enforcement activities.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Receivables

Accounts receivable at April 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 790,154	\$ —
Lot clearing fees	129,990	—
Combined utility accounts	—	3,262,800
Miscellaneous	—	50,016
Total receivables	<u>920,144</u>	<u>3,312,816</u>
Less, allowance for uncollectible accounts	<u>(826,759)</u>	<u>(1,320,790)</u>
Receivables, net	<u>\$ 93,385</u>	<u>\$ 1,992,026</u>

Notes receivable at April 30, 2014, including the applicable allowances for uncollectible accounts and imputed interest are as follows:

	Governmental Activities
Upper Story Housing (<i>See Note 14</i>)	\$ 880,000
Housing rehabilitation	119,325
Housing assistance	84,336
CDBG Repayment Fund	16,028
Total notes receivable	<u>1,099,689</u>
Less, allowance for uncollectible accounts	<u>(1,009,689)</u>
Notes receivable, net	<u>\$ —</u>

5. Due to/from Other Funds – Internal Balances

Short-term interfund receivables and payables at April 30, 2014, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 1,906,400	\$ (29,854)
Capital Project Fund	239,432	—
Utility Fund	—	(2,115,978)
Total interfund balances	<u>2,145,832</u>	<u>(2,145,832)</u>
Less, Governmental Fund eliminations	<u>(29,854)</u>	<u>29,854</u>
Internal balances, net	<u>\$ 2,115,978</u>	<u>\$ (2,115,978)</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Due to/from Other Funds – Internal Balances (Continued)

Transfers to/from Other Funds

Transfers in (out) for the year ended April 30, 2014 are summarized below:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,852,000	\$ (90,000)
Special Revenue Funds	—	(152,000)
Capital Project Fund	90,000	—
Utility Fund	—	(1,700,000)
	<u>\$ 1,942,000</u>	<u>\$ 1,942,000</u>

Transfers between the major funds, other non-major governmental funds and enterprise funds were primarily to support the operations of the funds.

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended April 30, 2014, are as follows:

Governmental Activities:

	<u>Balance April 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance April 30, 2014</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 326,402	\$ —	\$ —	\$ 326,402
Total capital assets not being depreciated	<u>326,402</u>	<u>—</u>	<u>—</u>	<u>326,402</u>
Capital assets being depreciated:				
Buildings and improvements	7,357,852	104,667	—	7,462,519
Furniture, vehicles, equipment	4,479,064	85,551	—	4,564,615
Totals capital assets being depreciated	<u>11,836,916</u>	<u>190,218</u>	<u>—</u>	<u>12,027,134</u>
Less, accumulated depreciation for:				
Buildings and improvements	(1,976,854)	(246,407)	—	(2,223,261)
Furniture, vehicles, equipment	(2,909,838)	(301,165)	—	(3,211,003)
Total accumulated depreciation	<u>(4,886,692)</u>	<u>(547,572)</u>	<u>—</u>	<u>(5,434,264)</u>
Total capital assets being depreciated, net	<u>6,950,224</u>	<u>(357,354)</u>	<u>—</u>	<u>6,592,870</u>
Net capital assets – Governmental Activities	<u>\$ 7,276,626</u>	<u>\$ (357,354)</u>	<u>\$ —</u>	<u>\$ 6,919,272</u>

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

General government	\$ 159,992
Public safety	271,909
Public works	115,671
Total depreciation expense	<u>\$ 547,572</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-Type Activities:

	<u>Balance</u> <u>April 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2014</u>
Capital assets not being depreciated:					
Land	\$ 145,300	\$ —	\$ —	\$ —	\$ 145,300
Construction in progress	258,386	160,980			419,366
Total capital assets not being depreciated	<u>403,686</u>	<u>160,980</u>	<u>—</u>	<u>—</u>	<u>564,666</u>
Capital assets being depreciated:					
Buildings	626,283				626,283
Improvement other than buildings	38,027,706	165,889	—	—	38,193,596
Equipment and vehicles	2,991,591	471,339	(117,094)	—	3,345,836
Total capital assets being depreciated	<u>41,645,580</u>	<u>637,228</u>	<u>(117,094)</u>	<u>—</u>	<u>42,165,715</u>
Less, accumulated depreciation for:					
Buildings	(524,579)	(40,571)	—	—	(565,150)
Improvement other than buildings	(15,239,974)	(1,065,520)	—	—	(16,305,494)
Equipment and vehicles	(2,415,694)	(198,318)	117,094	—	(2,496,918)
Total accumulated depreciation	<u>(18,180,247)</u>	<u>(1,304,409)</u>	<u>117,094</u>	<u>—</u>	<u>(19,367,562)</u>
Total capital assets being depreciated, net	<u>23,465,333</u>	<u>(667,181)</u>	<u>—</u>	<u>—</u>	<u>22,798,153</u>
Net capital assets – Business-type activities	<u>\$ 23,869,019</u>	<u>\$ (506,200)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,362,819</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

Installment Note

The City has an installment note with a financial institution used for the purchase of certain capital equipment and vehicles for both Governmental Activities and Business-type Activities. For financial statement reporting the installment note is divided between the Governmental Activities (56%) and Business-type Activities (44%), respectively.

General Obligation Bonds

All general obligation bonds serviced by the City's General Fund are collateralized by the full faith, credit, and taxing power of the City. Principal and interest payments are appropriated when due.

Revenue Bonds

The City's revenue bonds, including the State Revolving Fund loans, are secured by a pledge of revenue generated by the Combined Utility System.

Long-term debt of the City at April 30, 2014 consists of the following:

A. Governmental Activities

Installment note contract with PNC Bank for various vehicles and equipment, due in quarterly installments through October 1, 2016, interest at 1.74% (Governmental Activities portion of the total note obligation 56%):

Installment note payable	\$ 289,278
Less, current portions (due within one year)	<u>(114,996)</u>
Total long-term debt – Governmental Activities	<u>\$ 174,282</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

B. Business-Type Activities

Series 2004 Combined Utility System Refunding and Improvement Revenue Bonds. Refunded by the Series 2013 revenue bond. Final installment due February, 2015.	\$ 95,000
Series 2009A South Carolina Water Pollution Control Revolving Fund Loan due in quarterly installments of \$19,939 through October 1, 2030; interest at 1.85%.	1,126,050
Series 2009B South Carolina Drinking Water Revolving Fund Loan due in quarterly installments of \$25,366 through September 1, 2040; interest at 1.88%.	2,105,497
Series 2013 Combined Utility System Refunding and Improvement Revenue Bonds, payable semi-annually with interest (3.0% - 4.25% per annum); final payment due February 2024.	10,000,000
Installment note contract with PNC Bank for various vehicles and equipment, due in quarterly installments through October 1, 2016, interest at 1.74%. (Business-type Activities portion of note obligation 44%):	372,717
	<u>13,699,264</u>
Less, current portions (due within one year):	
Series 2004 Revenue Bond	(95,000)
Series 2009A SRF Loan	(60,583)
Series 2009B SRF Loan	(63,883)
Series 2013 Revenue Bond	(250,000)
Installment note payable	(146,359)
Total current portion	<u>(615,825)</u>
Add, bond premium (to be amortized over life of refunding bonds)	77,158
Total long-term debt – Business-type Activities	<u>\$ 13,160,597</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended April 30, 2014, were as follows:

	Outstanding 4/30/13	Additions	Retirements	Outstanding 4/30/14
Governmental Activities:				
Installment note contract	\$ 402,295	\$ —	\$ (113,017)	\$ 289,278
Business-type Activities:				
Revenue Bond, Series 2004	\$ 6,295,000	\$ —	\$ (6,200,000)	\$ 95,000
Series 2009A SRF Loan	\$ 1,185,705	\$ —	\$ (59,655)	\$ 1,126,050
Series 2009B SRF Loan	\$ 2,168,514	\$ —	\$ (63,017)	\$ 2,105,497
Series 2013 Refunding Revenue Bond	\$ —	\$ 10,000,000	\$ —	\$ 10,000,000
Installment note contract	\$ 516,557	\$ —	\$ (143,840)	\$ 372,717

The City issued Series 2013 Refunding and Improvement Revenue Bonds to current refund the majority of the Series 2004 Revenue Bonds. The refunding resulted in a cash flow savings of \$260,753 from prior debt service to new debt service requirements, and an economic (present value) gain of \$173,538, less amounts needed to fully retire the Series 2004 bonds totaling \$96,663.

