

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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AUDITED BASIC FINANCIAL STATEMENTS  
AND  
OTHER FINANCIAL INFORMATION

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YEAR ENDED APRIL 30, 2017

WITH

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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AUDITED BASIC FINANCIAL STATEMENTS  
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OTHER FINANCIAL INFORMATION

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YEAR ENDED APRIL 30, 2017

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REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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## 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, 2017, 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, 2017, 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 Governmental Activities and Business-type activities and the Proprietary Fund financial statements have been restated as a result of the City correcting errors of prior years. 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 2016 audited financial statements, and in my report dated September 28, 2016, I expressed an unmodified opinion on those financial statements.

  
November 15, 2017  
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, 2017**

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, 2017. 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, 2017 were \$38.6 million and total liabilities equaled \$25.3 million. Total deferred outflows equaled \$2,033,551 while total deferred inflows totaled \$597,644. Of the total net position at April 30, 2017, (equaling \$14.7 million), unrestricted deficit amounts totaled \$5.8 million and were not available to support short term operations of the City primarily due to the City's net pension obligation liability.

Per the Government-wide *Statement of Activities*, the City's total net position decreased by \$621,959 for the year ended April 30, 2017. The Governmental Activities resulted in a net decrease of \$384,942, while the Business-type Activities decreased net position in the amount of \$237,017, 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 and deferred outflows exceeded total liabilities and deferred inflows by \$14.7 million at the close of April 30, 2017.

Below is a 'condensed' Statement of Net Position at April 30, 2017, which depicts the major components of the City's assets, liabilities and net position (with comparative amounts for April 30, 2016).

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Cash and cash equivalents:						
Unrestricted	\$ 425,042	\$ 450,371	\$ 299,236	\$ 338,653	\$ 724,278	\$ 789,024
Restricted	151,714	176,134	1,885,825	3,251,853	2,037,539	3,427,987
Equity in pooled cash	1,572,545	1,381,707	(282,394)	120,230	1,290,151	1,501,937
Investments	—	—	1,857,739	1,681,443	1,857,739	1,681,443
Receivables and due from others, net	637,473	565,688	1,175,259	1,751,353	1,812,732	2,317,041
Inventories and prepaid items	43,266	52,700	570,689	580,016	613,955	632,716
Internal balances	2,043,154	2,056,974	(2,043,154)	(2,056,974)	—	—
Capital assets, net of accumulated depreciation	6,285,335	6,938,223	24,014,100	22,864,976	30,299,435	29,803,199
<b>Total assets</b>	<b>11,158,529</b>	<b>11,621,797</b>	<b>27,477,300</b>	<b>28,531,550</b>	<b>38,635,829</b>	<b>40,153,347</b>
<b>Deferred Outflows Resources</b>						
Pension related	1,320,575	901,886	712,976	469,345	2,033,551	1,371,231
<b>Liabilities</b>						
Current liabilities	469,948	1,024,776	1,943,509	1,496,845	2,413,457	2,521,621
Non-current liabilities	7,337,781	6,563,449	15,588,806	16,096,421	22,926,587	22,659,870
<b>Total liabilities</b>	<b>7,807,729</b>	<b>7,588,225</b>	<b>17,532,315</b>	<b>17,593,266</b>	<b>25,340,044</b>	<b>25,181,491</b>
<b>Deferred Inflows of Resources</b>						
Pension related	393,925	451,990	203,719	209,987	597,644	661,977
<b>Net Position</b>						
Net investment in capital assets	5,653,335	6,148,952	12,071,005	10,344,340	17,724,340	16,493,292
Restricted	681,192	1,281,892	2,082,053	3,721,198	2,763,245	5,003,090
Unrestricted (deficit)	(2,057,077)	(2,947,376)	(3,698,816)	(2,867,896)	(5,755,893)	(5,815,272)
<b>Total net position</b>	<b>\$ 4,277,450</b>	<b>\$ 4,483,468</b>	<b>\$ 10,454,242</b>	<b>\$ 11,197,642</b>	<b>\$ 14,731,692</b>	<b>\$ 15,681,110</b>

By far the largest portion of the City's net position (\$16.5 million) reflects its net 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)

The Governmental Activities total net position totals \$4,277,450 and consists of net investment in capital assets (\$5,653,335), restricted (\$681,192), and unrestricted deficit of \$2,057,077 at the end of 2017. The Business-type Activities total net position totals \$10,454,242 and consists of net investment in capital assets (\$12,071,005), restricted (\$2,082,053), and unrestricted deficit of \$3,698,816 at the end of 2017.

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.

The City's total restricted net position, \$2,763,245, represents resources that are subject to external restrictions on how they may be used, which includes resources for the City's pension, housing, community development, capital projects and debt service. The remaining balance of *unrestricted net position* (if positive) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's components of changes in net position (condensed from the Statement of Activities) for FY 2017 and FY 2016 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Program Revenue:						
Charges for services	\$ 1,207,392	\$ 1,113,265	\$ 15,544,524	\$ 15,160,170	\$ 16,751,916	\$ 16,273,435
Operating grants and contributions	228,003	36,433	—	—	228,003	36,433
Capital grants and contributions	263,073	264,148	626,775	73,757	889,848	337,905
General revenue:						
Property taxes and L.O.S.T	1,835,824	1,844,976	—	—	1,835,824	1,844,976
State shared and unallocated intergovernmental	830,327	836,254	—	—	830,327	836,254
Licenses and franchise fees	823,126	805,571	—	—	823,126	805,571
Other	11,311	192,735	27,446	16,670	38,757	209,405
Total revenue	<u>5,199,056</u>	<u>5,093,382</u>	<u>16,198,745</u>	<u>15,250,597</u>	<u>21,397,801</u>	<u>20,343,979</u>
<b>Expenses</b>						
General government	1,395,529	1,330,368	—	—	1,395,529	1,330,368
Public safety	3,530,133	3,477,176	—	—	3,530,133	3,477,176
Public works	1,891,008	1,664,834	—	—	1,891,008	1,664,834
Culture and recreation	451,203	489,876	—	—	451,203	489,876
Interest	16,125	22,358	—	—	16,125	22,358
Combined utility	—	—	14,735,762	14,033,407	14,735,762	14,033,407
Total expenses	<u>7,283,998</u>	<u>6,984,612</u>	<u>14,735,762</u>	<u>14,033,407</u>	<u>22,019,760</u>	<u>21,018,019</u>
Transfers	1,700,000	1,700,000	(1,700,000)	(1,700,000)	—	—
<b>Changes in net position</b>	<b>(384,942)</b>	<b>(191,230)</b>	<b>(237,017)</b>	<b>(482,810)</b>	<b>(621,959)</b>	<b>(674,040)</b>
Beginning net position	4,662,392	4,674,698	10,691,259	11,680,452	15,353,651	16,355,150
Cumulative effect of restatement	—	178,924	—	(506,383)	—	(327,459)
Ending net position	<u>\$ 4,277,450</u>	<u>\$ 4,662,392</u>	<u>\$ 10,454,242</u>	<u>\$ 10,691,259</u>	<u>\$ 14,731,692</u>	<u>\$ 15,353,651</u>

## Government-Wide Financial Analysis (continued)

Net position in Governmental Activities had a total decrease in 2017 of \$384,942, compared to a decrease of \$191,230 in 2016. This was primarily due to the City's efforts to manage spending with relatively flat revenue. Net position in Business-type Activities decreased \$237,017 in 2017 compared to a decrease of \$482,810 in 2016 primarily due to a mild winter which resulted in less electric and gas usages. Both periods included transfers to the Governmental Activities of \$1,700,000 in 2017 and 2016, respectively.

Key Governmental Activities highlights are as follows: Total program revenue increased by \$284,622 in 2017 primarily due to increase in grants while general revenues decreased slightly. Total Governmental Activities revenues equaled \$5.2 million in 2017 compared to \$5.1 million in 2016. Total Governmental Activity expenses in 2017 equaled \$7.3 million compared to \$6.9 million in 2016, or a 4.3% increase.