D. Accrued Compensated Absences

Changes in accrued compensated absences (vacation payable) are as follows:

	Balances 4/30/13	Additions	Deletions	Balances 4/30/14
Governmental Activities:	\$ 352,336	\$ 9,359	\$ —	\$ 361,695
Business-type Activities	196,780	15,959	—	212,739
	\$ 549,116	\$ 25,318	\$ —	\$ 574,434

The City does not have a policy/program of providing post-employment health benefits for retirees.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Annual Requirements for Long-Term Debt

The annual debt service requirements to amortize the City's long-term debt, except accrued compensated absences, are summarized below:

34

	Installment Note		Revenue Bonds		2009A SRF Loans		2009B SRF Loans		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
Governmental											
Activities:											
2015	\$ 114,996	\$ 4,321	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 114,996	\$ 4,321	\$ 119,317
2016	117,010	2,306	—	—	—	—	—	—	117,010	2,306	119,316
2017	57,272	387	—	—	—	—	—	—	57,272	387	57,659
	<u>\$ 289,278</u>	<u>\$ 7,014</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 289,278</u>	<u>\$ 7,014</u>	<u>\$ 296,292</u>
Business-type											
Activities:											
2015	\$ 146,358	\$ 5,500	\$ 345,000	\$ 381,151	\$ 60,583	\$ 20,001	\$ 63,883	\$ 37,580	\$ 615,824	\$ 444,232	\$ 1,060,056
2016	148,922	2,937	355,000	371,988	61,543	19,041	64,780	36,683	630,245	430,648	1,060,893
2017	77,437	492	370,000	357,788	62,537	18,047	65,709	35,754	575,683	412,080	987,763
2018	—	—	385,000	342,988	63,567	17,017	66,671	34,792	515,238	394,796	910,034
2019	—	—	395,000	331,438	64,633	15,951	67,668	33,795	527,301	381,184	908,485
2020-2024	—	—	2,180,000	1,461,588	340,433	62,487	354,508	152,807	2,874,941	1,676,881	4,551,822
2025-2029	—	—	2,600,000	1,031,938	373,448	29,472	385,332	121,983	3,358,780	1,183,392	4,542,172
2030-2034	—	—	3,465,000	451,685	99,306	1,513	422,527	84,787	3,986,833	537,988	4,524,821
2035-2039	—	—	—	—	—	—	465,560	41,754	465,560	41,754	507,314
2040-2041	—	—	—	—	—	—	148,859	2,821	148,859	2,823	151,682
	<u>\$ 372,717</u>	<u>\$ 8,929</u>	<u>\$10,095,000</u>	<u>\$ 4,730,564</u>	<u>\$ 1,126,050</u>	<u>\$ 183,529</u>	<u>\$2,105,497</u>	<u>\$ 582,756</u>	<u>\$13,699,264</u>	<u>\$5,505,778</u>	<u>\$19,205,042</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Net Position and Fund Balances

Net position of the Government-wide and Proprietary Fund financial statements represent the difference between assets and liabilities as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Investment in Capital Assets, Net:</u>		
Net capital assets	\$ 6,919,272	\$ 23,362,819
Less, long-term debt payable	(289,278)	(13,776,422)
Total investment in capital assets, net	<u>\$ 6,629,994</u>	<u>\$ 9,586,397</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Restricted for:</u>		
Property tax rollback	\$ —	\$ —
Debt services	—	388,886
Capital projects	102,575	4,002,099
Housing and community development	93,840	—
Fire prevention and education	22,792	—
Law enforcement and public safety	60,480	—
Total restricted	<u>\$ 279,687</u>	<u>\$ 4,390,985</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Net Position and Fund Balances (continued)

As described in *Note 1*, Governmental Funds fund balances are reported in classifications based on the specific purposes for which those funds can be spent as follows:

	General Fund	Other Governmental Funds	Total
<u>Non-spendable:</u>			
Inventory and prepaid items	\$ 127,249	\$ —	\$ 127,249
<u>Restricted for:</u>			
Property tax rollback	—	—	—
Housing assistance	—	973,840	973,840
Fire prevention and education	757	22,035	22,792
Installment note proceeds escrow	102,575	—	102,575
Municipal court and public safety	60,480	—	60,480
	<u>163,812</u>	<u>995,875</u>	<u>1,159,687</u>
<u>Assigned to:</u>			
Capital projects	—	315,691	315,691
Tourism hospitality	—	467,050	467,050
Lot clearing and demo	54,979	—	54,979
Special events	25,412	—	25,412
Fire Department dive	2,005	—	2,005
Underground storage tanks	25,000	—	25,000
	<u>107,396</u>	<u>782,741</u>	<u>890,137</u>
<u>Unassigned</u>	<u>2,807,309</u>	<u>—</u>	<u>2,807,309</u>
Totals	<u>\$ 3,205,766</u>	<u>\$ 1,778,616</u>	<u>\$ 4,984,382</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Retirement Plan

Generally, all permanent employees of the City are required by law to join the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS) which are cost-sharing multiple-employer defined benefit pension plans administered by the South Carolina Retirement System, a Division of the State Budget and Control Board. Article X, Section 16, of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the SCRS and the PORS are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the City are covered by a retirement plan through the SCRS, a cost sharing multiple-employer plan administered by the Retirement Division, a public employee retirement system. Generally all City employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided by Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Employees participating in SCRS are required to contribute 7.0% of all compensation. The City's actual contributions to the SCRS for the three most recent fiscal years ended April 30, 2014, 2013, and 2012, were \$304,811, \$293,335, and \$243,498, respectively, and equaled the required contribution for each year. Under this system, the City's contributions were 10.45% each covered employee's compensation from May 1, 2013 to June 30 2014. Also, the City paid employer group-life insurance contributions of \$4,375 in the current fiscal year at the rate of .15% of compensation.

The South Carolina PORS is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employees in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in PORS are required to contribute 7.0% of all compensation. The City's actual contributions to the PORS for the three most recent fiscal years ended April 30, 2014, 2013, and 2012, were \$211,935, \$206,373, and \$180,492, respectively, and equaled the required contribution for each year. Under the PORS system, the City's contributions were 11.9% for each covered employee's compensation for May 1, 2013 to June 30, 2014.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Retirement Plan (Continued)

Also, the City paid employer group-life insurance contributions and accidental death insurance contributions totaling \$7,124 in the current fiscal year for PORS participants at the rate of .20% and .20%, respectively, of compensation.

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. Neither the City, nor the State of South Carolina, has any liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate City employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

10. Due From Other Governments

The following are due from (to) other governments:

	Governmental Activities
Due from county government	\$ 278,715
Due (to) state government	(15,997)
Total due from (to) other governments	<u>\$ 262,718</u>

11. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the South Carolina State Insurance Reserve Fund. Through the Fund, the City maintains property insurance at replacement value and contents coverage at actual value. The City also maintains tort and fleet auto coverage through the Fund. The City has also transferred a portion of its risk of loss for health insurance and workers compensation claims to various state agencies and commercial insurance carriers. For the year ended April 30, 2014, the City incurred \$676,327 in health care premiums and \$246,117 in worker's compensation premiums.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

12. Contingencies and Commitments

Litigation

The City is party to legal proceedings that normally occur in governmental operations. City officials believe the legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Federal and State Assisted Programs

In the normal course of operations, the City receives grant funds from various federal and state 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. Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

Facilities Abandonment Charge

The City's contract with its electric supplier contains a facilities abandonment charge in the event the contract is terminated prior to the time scheduled under the contract which currently is April 30, 2020.

13. Reconciliation of Government-wide and Fund Financial Statements

A. Explanations of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

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

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

Capital assets	\$ 12,353,536
Less, accumulated depreciation	(5,434,264)
Net amount reported	<u>\$ 6,919,272</u>

Other assets not available to pay for current period expenditures and therefore are not reported in the funds:

Property taxes receivable	\$ 73,001
Mortgages receivable, net	(880,000)
Net amount reported	<u>\$ (806,999)</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the fund financial statements:

Bond and installment purchase contracts	\$ (289,277)
Accrued compensated absences	(361,695)
Net amount reported	<u>\$ (650,972)</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Reconciliation of Government-wide and Fund Financial Statements (Continued)

B. Explanations of Differences Between the Governmental Fund Statement of Revenue, Expenses and Changes in Fund Balances and the Government-wide Statement of Activities

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

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

Capital outlay expenditures	\$ 190,218
Less, depreciation expense	<u>(547,572)</u>
Net amount reported	<u>\$ (357,354)</u>

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

Change in accrued compensated absences	\$ (9,359)
Net amount reported	<u>\$ (9,359)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal repayments – installment note obligations	\$ 113,017
Net amount reported	<u>\$ 113,017</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

14. Notes Receivable - Upper Story Housing

During the year ended April 30, 2002, the City of Bennettsville applied for and received funds from a CDBG grant for \$330,000, a grant from the South Carolina State Housing and Finance Development Authority for \$350,000, and a HOME grant for \$200,000 for the purpose of redeveloping downtown upper story housing.

These funds, individually, were disbursed to the developer, Bennettsville Downtown Limited Partnership (a North Carolina Limited Partnership), in the form of three secured mortgage loans as follows:

Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$17,500 beginning December 31, 2037. Collateralized by first lien security interest on various Main Street and Broad Street properties.	\$ 350,000
Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$40,000 beginning December 31, 2034. Collateralized by third lien security interest on various Main Street and Broad Street properties.	200,000
Non-interest bearing mortgage loan note dated February 15, 2002, due in 20 annual installments of \$16,500 beginning December 31, 2037, with all remaining unpaid balances due and payable December 31, 2056. Collateralized by a fourth lien security interest on various Main Street and Broad Street properties.	330,000
	<u>\$ 880,000</u>

These mortgage notes have been recorded in the Government-wide Financial Statements - Governmental Activities, net of imputed interest (*See Note 4*). The outstanding principal balance of these notes (\$880,000) have been reported as a Special Revenue Fund and reserved for the Upper Story Housing project in housing assistance.

15. Subsequent Events

Management has evaluated subsequent events through November 7, 2014.

16. Restatement

Pursuant to implementing GASB Statement #65, *Items Previously Reported as Assets and Liabilities*, the City's deferred charges of bond issuance costs, net of accumulated amortization (\$471,465), have been expensed as incurred and resulted in a restatement of Business-type activities net position as of April 30, 2013.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2014

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenue				
Taxes, penalties and fees	\$ 916,000	\$ 916,000	\$ 937,875	\$ 21,875
Local option sales tax	735,000	735,000	638,094	(96,906)
Licenses, permits and franchise fees	766,000	766,000	829,288	63,288
Fines and forfeitures	212,200	212,200	195,627	(16,573)
Intergovernmental	503,000	503,000	474,391	(28,609)
User fees – community center	16,200	16,200	22,439	6,239
Solid waste collection fees	1,028,000	1,028,000	940,929	(87,071)
Rental fees	15,100	15,100	16,186	1,086
Interest income	500	500	237	(263)
Sale of capital assets	5,000	5,000	—	(5,000)
Other	55,500	55,500	80,750	25,250
Total revenue	4,252,500	4,252,500	4,135,816	(116,684)
Expenditures				
Current:				
General government	1,031,035	1,031,035	964,662	66,372
Public safety	2,301,126	3,013,126	3,108,515	(95,389)
Public works	1,517,665	1,517,665	1,500,613	17,052
Culture and recreation	306,657	306,657	318,449	(11,792)
Capital outlay	33,000	33,000	54,013	(21,013)
Debt service	113,017	113,017	119,317	(6,300)
Total expenditures	6,014,502	6,014,500	6,065,569	(51,069)
Excess (deficiency) of revenue over expenditures	(1,762,000)	(1,762,000)	(1,929,753)	(167,753)
Other Financing Sources (uses)				
Transfers in	1,852,000	1,852,000	1,852,000	—
Transfers (out)	(90,000)	(90,000)	(90,000)	—
Total other financing sources (uses)	1,762,000	1,762,000	1,762,000	—
Net change in fund balance	—	—	(167,753)	(167,753)
Fund balance, beginning of year	3,373,519	3,373,519	3,373,519	—
Fund balance, end of year	\$ 3,373,519	\$ 3,373,519	\$ 3,205,766	\$ (167,753)

CITY OF BENNETTSVILLE, SOUTH CAROLINA
GENERAL FUND
NOTES TO BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2014

Notes to Budgetary Comparison Schedule.