Key Business-type Activity highlights are as follows: Total program revenue increased by \$937,372 between 2017 and 2016 primarily due to seasonal temperature variations between years. The major cost drivers for the electric and gas systems are the costs of electricity and gas purchased for resale to the City's customers. Overall system demand was less in 2017. Total Business-type expenses equaled \$14.7 million in 2017 as compared to \$14.0 million in 2016, or a 5.0% increase.

**Expenses and Program Revenues – Governmental Activities** – Governmental expenses (totaling \$7.3 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 20.2% 'program revenues', leaving 79.8% 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	\$ (1,395,529)	\$ 184,771	\$ (1,210,758)	13.2%	86.8%
Public safety	(3,530,133)	244,391	(3,285,742)	6.9%	93.1%
Public works	(1,891,008)	1,269,306	(621,702)	67.1%	32.9%
Culture and recreation	(451,203)	—	(451,203)	—	100%
Interest	(16,125)	—	(16,125)	—	100%
<b>Totals</b>	<b>\$ (7,283,998)</b>	<b>\$ 1,698,468</b>	<b>\$ (5,585,530)</b>	<b>23.3%</b>	<b>76.7%</b>

## 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 76.7% in the following categories.

	<u>2017</u>	<u>2016</u>
Property taxes and L.O.S.T	\$ 1,835,824	\$ 1,844,976
State shared revenue	830,327	836,254
Licenses and franchise fees	823,126	805,571
Investment earnings	11,311	10,414
Miscellaneous	—	182,321
Transfer in the Utility Fund	1,700,000	1,700,000
Total	<u>\$ 5,200,588</u>	<u>\$ 5,379,536</u>

Overall, the City experienced a 3.3% decrease in General Revenues in 2017 as compared to 2016.

**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 \$15.5 million in 2017 (as compared to \$15.1 million in 2016) and includes electric sales of \$9.5 million, natural gas sales of \$2.2 million, water sales of \$1.6 million plus \$1.8 million from sewer services, with the balance consisting of penalties, reconnect fees and other revenues. Operating expenses totaled \$14.3 million in 2017 as compared to \$13.6 million in 2016. Operating income at year ended April 30, 2017, totaled \$1.2 million (as compared to \$1.5 million in 2016) which resulted in a decline in electric and gas usage due to a mild winter, but 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 \$4,605,630 actual revenues achieved equaled \$4,539,325 or \$66,305 less than budget. The City had actual General Fund expenditures of \$6,351,969, compared to a 'final' budget of \$6,587,130 for a favorable variance of \$235,323 for the fiscal year ended April 30, 2017.

## 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 2017 compared to 2016 actual amounts achieved.

General Fund	2017		Variances Over (Under)	2016
	Final Budget	Actual		Actual
<b>Revenue</b>				
Property taxes	\$ 1,033,000	\$ 1,077,784	\$ 44,784	\$ 1,112,613
Local option sales tax	763,000	758,040	(4,960)	732,363
Licenses, permits and franchise fees	848,000	823,126	(24,874)	805,571
Fines and forfeitures	190,000	82,977	(107,023)	175,754
Intergovernmental	558,000	598,616	40,616	543,018
Charges for services	1,031,000	981,577	(49,423)	905,780
User fees	32,130	24,656	(7,474)	31,731
Interest income and other	150,500	192,549	42,413	182,340
<b>Total revenue</b>	<b>4,605,630</b>	<b>4,539,325</b>	<b>(66,305)</b>	<b>4,489,170</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	1,233,953	1,038,960	194,993	990,912
Public safety	3,284,653	3,208,147	76,506	3,247,397
Public works	1,499,869	1,550,815	(50,946)	1,583,183
Culture and recreation	350,025	337,848	12,339	365,061
Capital outlay	45,000	42,803	2,197	53,332
Debt service	173,630	173,396	234	232,368
<b>Total expenditures</b>	<b>6,587,130</b>	<b>6,351,969</b>	<b>235,323</b>	<b>6,472,253</b>
Excess (deficiency) of revenue over (under) expenditures	(1,981,500)	(1,812,644)	168,856	(1,983,083)
Other financing sources and (uses)	1,966,500	1,966,500	—	2,073,600
<b>Net change in fund balance</b>	<b>\$ (15,000)</b>	<b>\$ 153,856</b>	<b>\$ 168,856</b>	<b>\$ 90,517</b>

## General Fund Financial Analysis and Budgetary Highlights (continued)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** – As of April 30, 2017, the City’s investment in capital assets for its Governmental Activities totaled \$13.6 million, less accumulated depreciation of \$7.4 million for a net carrying value of \$6.2 million. For its Business-type Activities, total investment in capital assets equaled \$44.6 million, less accumulated depreciation of \$20.6 million for a net carrying value of \$24.0 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** – The City has outstanding general obligation bonds (Series 2014) and revenue bonds (Series 2013), along with two issuances of South Carolina Water Pollution Control Revolving Fund Loans (Series 2009A and 2009B). For Governmental Activities, total outstanding general obligation bonds equaled \$632,000 at April 30, 2017. The Business-type Activities had long-term debt outstanding \$11,877,511 - consisting of Series 2009A (\$941,386), Series 2009B (\$1,911,125), and Series 2013 Revenue and Improvement Bonds (\$9.0 million). Additional information on the City’s long-term debt can be found in *Note 7* of this report.

The City also implemented GASB #68 for its proportionate share of employee pension obligations in 2017. Net pension obligations at April 30, 2017 totaled \$6.5 million for Governmental Activities and \$4.0 million for Business-type Activities for a combined total of \$10.5million.

### 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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets and Deferred Outflows</b>			
Assets:			
Cash and cash equivalents:			
Unrestricted	\$ 425,042	\$ 299,236	\$ 724,278
Restricted	151,714	1,885,825	2,037,539
Equity in pooled cash	1,572,545	(282,394)	1,290,151
Investments	—	1,857,739	1,857,739
Receivables, net:			
Accounts, grants and notes	229,319	1,175,259	1,404,578
Due from other governments	408,154	—	408,154
Internal balances, net	2,043,154	(2,043,154)	—
Inventories and prepaid items	43,266	570,689	613,955
Capital assets:			
Nondepreciable	729,661	784,750	1,514,411
Depreciable, net	5,555,674	23,229,350	28,785,024
Total assets	<u>11,158,529</u>	<u>27,477,300</u>	<u>38,635,829</u>
Deferred Outflows of Resources:			
Pension related	<u>1,320,575</u>	<u>712,976</u>	<u>2,033,551</u>
Total Assets and Deferred Outflows	<u>\$ 12,479,104</u>	<u>\$ 28,190,276</u>	<u>\$ 40,669,380</u>
<b>Liabilities, Deferred Inflows and Net Position</b>			
Liabilities:			
Accounts payable	\$ 89,999	\$ 813,374	\$ 903,373
Accrued payroll and other payables	92,699	36,080	128,779
Accrued interest payable	—	92,104	92,104
Due to other governments	6,927	—	6,927
Unearned revenue	153,159	—	153,159
Customer deposits and prepayments	27,164	486,713	513,877
Accrued compensated absences	338,556	199,865	538,421
Bonds and notes payable - due in less than one year	100,000	515,238	615,238
Bonds and notes payable - due in more than one year	532,000	11,427,857	11,959,857
Net pension obligations	6,467,225	3,961,084	10,428,309
Total liabilities	<u>7,807,729</u>	<u>17,532,315</u>	<u>25,340,044</u>
Deferred Inflows of Resources:			
Pension related	<u>393,925</u>	<u>203,719</u>	<u>597,644</u>
Total liabilities and deferred inflows	<u>8,201,654</u>	<u>17,736,034</u>	<u>25,937,688</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Liabilities, Deferred Inflows and Net Position (continued)</b>			
Net position:			
Net investment in capital assets	5,653,335	12,071,005	17,724,340
Restricted for:			
Pensions	341,229	182,801	524,030
Debt and capital projects	—	1,899,252	1,899,252
Housing and community development	308,306	—	308,306
Fire and law enforcement activities	31,657	—	31,657
Unrestricted (deficit)	<u>(2,057,077)</u>	<u>(3,698,816)</u>	<u>(5,755,893)</u>
Total net position	<u>4,277,450</u>	<u>10,454,242</u>	<u>14,731,692</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 12,479,104</u>	<u>\$ 28,190,276</u>	<u>\$ 40,669,380</u>

*See accompanying notes to financial statements.*

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2017

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
Governmental activities:						
General government	\$ (1,395,529)	\$ —	\$ 184,771	\$ —	\$ (1,210,758)	\$ (1,210,758)
Public safety	(3,530,133)	201,159	43,232	—	(3,285,742)	(3,285,742)
Public works	(1,891,008)	1,006,233	—	263,073	(621,702)	(621,702)
Culture and recreation	(451,203)	—	—	—	(451,203)	(451,203)
Interest	(16,125)	—	—	—	(16,125)	(16,125)
Total governmental activities	<u>(7,283,998)</u>	<u>1,207,392</u>	<u>228,003</u>	<u>263,073</u>	<u>(5,585,530)</u>	<u>(5,585,530)</u>
Business-type activities:						
Combined utility	<u>(14,735,762)</u>	<u>15,544,524</u>	<u>—</u>	<u>626,775</u>	<u>—</u>	<u>1,435,537</u>
Total business-type activities	<u>(14,735,762)</u>	<u>15,544,524</u>	<u>—</u>	<u>626,775</u>	<u>—</u>	<u>1,435,537</u>
Total functions and programs	<u>(22,019,760)</u>	<u>16,751,916</u>	<u>228,003</u>	<u>889,848</u>	<u>(5,585,530)</u>	<u>(4,149,993)</u>
<b>General Revenue and Transfers</b>						
General Revenue:						
Property taxes and L.O.S.T.					1,835,824	1,835,824
State shared and intergovernmental (unrestricted)					830,327	830,327
Business licenses and other franchise fee/tax					823,126	823,126
Unrestricted investments earnings					11,311	38,757
Miscellaneous					—	—
Transfers in (out)					1,700,000	(1,700,000)
					<u>5,200,588</u>	<u>(1,672,554)</u>
<b>Changes in net position</b>					<b>(384,942)</b>	<b>(237,017)</b>
Net Position – beginning of year (as restated, <i>See Note 16</i> )					<u>4,662,392</u>	<u>10,691,259</u>
Net Position – end of year					<u>\$ 4,277,450</u>	<u>\$ 10,454,242</u>
						<u>\$ 14,731,692</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2017

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents:			
Unrestricted	\$ 48,631	\$ 376,411	\$ 425,042
Restricted	36,758	114,956	151,714
Equity in pooled cash	1,572,545	—	1,572,545
Receivables:			
Property taxes	944,652	—	944,652
Other and notes	171,744	1,090,267	1,262,011
Less, allowances for doubtful accounts	(1,101,452)	(210,267)	(1,311,719)
Due from other governments	408,154	—	408,154
Due from other funds	2,651,452	—	2,651,452
Inventory and prepaid items	43,266	—	43,266
Total assets	<u>\$ 4,775,750</u>	<u>\$ 1,371,367</u>	<u>\$ 6,147,117</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 89,999	\$ —	\$ 89,999
Accrued payroll and related payables	92,699	—	92,699
Due to other funds	—	608,298	608,298
Due to other governments	6,927	—	6,927
Deferred revenue – business licenses	153,159	—	153,159
Deposits	27,164	—	27,164
Total liabilities	<u>369,948</u>	<u>608,298</u>	<u>978,246</u>
Fund balances:			
Non-spendable	43,266	—	43,266
Restricted	9,594	994,956	1,004,550
Committed	—	—	—
Assigned	25,000	257,939	282,939
Unassigned (deficit)	4,327,942	(489,826)	3,838,116
Total fund balances	<u>4,405,802</u>	<u>763,069</u>	<u>5,168,871</u>
Total liabilities and fund balances	<u>\$ 4,775,750</u>	<u>\$ 1,371,367</u>	<u>\$ 6,147,117</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

— CONTINUED —

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

Total Governmental Funds fund balances	\$ 5,168,871
Capital assets, net of accumulation depreciation, used in governmental activities are not financial resources and therefore, are not reported in these funds.	6,285,335
Certain receivables are not financial resources and therefore, are not reported in these funds.	(665,625)
Certain deferred outflows related to pensions are not available to pay for current, expenditures and deferred inflows related to pensions are not due and payable in the current period and , therefore, are not reported in the funds.	926,650
Long-term liabilities, including bonds/notes payable, compensated absences and pension obligation are not due and payable in the current period and therefore are not reported in these funds.	<u>(7,437,781)</u>
Net position, end of year – Governmental Activities	<u>\$ 4,277,450</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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Taxes, penalties and fees	\$ 1,077,784	\$ —	\$ 1,077,784
Local options sales tax	758,040	—	758,040
Licenses, permits and franchise fees	823,126	—	823,126
Fines and forfeitures	82,977	—	82,977
Intergovernmental:			
Grants	38,457	224,616	263,073
State shared	441,977	388,350	830,327
Rural fire protection	—	35,472	35,472
Other intergovernmental	118,182	—	118,182
Charges for services – solid waste and lot clearing	981,577	—	981,577
User fees – community/fitness centers and other rent	24,656	—	24,656
Interest income	18	788	806
Other	192,531	—	192,531
<b>Total revenue</b>	<b>4,539,325</b>	<b>649,226</b>	<b>5,188,551</b>
<b>Expenditures</b>			
Current:			
General government	1,038,960	999	1,039,959
Public safety	3,208,147	56,168	3,264,315
Public works	1,550,815	1,196	1,552,011
Culture and recreation	337,848	87,636	425,484
Capital outlay	42,803	266,922	309,725
Debt service	173,396	—	173,396
<b>Total expenditures</b>	<b>6,351,969</b>	<b>412,921</b>	<b>6,764,890</b>
Excess (deficiency) of revenue over expenditures	(1,812,644)	236,305	(1,576,339)
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,971,500	—	1,971,500
Transfers (out)	(5,000)	(266,500)	(271,500)
<b>Total other financing sources (uses)</b>	<b>1,966,500</b>	<b>(266,500)</b>	<b>1,700,000</b>
<b>Net change in fund balances</b>	<b>153,856</b>	<b>(30,195)</b>	<b>123,661</b>
Fund balances, beginning of year	3,888,582	793,264	4,681,846
Cumulative effect of restatements (see <i>Note 16</i> )	363,364	—	363,364
<b>Fund balances, end of year</b>	<b>\$ 4,405,802</b>	<b>\$ 763,069</b>	<b>\$ 5,168,871</b>

— CONTINUED —

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

— CONTINUED —

<b>Reconciliation to amounts reported for governmental activities in the Statement of Activities (See Note 13):</b>	\$ 123,661
Net change in fund balances – total governmental funds	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(292,296)
Certain revenues and expenses are not reported as source and uses of current financial resources. This is the amount of such accruals.	(373,578)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>157,271</u>
Change in Net Position – Governmental Activities	<u>\$ (384,942)</u>