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

1. A proposed operating budget for the fiscal year is prepared. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Prior to April 30, the budget is legally enacted through passage of an ordinance for the following fiscal year.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. Budgets for the General Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. The City Council adopts a summary budget for proprietary funds.
6. The City Council may authorize supplemental appropriations during the year.
7. The Administrator is authorized to make "line item" transfers within the budget. Such transfers were made during the year.
8. Appropriations lapse at the end of each fiscal year.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

OTHER FINANCIAL INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

APRIL 30, 2014

	Special Revenue Funds							Total Special Revenue Funds	Capital Projects Fund	Totals
	Housing Rehabilitation Fund	Housing Assistance	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Fire Ins. & Inspectors Fund			
Assets										
Cash and cash equivalents:										
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ 127,311	\$ 339,739	\$ —	\$ 467,050	\$ 76,259	\$ 543,309
Restricted	48,396	22,856	22,588	—	—	—	22,035	115,875	—	115,875
Due from other funds	—	—	—	—	—	—	—	—	239,432	239,432
Notes receivables-housing assistance loans, net	—	—	—	880,000	—	—	—	880,000	—	880,000
Total assets	\$ 48,396	\$ 22,856	\$ 22,588	\$ 880,000	\$ 127,311	\$ 339,739	\$ 22,035	\$ 1,462,925	\$ 315,691	\$ 1,778,616
Liabilities and Fund Balances										
Liabilities:										
Due to other funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total liabilities	—	—	—	—	—	—	—	—	—	—
Fund balances:										
Restricted for:										
Housing assistance	48,396	22,856	22,588	880,000	—	—	—	973,840	—	973,840
Firemen education	—	—	—	—	—	—	22,035	22,035	—	22,035
Assigned to:										
Capital projects	—	—	—	—	—	—	—	—	315,691	315,691
Tourism and community development	—	—	—	—	127,311	339,739	—	467,050	—	467,050
Total fund balances	48,396	22,856	22,588	880,000	127,311	339,739	22,035	1,462,925	315,691	1,778,616
Total liabilities and fund balances	\$ 48,396	\$ 22,856	\$ 22,588	\$ 880,000	\$ 127,311	\$ 339,739	\$ 22,035	\$ 1,462,925	\$ 315,691	\$ 1,778,616

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED APRIL 30, 2014

	Special Revenue Funds							Total Special Revenue Funds	Capital Projects Fund	Total
	Housing Rehabilitation Fund	Housing Assistance Fund	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Fire Ins. & Inspectors Fund			
Revenue										
Intergovernmental	\$ 23,578	\$ —	\$ —	\$ —	\$ 66,983	\$ 245,650	\$ 33,271	\$ 369,482	\$ 13,500	\$ 382,982
Other	1,569	665	1,026	—	28	27	74	3,389	13	3,402
Total revenue	<u>25,147</u>	<u>665</u>	<u>1,026</u>	<u>—</u>	<u>67,011</u>	<u>245,677</u>	<u>33,345</u>	<u>372,871</u>	<u>13,513</u>	<u>386,384</u>
Expenditures										
General government:										
Miscellaneous	31,883	—	—	—	—	—	24,809	56,692	51,983	108,675
Culture and recreation:										
Tourism related	—	—	—	—	24,710	82,165	—	106,875	—	106,875
Capital outlay	—	—	—	—	—	—	—	—	51,711	51,711
Total expenditures	<u>31,883</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,710</u>	<u>82,165</u>	<u>24,809</u>	<u>163,567</u>	<u>103,694</u>	<u>267,261</u>
Excess (deficiency) of revenue over expenditures	(6,736)	665	1,026	—	42,301	163,512	8,536	209,304	(90,181)	119,123
Other Financing Sources (Uses)										
Transfers in (out)	—	—	—	—	(33,000)	(119,000)	—	(152,000)	90,000	(62,000)
Net change in fund balances	(6,736)	665	1,026	—	9,301	44,512	8,536	57,304	(181)	57,123
Fund balances, beginning of year	55,132	22,191	21,562	880,000	118,010	295,227	13,499	1,405,621	315,872	1,721,493
Fund balances, end of year	<u>\$ 48,396</u>	<u>\$ 22,856</u>	<u>\$ 22,588</u>	<u>\$ 880,000</u>	<u>\$ 127,311</u>	<u>\$ 339,739</u>	<u>\$ 22,035</u>	<u>\$ 1,462,925</u>	<u>\$ 315,691</u>	<u>\$ 1,778,616</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