*See accompanying notes to financial statements.*

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

APRIL 30, 2017

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
<b>Assets and Deferred Outflows</b>	
Current assets:	
Cash and cash equivalents	\$ 299,236
Equity in pooled cash	(282,394)
Investments	1,857,739
Accounts receivable, net	1,057,858
Inventories and prepaid items	570,689
	<u>3,503,128</u>
Current restricted assets:	
Restricted cash and cash equivalents	1,885,825
Grants receivable	117,401
	<u>2,003,226</u>
Total current assets	<u>5,506,354</u>
Non-current assets:	
Capital assets, not subject to depreciation	784,750
Capital assets subject to depreciation	23,229,350
Total non-current assets	<u>24,014,100</u>
Deferred Outflows of Resources:	
Pension related	712,976
Total deferred outflows	<u>712,976</u>
Total assets and deferred outflows	<u>\$ 30,233,430</u>
<b>Liabilities, Deferred Inflows and Net Position</b>	
Current liabilities:	
Accounts payable	\$ 802,304
Accrued payroll and withholdings payable	36,080
Due to General Fund	2,043,154
Customer deposits and prepayments	486,713
	<u>3,368,251</u>
Current liability payable from restricted assets:	
Retainage payable	11,070
Accrued interest payable	92,104
Bonds payable – current portion	515,238
	<u>618,412</u>
Total current liabilities	<u>3,986,663</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	199,865
Revenue bonds payable	11,427,857
Net pension obligation	3,961,084
Total long-term liabilities	<u>15,588,806</u>
Total liabilities	<u>19,575,469</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

— CONTINUED —

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
<b>Liabilities, Deferred Inflows and Net Position (continued)</b>	
Deferred Inflows of Resources:	
Pension related	203,719
Total deferred inflows	<u>203,719</u>
Net position:	
Net investment in capital assets	12,071,005
Restricted for debt, capital projects and pensions	2,082,053
Unrestricted (deficit)	<u>(3,698,816)</u>
Total net position	<u>10,454,242</u>
Total liabilities, deferred inflows and net position	<u>\$ 30,233,430</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, 2017

	<b>Business-type Activities -- Enterprise Fund Combined Utility</b>
<b>Operating Revenue (pledged as security for notes and bonds)</b>	
Sales and services:	
Water	\$ 1,581,802
Sewer	1,788,343
Electric	9,501,808
Gas	2,207,872
Penalties, reconnect fees and other revenue	464,699
Total operating revenue	15,544,524
<b>Operating Expenses</b>	
Water plant	886,812
Water distribution	344,794
Wastewater plant and collection	464,169
Sewer/Stormwater collection	195,848
Electricity purchase and transmission	8,230,856
Gas purchase and distribution	1,793,961
Administration and billing	709,348
Billing office	551,651
Non-departmental	109,243
Depreciation expense	1,009,355
Total operating expenses	14,296,037
Operating income	1,248,487
<b>Non-Operating Revenue (Expenses)</b>	
Interest income	27,446
Interest expense	(433,015)
Fiscal agent fees	(10,568)
Amortization of bond premium	3,858
Total non-operating revenue (expenses)	(412,279)
Income before contributions and transfers	836,208
<b>Capital contributions</b>	
Capital grants	626,775
Contributed capital	—
Total capital contributions	626,775
<b>Transfers</b>	
Transfers (out) to General Fund	(1,700,000)
<b>Change in net position</b>	<b>(237,017)</b>
Net position, beginning of year	11,197,642
Cumulative effect of restatements ( See Note 16)	(506,383)
Net position, end of year	\$ 10,454,242

*See accompanying notes to financial statements.*

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED APRIL 30, 2017

	<u>Business-type Activities- Enterprise Fund Combined Utility</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from:	
Combined utility sales and services, penalties, reconnect fees and other revenue	\$ 15,461,640
Cash paid to (for):	
Employee salaries and related costs, and combined utility operations	(13,047,826)
Net cash provided by (used in) operating activities	<u>2,413,814</u>
<b>Cash Flows from Non-capital Financing Activities</b>	
Transfer to General Fund	(1,700,000)
Net cash provided by (used in) non-capital financing activities	<u>(1,700,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(1,861,128)
Capital grants	509,374
Interest paid on capital related debt and fiscal agent fees	(447,596)
Principal payments under bonds and capital leases	(573,683)
Net cash provided by (used in) capital and related financing activities	<u>(2,373,033)</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	27,446
Change in purchases/sales of investments and accrued income	(176,296)
Net cash provided by (used in) investing activities	<u>(148,850)</u>
Net increase (decrease) in cash and cash equivalents	(1,808,069)
Cash and cash equivalents, beginning of year (of which \$3,251,853 is restricted)	<u>3,710,736</u>
Cash and cash equivalents, end of year (of which \$1,885,825 is restricted)	<u>\$ 1,902,667</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 1,248,487
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	1,009,355
Changes in certain assets and liabilities:	
(Increase) decrease in accounts receivable	(99,165)
(Increase) decrease in inventory	9,327
Increase (decrease) in accounts payable/accrued expenses	96,032
Increase (decrease) in accrued compensated absences	11,917
Increase (decrease) in customer deposits	16,286
Increase (decrease) in internal balances due to other funds	(13,820)
(Increase) decrease in deferred outflows of resources	(243,631)
Increase (decrease) in deferred inflows of resources	(6,268)
Increase (decrease) in net pension obligation	385,299
Net cash provided by (used in) operating activities	<u>\$ 2,413,814</u>

*See accompanying notes to financial statements.*

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2017

**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 \$6,587,130. Actual expenditures totaled \$6,351,969. The Combined Utility Fund operated under a budget totaling \$17,417,671. Actual operating expenses totaled \$14,296,037 (including a non-budgetary charge of \$1,009,355 for depreciation), non-operating expenses totaled \$412,279, net of non-operating revenue, 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.

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.

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.

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

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).

Unearned Revenue

In the Government-wide financial statements, and in the Governmental Fund and Proprietary Fund types, certain assets are recognized in connection with a transaction before the earnings process is complete. These assets are generally offset by a corresponding liability entitled unearned revenue. Unearned revenue in the Government-wide and in the Governmental Fund financial statements certain assets that are not yet available to finance expenditures for the current fiscal period are classified as unearned revenue.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement Plan (SCRS) and South Carolina Police Officers Retirement Plan (PORS) and additional to/deductions from plans fiduciary net position have been determined on the same basis as they are reported by the related plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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)**

Deferred Inflows/Outflows of Resources

Pursuant to GASB Concepts Statement No. 4, “deferred outflow of resources” is a consumption of net position (assets minus liabilities) by the government that is applicable to a future period, while an ‘asset’ is a resource with present service capacity that the government presently controls. A “deferred inflow of resources” is an acquisition of net position (assets minus liabilities) by the government that is applicable to a future reporting period, while a ‘liability’ is a present obligation to sacrifice resources that the government has little or no discretion to avoid. Deferred outflows and inflows of resources are reported separate from assets and liabilities, respectively, in the Statement of Net Position.

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, 2017, the City had the following cash and investment balances:

Cash on hand	\$ 4,000
Carrying amount of deposits	<u>4,047,968</u>
<b>Totals</b>	<b><u><u>\$ 4,051,968</u></u></b>
Statement of Net Position balances:	
Cash and cash equivalents:	
Unrestricted	\$ 724,278
Restricted	2,037,539
Equity in pooled cash	<u>1,290,151</u>
<b>Totals</b>	<b><u><u>\$ 4,051,968</u></u></b>

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, 2017, 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, 2017 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 – 1.00%	\$ 148,009	4/27/2021
Certificate of deposit – 1.00%	147,026	3/27/2024
Federal government agencies’ securities	1,371,123	Varies
Money market account	191,581	On Demand
Total fair value	<u>\$ 1,857,739</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, 2017, 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, 2017.

**3. Restricted Assets**

Restricted cash and cash equivalents reported in the Business-type Activities totaled \$1,885,825 at April 30, 2017. 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 reported for the Governmental Activities totaled \$151,714 at April 30, 2017. This amount was restricted to the purchase of specific items of equipment as required under the terms of municipal court, housing, fire, and law enforcement activities.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**4. Receivables**

Accounts receivable at April 30, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Property taxes	\$ 944,652	\$ —
Lot clearing fees	171,744	—
Combined utility accounts	—	3,170,847
Grants	—	117,401
Miscellaneous	—	464
Total receivables	<u>1,116,396</u>	<u>3,288,712</u>
Less, allowance for uncollectible accounts	<u>(1,101,452)</u>	<u>(2,113,453)</u>
Receivables, net	<u>\$ 14,944</u>	<u>\$ 1,175,259</u>

Notes receivable at April 30, 2017, including the applicable allowances for uncollectible accounts and imputed interest are as follows:

	<b>Governmental Activities</b>
Upper Story Housing <i>(See Note 14)</i>	\$ 880,000
Housing rehabilitation	111,836
Housing assistance	83,442
CDBG Repayment Fund	14,989
Total notes receivable	<u>1,090,267</u>
Less, allowance for uncollectible accounts and unrealized imputed interest	<u>(875,892)</u>
Notes receivable, net	<u>\$ 214,375</u>

**5. Due to/from Other Funds – Internal Balances**

Short-term interfund receivables and payables at April 30, 2017, were as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 2,651,452	\$ —
Special Revenue Fund	—	—
Capital Project Fund	—	(608,298)
Utility Fund	—	(2,043,154)
Total interfund balances	<u>2,651,452</u>	<u>(2,651,452)</u>
Less, eliminations	<u>(608,298)</u>	<u>608,298</u>
Internal balances, net	<u>\$ 2,043,154</u>	<u>\$ (2,043,154)</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, 2017 are summarized below:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ 1,971,500	\$ (5,000)
Special Revenue Funds	—	(271,500)
Capital Project Fund	5,000	—
Utility Fund	—	(1,700,000)
	<u>\$ 1,976,500</u>	<u>\$ (1,976,500)</u>

Transfers between the major funds, other non-major governmental funds and enterprise funds were primarily to support the operations of the funds. For the year ended April 30, 2017, net transfers between Governmental Activities and Business-type Activities totaled \$1.7 million.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets

A summary of the changes in the City's capital assets during the year ended April 30, 2017, are as follows:

**Governmental Activities:**

	Restated Balance <u>April 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	Balance <u>April 30, 2017</u>
Capital assets not being depreciated:					
Land and land improvements	\$ 729,661	\$ —	\$ —	\$ —	\$ 729,661
Construction in process	—	—	—	—	—
Total capital assets not being depreciated	<u>729,661</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>729,661</u>
Capital assets being depreciated:					
Buildings and improvements	3,328,758	—	—	—	3,328,758
Facades, parking and improvements	4,133,097	254,896	—	—	4,387,993
Furniture, vehicles, equipment	2,131,494	—	—	—	2,131,494
Vehicles	3,082,974	—	—	—	3,082,974
Totals capital assets being depreciated	<u>12,676,323</u>	<u>254,896</u>	<u>—</u>	<u>—</u>	<u>12,931,219</u>
Less, accumulated depreciation for:					
Land improvements	(94,423)	(5,071)	—	—	(99,494)
Buildings and improvements	(1,011,036)	(94,141)	—	—	(1,105,177)
Facades, parking and improvements	(2,312,344)	(213,027)	—	—	(2,525,371)
Furniture, vehicles, equipment	(1,960,090)	(45,451)	—	—	(2,005,541)
Vehicles	(1,450,460)	(189,502)	—	—	(1,639,962)
Total accumulated depreciation	<u>(6,828,353)</u>	<u>(547,192)</u>	<u>—</u>	<u>—</u>	<u>(7,375,545)</u>
Total capital assets being depreciated, net	<u>5,847,970</u>	<u>(292,296)</u>	<u>—</u>	<u>—</u>	<u>5,555,674</u>
Net capital assets – Governmental Activities	<u>\$ 6,577,631</u>	<u>\$ (292,296)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,285,335</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

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

General government	\$ 309,711
Public safety	164,705
Public works	58,002
Culture and recreation	14,774
Total depreciation expense	<u>\$ 547,192</u>

Business-Type Activities:

	Restated				Balance
	Balance	Additions	Retirements	Transfers	Balance
	April 30, 2016				April 30, 2017
Capital assets not being depreciated:					
Land	\$ 145,300	\$ —	\$ —	\$ —	\$ 145,300
Construction in progress	361,361	1,054,036	—	(775,947)	639,450
Total capital assets not being depreciated	<u>506,661</u>	<u>1,054,036</u>	<u>—</u>	<u>(775,947)</u>	<u>784,750</u>
Capital assets being depreciated:					
Buildings	626,283	—	—	—	626,283
Systems improvements	38,703,962	818,162	—	775,947	40,298,071
Equipment and vehicles	2,948,181	—	—	—	2,948,181
Total capital assets being depreciated	<u>42,278,426</u>	<u>818,162</u>	<u>—</u>	<u>775,947</u>	<u>43,872,535</u>
Less, accumulated depreciation for:					
Buildings	(552,132)	(2,514)	—	—	(554,646)
Systems improvements	(16,840,269)	(908,021)	—	—	(17,748,290)
Equipment and vehicles	(2,241,429)	(98,820)	—	—	(2,340,249)
Total accumulated depreciation	<u>(19,633,830)</u>	<u>(1,009,355)</u>	<u>—</u>	<u>—</u>	<u>(20,643,185)</u>
Total capital assets being depreciated, net	<u>22,644,596</u>	<u>(191,193)</u>	<u>—</u>	<u>775,947</u>	<u>23,229,350</u>
Net capital assets – Business-type activities	<u>\$ 23,151,257</u>	<u>\$ 862,843</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,014,100</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**7. Long-Term Debt**

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, 2017 consists of the following:

**A. Governmental Activities**

Series 2014 General Obligation Bond, dated 8/29/14, due in semi-annual installments through August 2023, interest at 2.188%.	\$ 632,000
Less, current portions (due within one year)	<u>(100,000)</u>
<b>Net long-term debt – Governmental Activities</b>	<b><u>\$ 532,000</u></b>

**B. Business-Type Activities**

Series 2009A South Carolina Water Pollution Control Revolving Fund Loan, dated 8/31/09, due in quarterly installments of \$19,939 through October 1, 2030; interest at 1.85%.	\$ 941,386
Series 2009B South Carolina Drinking Water Revolving Fund Loan, dated 8/31/09, due in quarterly installments of \$25,366 through September 1, 2040; interest at 1.88%.	1,911,125
Series 2013 Combined Utility System Refunding and Improvement Revenue Bonds, dated 12/19/13, payable semi-annually with interest (3.0% – 4.25% per annum); final payment due February 2024.	<u>9,025,000</u>
Total long-term debt	11,877,511
Less, current portions (due within one year):	(515,238)
Add, Series 2013 bond premium (\$77,158 net of amortization of \$11,574)	<u>65,584</u>
<b>Net long-term debt – Business-type Activities</b>	<b><u>\$ 11,427,857</u></b>

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, 2017, were as follows:

	Outstanding 4/30/16	Additions	Retirements	Outstanding 4/30/17
<b>Governmental Activities:</b>				
Series 2014 G.O. Bond	\$ 730,000	\$ —	\$ (98,000)	\$ 632,000
Installment note contract	\$ 59,271	\$ —	\$ (59,271)	\$ —
<b>Business-type Activities:</b>				
Series 2009A SRF Loan	\$ 1,003,924	\$ —	\$ (62,538)	\$ 941,386
Series 2009B SRF Loan	\$ 1,976,834	\$ —	\$ (65,709)	\$ 1,911,125
Series 2013 Refunding Revenue Bond	\$ 9,395,000	\$ —	\$ (370,000)	\$ 9,025,000
Installment note contract	\$ 75,436	\$ —	\$ (75,436)	\$ —

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 premium at issuance of \$77,158, which is being amortized over the life of the bonds. Accumulated amortization at April 30, 2017 equaled \$11,574.