INDIVIDUAL FUND
FINANCIAL SCHEDULES

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2014
(With comparative actual amounts at year ended April 30, 2013)

	Final Budget	Actual	Variance Over (Under)	Prior Year
Revenue				
Taxes, penalties and fees	\$ 916,000	\$ 937,875	\$ 21,875	\$ 918,999
Local option sales tax	735,000	638,094	(96,906)	742,440
Licenses and permits	695,000	763,588	68,588	766,770
Franchise fees	71,000	65,700	(5,300)	68,177
Fines and forfeitures	212,200	195,627	(16,573)	205,708
Intergovernmental:				
Grants	—	26,042	26,042	91,891
Rural fire protection	60,000	—	(60,000)	60,000
Other intergovernmental	443,000	448,349	5,349	458,048
User fees – community center	16,200	22,439	6,239	14,823
Solid waste collection fees	1,028,000	940,929	(87,071)	920,906
Rental fees	15,100	16,186	1,086	15,584
Interest income	500	237	(263)	533
Sale of capital assets	5,000	—	(5,000)	43,439
Other	55,500	80,750	25,250	105,771
Total revenue	4,252,500	4,135,816	(116,684)	4,413,089
Expenditures				
Current:				
General government:				
City council	110,535	102,572	7,963	90,191
City attorney	22,647	22,648	(1)	21,569
Municipal judge and court	104,210	105,235	(1,025)	103,113
City administrator	207,755	221,331	(13,576)	214,300
Planning and zoning	201,692	209,211	(7,519)	211,371
Finance	89,554	94,500	(4,946)	111,604
Human resources	40,820	36,962	3,858	38,308
Non-departmental	256,522	172,203	84,319	94,672
Less, capital outlay	(2,700)	—	(2,700)	—
Total general government	1,031,035	964,662	66,373	885,128
Public safety:				
Police	2,328,640	2,379,573	(50,933)	2,451,949
Fire	712,286	728,942	(16,656)	701,380
Less, capital outlay	(27,800)	—	(27,800)	—
Total public safety	3,013,126	3,108,515	(95,389)	3,153,329
Public works:				
Streets and sanitation	1,251,392	1,233,850	17,542	1,283,736
Maintenance shop	59,148	61,740	(2,592)	62,188
Beautification and recycling	209,625	205,023	4,602	203,515
Less, capital outlay	(2,500)	—	(2,500)	—
Total public works	1,517,665	1,500,613	17,052	1,549,439
Culture and recreation:				
Recreation	306,657	318,449	(11,792)	294,852
Total culture and recreation	306,657	318,449	(11,792)	294,852
Capital outlay – all departments	33,000	54,013	(21,013)	462,355
Debt service	133,017	119,317	(6,300)	434,138
Total expenditures	6,014,500	6,065,569	(51,069)	6,779,241

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Excess (deficiency) of revenue over expenditures	(1,762,000)	(1,929,753)	(167,753)	(2,366,152)
Other Financing Sources (Uses)				
Transfers in	1,852,000	1,852,000	—	2,052,000
Transfers (out)	(90,000)	(90,000)	—	(99,240)
Total other financing sources (uses)	<u>1,762,000</u>	<u>1,762,000</u>	<u>—</u>	<u>1,952,760</u>
Net change in fund balance	—	(167,753)	(167,753)	(413,392)
Fund balance, beginning of year	3,373,519	3,373,519	—	3,786,911
Fund balance, end of year	<u>\$ 3,373,519</u>	<u>\$ 3,205,766</u>	<u>\$ (167,753)</u>	<u>\$ 3,373,519</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 COMBINED UTILITY FUND
 SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION-
 BUDGET AND ACTUAL