D. Accrued Compensated Absences

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

	Balances 4/30/16	Additions	Deletions	Balances 4/30/17
Governmental Activities:	\$ 346,920	\$ —	\$ (8,364)	\$ 338,556
Business-type Activities	187,948	11,917	—	199,865
	\$ 534,868	\$ 11,917	\$ (8,364)	\$ 538,421

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:

	Installment Note		G.O. Bond		Revenue Bonds		2009A SRF Loans		2009B SRF Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ —	\$ —	\$ 100,000	\$ 13,828	\$ 385,000	\$ 342,988	\$ 63,567	\$ 17,017	\$ 66,671	\$ 34,792
2019	—	—	102,000	11,640	395,000	331,438	64,633	15,951	67,668	33,795
2020	—	—	104,000	9,408	410,000	319,588	65,646	14,938	68,699	32,764
2021	—	—	106,000	7,133	420,000	307,288	66,879	13,705	69,677	31,786
2022	—	—	109,000	4,813	435,000	293,638	68,063	12,521	70,902	30,561
2023-2027	—	—	111,000	2,428	2,415,000	1,221,838	359,586	43,334	372,384	134,930
2028-2032	—	—	—	—	3,050,000	705,538	253,012	8,885	406,538	100,776
2033-2037	—	—	—	—	1,515,000	97,322	—	—	447,770	59,544
2038-2041	—	—	—	—	—	—	—	—	340,816	14,303
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 632,000</u>	<u>\$ 49,250</u>	<u>\$ 9,025,000</u>	<u>\$ 3,619,638</u>	<u>\$ 941,386</u>	<u>\$ 126,351</u>	<u>\$1,911,125</u>	<u>\$ 473,251</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>
<b><u>Net Investment in Capital Assets:</u></b>		
Net capital assets	\$ 6,285,335	\$ 24,014,100
Less, long-term debt payable	(632,000)	(11,943,095)
Total net investment in capital assets	<u>\$ 5,653,335</u>	<u>\$ 12,071,005</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Restricted for:</u></b>		
Pensions	\$ 341,229	\$ 182,801
Debt services	—	1,793,721
Capital projects	—	106,331
Housing and community development	93,931	—
Upper Story Housing notes receivable	880,000	—
Less, unrealized imputed interest	(665,625)	—
Fire prevention and education	2,874	—
Municipal court	5,678	—
Public safety and law enforcement	23,105	—
Total restricted	<u>\$ 681,192</u>	<u>\$ 2,082,853</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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b><u>Non-spendable:</u></b>			
Inventory and prepaid items	\$ 43,266	\$ —	\$ 43,266
<b><u>Restricted for:</u></b>			
Housing assistance	—	973,931	973,931
Fire prevention and education	—	21,025	21,025
Municipal court and public safety	9,594	—	9,594
	<u>9,594</u>	<u>994,956</u>	<u>1,004,550</u>
<b><u>Assigned to:</u></b>			
Tourism and hospitality	—	257,939	257,939
Underground storage tanks (UST)	25,000	—	25,000
	<u>25,000</u>	<u>257,939</u>	<u>282,939</u>
<b><u>Unassigned (deficit)</u></b>	<u>4,352,942</u>	<u>(489,826)</u>	<u>3,863,116</u>
<b>Totals</b>	<u>\$ 4,405,802</u>	<u>\$ 763,069</u>	<u>\$ 5,193,871</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Employee Retirement**

All employees, excluding public safety department employees (police and fire officers), are eligible for membership in the South Carolina Governmental Employees' Retirement System (SCRS). Public safety department employees are covered by the South Carolina Police Officers' Retirement System (PORS). Both are a cost-sharing, multiple employer public employee retirement system administered by the South Carolina Public Employee Benefit Authority (PEBA). Actuarial determinations are made by the administrators for the system.

Plan Descriptions

Benefits of the retirement systems are established by state statutes. Under current statutes, member employees who retire at age 65 or after 28 years (public safety employees after 25 years) of credited service are entitled to an annual full service retirement benefit, payable monthly for life, equal to 1.82 percent of the employee's highest twenty consecutive quarters of compensation for non-public safety employees and 2.14 percent for public safety employees.

Benefits

Member employees who are at least 55 years of age may elect early retirement with reduced benefits. In either case, any unrecovered contributions are payable upon death and benefit payments increase 4 percent each year following an increase in the Consumer Price Index of at least 3 percent. Full service or early retirees may elect other optional methods of benefit distributions, including lump sum distributions, benefit levels coordinated with the retiree's social security benefits and distributions to a named beneficiary. Benefits are fully vested on reaching five years of service. The retirement systems also provide death and disability benefits to all member employees.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Funding Policy

The City’s total “pensionable” wages for the years ended April 30, 2017, 2016, and 2015, were approximately \$5,005,186, \$4,905,082, and \$4,846,708. State statutes also determine the levels of contributions required by both employers and employees. Effective July 1, 2017, for non-public safety employees, the employee contribution rate will be 9.00 percent and the employer required contribution will be 11.56 percent, which includes .15 percent of group life coverage. Effective July 1, 2017, for public safety employees, the employee contribution rate will be 9.75 percent and the employer contribution rate will be 16.24 percent, which includes .2 percent of group life and .2 percent of accidental death coverage. The City contributed 100% of the required contribution for each of the plans for the years ending April 30, 2017, 2016, and 2015.

	SCRS			PORS		
	2017	2016	2015	2017	2016	2015
Wages:						
Pensionable \$	3,154,959	\$ 3,023,323	\$ 3,050,056	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652
Contribution Rates:						
Employees	8.66%	8.16%	8.0%	9.24%	8.74%	8.41%
Employer	11.56%	11.06%	10.9%	14.24%	13.74%	13.41%
Contributions:						
Employees \$	270,841	\$ 260,458	\$ 241,118	\$ 169,598	\$ 163,329	\$ 149,155
Employer \$	357,602	\$ 348,548	\$ 326,149	\$ 254,708	\$ 249,890	\$ 221,394

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources

At April 30, 2017, the City reported a liability of \$10,428,309 for the measurement period June 30, 2016 for its proportionate share of the net pension liabilities, of which \$6,827,250 was for SCRS and \$3,601,059 was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2016 and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, PEBA reported the City’s proportion of the collective net pension liability was 0.031963% for SCRS and 0.141970% for PORS.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

For the year ended April 30, 2017, the City recognized pension expense of \$947,400, of which \$585,201 was for SCRS (\$245,795 in Governmental Activities and \$339,406 in the Business-type Activities) and \$362,199 for PORS (all Governmental Activities), respectively.

Components of Change in Net Pension Liability (NPL)

Changes in the net pension liability for the measurement period, June 30, 2016, follows:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Pension expense:			
Service cost	\$ 243,992	\$ 222,279	\$ 466,271
Interest on total pension liability	1,032,907	644,112	1,677,019
Changes in plan benefits	—	—	—
Plan administrative costs	4,203	2,917	7,120
Plan member contributions	(241,050)	(163,533)	(404,583)
Expected return on plan assets	(590,839)	(419,122)	(1,009,961)
Recognition of deferred outflows – current year amortization	48,432	24,338	72,770
Recognition of deferred inflows – current year amortization	87,237	52,836	140,073
Other	319	(1,628)	(1,309)
Total pension expense	<u>585,201</u>	<u>362,199</u>	<u>947,400</u>
PEBA employer contribution	<u>(342,331)</u>	<u>(248,681)</u>	<u>(591,012)</u>
Changes in of deferred items (net of amortization):			
Outflow – Plan performance	(39,078)	(9,336)	(48,414)
Outflow – Investment experience	410,075	289,517	699,592
Outflow – Allocated proportion change	(6,207)	—	(6,207)
Inflow – Plan Performance	3,643	—	3,643
Inflow – Investment experience	122,931	84,160	207,091
Inflow – Allocated proportion change	(89,921)	(43,717)	(133,638)
Total change in net pension liability	<u>\$ 644,313</u>	<u>\$ 434,142</u>	<u>1,078,455</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

At April 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 70,772	\$ 53,433	\$ 124,205
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	806,361	565,571	1,371,932
Changes in proportion and differences between City contributions and proportionate share of contributions	9,447	3,937	13,384
City contributions subsequent to the measurement date	305,687	218,343	524,030
Total	<u>\$ 1,192,267</u>	<u>\$ 841,284</u>	<u>\$ 2,033,551</u>
	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 7,414	\$ —	\$ 7,414
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	231,970	157,242	389,212
Changes in proportion and differences between City contributions and proportionate share of contributions	101,283	99,735	201,018
Total	<u>\$ 340,667</u>	<u>\$ 256,977</u>	<u>\$ 597,644</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Net Pension Liabilities, Pension Expenses, Deferred Outflows/Inflows of Resources (continued)

The \$524,030 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		<b>Deferred Outflows of Resources Related to Pensions</b>		
		<b>SCRS</b>	<b>PORS</b>	<b>Total</b>
<b><u>Year ended April 30:</u></b>				
2018		\$ 287,066	\$ 185,350	\$ 472,416
2019		246,137	182,248	428,385
2020		228,390	163,524	391,914
2021		124,987	91,819	216,806
		<u>\$ 886,580</u>	<u>\$ 622,941</u>	<u>\$ 1,509,521</u>

  

		<b>Deferred Inflows of Resources Related to Pensions</b>		
		<b>SCRS</b>	<b>PORS</b>	<b>Total</b>
<b><u>Year ended April 30:</u></b>				
2018		\$ 153,289	\$ 110,518	\$ 263,807
2019		153,266	110,467	263,733
2020		31,630	25,532	57,162
2021		2,482	10,460	12,942
		<u>\$ 340,667</u>	<u>\$ 256,977</u>	<u>\$ 597,644</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Actuarial Assumptions

The total pension liabilities in the July 31, 2015 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SCRS</u>	<u>PORS</u>
Actuarial cost method	Entry-age normal	Entry-age normal
Asset Valuation Method	20% difference recognition method	20% difference recognition method
Amortization Method	Level percent of pay	Level percent of pay
Amortization Period	30 years, open	30 years, open
Investment Return	7.5 percent	7.5 percent
Inflation	2.75 percent	2.75 percent
Salary Increases	3.5 percent plus step-rate increases to 12.50% for members with less than 25 years of service including inflation	4.0 percent plus step-rate increases for members with less than 12 years of service including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation	7.5 percent, net of pension plan investment expense, including inflation
Benefit increases	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
Mortality	RP-2000 Mortality Table (White Collar Adjustment for Educators), projected at Scale AA from year 2000. Male rates at 100% for non-educators and 110% for educators. Female rates at 90% for non-educators and 95% for educators.	RP-2000 Mortality Table Blue Collar Adjustment, projected at Scale AA from year 2000. Male and female rates at 115%.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Employee Retirement (Continued)**

Actuarial Assumptions (continued)

The actuarial assumptions used in the July 31, 2015 valuation were based on the results of an actuarial experience study on data through June 30, 2015.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2015. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Long-term Expected Rate of Return (continued)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
<b>Global Public Equity</b>	<b>43.0%</b>		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
<b>Real Estate</b>	<b>8.0%</b>		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.0%</b>		
GTAA/Rik Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.0%</b>		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total expected real return	<u>100.0%</u>		<u>5.10%</u>
Inflation for actuarial purposes			<u>2.75%</u>
Total expected nominal return			<u>7.85%</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities at June 30, 2016, was 7.50 percent (meeting statutory requirement). The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	City’s proportionate share of the net pension liabilities to changes in the discount rate		
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
SCRS	\$ 8,516,807	\$ 6,827,250	\$ 5,420,757
PORS	\$ 4,719,496	\$ 3,601,059	\$ 2,595,933

Pension Plans Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PEBA financial report. A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS, which is issued and publicly available on the website [www.retirement.sc.gov](http://www.retirement.sc.gov), or a copy may be obtained by submitting in writing a request to the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**10. Due From (To) Other Governments**

The following are due from (to) other governments:

	<b>Governmental Activities</b>
Due from state government	\$ 408,154
Due to state government	(6,927)
Net, due from (to) other governments	<u>\$ 401,227</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, 2017, the City incurred \$856,735 in health care premiums and approximately \$174,159 worker's compensation premiums.

**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.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**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	\$ 13,660,880
Less, accumulated depreciation	<u>(7,375,545)</u>
Net amount reported	<u>\$ 6,285,335</u>

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

Mortgages receivable	\$ (880,000)
Less, imputed interest	<u>214,375</u>
Net amount reported	<u>\$ (665,625)</u>

*Deferred outflows related to pensions are not included in the pension liability as of the measurement date, and, therefore are reported in the fund financial statements but deferred at the government-wide level.*

\$ 1,320,575

*Deferred inflows related to pensions are not due and payable in the current period and, therefore, are not reported in the fund financial statements*

(393,925)

Net amount reported

\$ 926,650

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

Bond and installment purchase contracts	\$ (632,000)
Accrued compensated absences	(338,556)
Net pension obligation	<u>(6,467,225)</u>
Net amount reported	<u>\$ (7,437,781)</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 depreciation exceeds capital outlay in the current period.*

Capital outlay expenditures	\$ 254,896
Less, depreciation expense	(547,192)
Net amount reported	<u>\$ (292,296)</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	\$ 8,365
Pension expenses	(392,446)
Imputed interest realized	10,503
Net amount reported	<u>\$ (373,578)</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 – bonds and installment note obligations	\$ 157,271
Net amount reported	<u>\$ 157,271</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 \$10,000 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
	\$ 880,000

These mortgage notes have been recorded in the Government-wide Financial Statements – Governmental Activities equal to \$214,375, net of unrealized imputed interest of \$665,625 at April 30, 2017. The outstanding principal balance of these notes (\$880,000) have been reported as a Special Revenue Fund and reserved fund balance for the Upper Story Housing project in housing assistance.

**15. Subsequent Events**

Management has evaluated subsequent events through the date of this report.

Installment Note

Subsequent to year end, the City obtained a new lease/purchase installment note with a financial institution which is being 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 (\$1,610,500) will be reported in Governmental Activities as no Business-type Activities revenue has been pledged toward repayment.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**16. Restatement of Prior Year Balances**

The City, due to its computer conversion project in FY16-17, undertook detail analyses of certain general ledger accounts, including previously reported balances of its capital assets, utility billing accounts receivable, and police fine and bond accounts.

Governmental capital assets were restated by a total of \$184,440, while Business-type capital assets were restated by \$286,280, both net of corrected accumulated depreciation.

It was also determined that the City's Combined Utility Fund accounts receivable balances maintained significant aged balances in the accounting records. This resulted in an increase in the allowance for doubtful accounts by \$792,663.

Finally, the City determined that its partial police fines and bond accounts contained balances which did not agree with detail subsidiary listings. This resulted in a net correction of \$365,500.