YEAR ENDED APRIL 30, 2014
 (With comparative actual amounts at year ended April 30, 2013)

	<u>Final Budget</u>	<u>Current Year</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Operating Revenue				
Sales and services:				
Water	\$ 1,802,000	\$ 1,668,070	(133,930)	\$ 1,661,312
Sewer	1,950,500	1,890,294	(60,206)	1,846,853
Electric	9,917,000	10,660,960	743,960	9,668,563
Gas	2,652,000	2,856,260	204,260	2,499,053
Penalties, reconnect fees and other revenue	423,000	478,476	55,476	396,681
Total operating revenue	<u>16,744,500</u>	<u>17,554,060</u>	<u>809,560</u>	<u>16,072,462</u>
Operating Expenses				
Water plant	994,874	887,098	107,776	804,426
Water distribution	337,258	397,651	(60,393)	333,564
Wastewater treatment plant	550,378	444,451	105,927	452,434
Sewer/Stormwater collection	169,688	189,165	(19,477)	116,763
Electricity purchase and transmission	9,388,419	8,879,266	509,153	8,630,179
Gas purchase and distribution	2,259,006	2,412,492	(153,486)	1,983,456
Administration	535,976	558,493	(22,517)	521,549
Billing office	506,227	514,863	(8,636)	499,457
Non-departmental	301,734	181,112	120,622	162,802
Depreciation expense	—	1,304,409	(1,304,409)	1,144,104
Total operating expenses	<u>15,043,560</u>	<u>15,769,000</u>	<u>(725,440)</u>	<u>14,648,734</u>
Operating income	<u>1,700,940</u>	<u>1,785,060</u>	<u>84,120</u>	<u>1,423,728</u>
Non-Operating Revenue (Expenses)				
Interest income	20,000	15,265	(4,735)	33,413
Gains (losses) sale of assets	—	—	—	12,851
Interest expense	(290,940)	(508,871)	(217,931)	(328,723)
Bond issuance cost	—	(227,387)	(227,387)	—
Total non-operating revenue (expenses)	<u>(270,940)</u>	<u>(720,993)</u>	<u>(450,053)</u>	<u>(282,459)</u>
Income before contributions and transfers	<u>1,430,000</u>	<u>1,064,067</u>	<u>(365,933)</u>	<u>1,141,269</u>
Capital contributions				
Capital grants	—	128,240	128,240	190,669
Contributed capital	—	30,000	30,000	505,942
Total capital contributions	<u>—</u>	<u>158,240</u>	<u>158,240</u>	<u>696,611</u>
Transfers				
Transfers to General Fund	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>—</u>	<u>(1,900,000)</u>
Change in net position	(270,000)	(477,693)	(270,693)	(62,120)
Net position, beginning of year (as restated, <i>See Note 16</i>)	<u>14,803,015</u>	<u>14,803,015</u>	<u>—</u>	<u>14,865,135</u>
Net position, end of year	<u>\$ 14,533,015</u>	<u>\$ 14,325,322</u>	<u>\$ (270,693)</u>	<u>\$ 14,803,015</u>

VICTIM'S RIGHTS ASSISTANCE

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED APRIL 30, 2014

Court Fines and Assessments	
Court fines and assessments collected	\$ 359,076
Court fines and assessments remitted to State Treasurer	<u>(203,710)</u>
Total court fines and assessments retained by the City	<u>\$ 155,366</u>
Surcharges and Assessments retained for Victims Services	
Total surcharges collected	\$ 19,034
Total assessments	<u>16,859</u>
Total surcharges and assessments retained for victims services	<u>\$ 35,893</u>
Funds Allocated to Victims Services	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	35,893
Expenditures for victims services	<u>(35,893)</u>
Unexpended victim's rights assistance funds	<u>\$ —</u>