These correction of errors are summarized below:

	<b>Governmental Activities</b>	<b>Business-type Activities and Proprietary Fund</b>
Net position, as previously reported	\$ 4,483,468	\$ 11,197,642
Correction of Governmental capital assets, net of accumulated depreciation	(184,440)	—
Correction of Business-type capital assets, net of accumulated depreciation	—	286,280
Correction of Combined Utility Fund allowance for doubtful accounts	—	(792,663)
Correction of General Fund police fines and bond accounts	363,364	—
Net Position as restated, April 30, 2016	<u>\$ 4,662,392</u>	<u>\$ 10,691,259</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2017

	<b>Budget</b>		<b>Actual</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenue</b>				
Taxes, penalties and fees	\$ 1,033,000	1,033,000	1,077,784	44,784
Local option sales tax	763,000	763,000	758,040	(4,960)
Licenses, permits and franchise fees	848,000	848,000	823,126	(24,874)
Fines and forfeitures	190,000	190,000	82,977	(107,023)
Intergovernmental	558,000	558,000	598,616	40,616
Charges for services	1,031,000	1,031,000	981,577	(49,423)
Users fees	32,130	32,130	24,656	(7,474)
Interest income	200	200	18	(182)
Sale of capital assets	7,000	7,000	18,228	11,228
Other	143,300	143,300	174,303	31,003
<b>Total revenue</b>	<b>4,605,630</b>	<b>4,605,630</b>	<b>4,539,325</b>	<b>(66,305)</b>
<b>Expenditures</b>				
Current:				
General government	1,233,953	1,233,953	1,038,960	194,993
Public safety	3,284,653	3,284,653	3,208,147	76,506
Public works	1,499,869	1,499,869	1,550,815	(50,946)
Culture and recreation	350,025	350,025	337,848	12,177
Capital outlay	45,000	45,000	42,803	2,197
Debt service	173,630	173,630	173,396	234
<b>Total expenditures</b>	<b>6,587,130</b>	<b>6,587,130</b>	<b>6,351,969</b>	<b>235,161</b>
Excess (deficiency) of revenue over expenditures	(1,981,500)	(1,981,500)	(1,812,644)	168,856
<b>Other Financing Sources (uses)</b>				
Transfers in	1,971,500	1,971,500	1,971,500	—
Transfers (out)	(5,000)	(5,000)	(5,000)	—
<b>Total other financing sources (uses)</b>	<b>1,966,500</b>	<b>1,966,500</b>	<b>1,966,500</b>	<b>—</b>
<b>Net change in fund balance</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>153,856</b>	<b>168,856</b>
Fund balance, beginning of year	3,888,582	3,888,582	3,888,582	—
Cumulative effect of restatements	—	—	363,364	363,364
<b>Fund balance, end of year</b>	<b>\$ 3,873,582</b>	<b>\$ 3,873,582</b>	<b>\$ 4,405,802</b>	<b>\$ 532,220</b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
NOTES TO BUDGETARY COMPARISON SCHEDULE

APRIL 30, 2017

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  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)  
 LAST TEN FISCAL YEARS<sup>\*(1)</sup>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City's proportion of the net pension liability	N/A	.031963%	.032601%	0.032458%	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability	N/A	6,827,250	\$ 6,182,937	\$ 5,588,192	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 3,154,959	\$ 3,203,323	\$ 3,050,056	\$ 2,916,853	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability as a percentage of its covered-employee payroll	N/A	216.4%	202.7%	191.6%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.9%	57.0%	59.9%	N/A	N/A	N/A	N/A	N/A	N/A

\*The amounts presented for each fiscal year determined as of measurement year that occurred within the fiscal year.

<sup>(1)</sup> Because prior year data is unavailable, the city has elected to present information prospectively.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 SCHEDULE OF THE CITY'S CONTRIBUTIONS  
 SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)  
 LAST TEN FISCAL YEARS<sup>(1)</sup>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 3,154,959	\$ 3,203,323	\$ 3,050,056	\$ 2,916,853	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of pensionable wages	11.3%	10.9%	10.7%	10.4%	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> Because prior year data is unavailable, the city has elected to present information prospectively.  
 N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS\*(1)  
 (Dollar amount in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City's proportion of the net pension liability (asset)	N/A	.141970%	0.14531%	0.14797%	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability (asset)	N/A	3,601,059	\$ 3,167,026	\$ 2,832,759	N/A	N/A	N/A	N/A	N/A	N/A
City's covered employee payroll	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780,968	N/A	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	52.3%	56.7%	59.1%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\*The amounts presented for each fiscal year determined as of the measurement year that occurred within the fiscal year.

(1) Because prior year data is unavailable, the city has elected to present information prospectively.

N/A – Not available

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 SCHEDULE OF THE CITY'S CONTRIBUTIONS  
 POLICE OFFICERS RETIREMENT SYSTEM (PORS)

LAST TEN FISCAL YEARS<sup>(1)</sup>  
 (Dollar amount in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 254,708	\$ 249,890	\$ 231,801	\$ 219,704	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 254,708	\$ 249,890	\$ 231,801	\$ 219,704	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780,968	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	13.8%	13.3%	12.9%	12.3%	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> Because prior year data is unavailable, the city has elected to present information prospectively.

N/A – Not available

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, 2017

	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
<b>Assets</b>										
Cash and cash equivalents:										
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ 19,564	\$ 238,375	\$ —	\$ 257,939	\$ 118,472	\$ 376,411
Restricted	45,622	24,469	23,840	—	—	—	21,025	114,956	—	114,956
Due from other funds	—	—	—	—	—	—	—	—	—	—
Notes receivables-housing assistance loans	111,836	83,442	14,989	880,000	—	—	—	1,090,267	—	1,090,267
Less, allowance for doubtful accounts	(111,836)	(83,442)	(14,989)	—	—	—	—	(210,267)	—	(210,267)
<b>Total assets</b>	<b>\$ 45,622</b>	<b>\$ 24,469</b>	<b>\$ 23,840</b>	<b>\$ 880,000</b>	<b>\$ 19,564</b>	<b>\$ 238,375</b>	<b>\$ 21,025</b>	<b>\$ 1,252,895</b>	<b>\$ 118,472</b>	<b>\$ 1,371,367</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Due to other funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 608,298	\$ 608,298
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>608,298</b>	<b>608,298</b>
<b>Fund balances:</b>										
Restricted for:										
Housing assistance	45,622	24,469	23,840	880,000	—	—	—	973,931	—	973,931
Firemen education	—	—	—	—	—	—	21,025	21,025	—	21,025
Assigned to:										
Capital projects	—	—	—	—	—	—	—	—	—	—
Tourism and community development	—	—	—	—	19,564	238,375	—	257,939	—	257,939
Unassigned (deficit)	—	—	—	—	—	—	—	—	(489,826)	(489,826)
<b>Total fund balances</b>	<b>45,622</b>	<b>24,469</b>	<b>23,840</b>	<b>880,000</b>	<b>19,564</b>	<b>238,375</b>	<b>21,025</b>	<b>1,252,895</b>	<b>(489,826)</b>	<b>763,069</b>
<b>Total liabilities and fund balances</b>	<b>\$ 45,622</b>	<b>\$ 24,469</b>	<b>\$ 23,840</b>	<b>\$ 880,000</b>	<b>\$ 19,564</b>	<b>\$ 238,375</b>	<b>\$ 21,025</b>	<b>\$ 1,252,895</b>	<b>\$ 118,472</b>	<b>\$ 1,371,367</b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2017

	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			
<b>Revenue</b>										
Intergovernmental	\$ —	\$ —	\$ —	\$ —	\$ 77,889	\$ 310,461	\$ 35,472	\$ 423,822	\$ 224,616	\$ 648,438
Other	13	593	72	—	10	23	45	756	32	788
Total revenue	<u>13</u>	<u>593</u>	<u>72</u>	<u>—</u>	<u>77,899</u>	<u>310,484</u>	<u>35,517</u>	<u>424,578</u>	<u>224,648</u>	<u>649,226</u>
<b>Expenditures</b>										
General government:										
Miscellaneous	999	—	—	—	—	—	56,168	57,167	1,196	58,363
Culture and recreation:										
Tourism related	—	—	—	—	18,204	69,432	—	87,636	—	87,636
Capital outlay	—	—	—	—	—	—	—	—	266,922	266,922
Total expenditures	<u>999</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,204</u>	<u>69,432</u>	<u>56,168</u>	<u>144,803</u>	<u>268,118</u>	<u>412,921</u>
Excess (deficiency) of revenue over expenditures	(986)	593	72	—	59,695	241,052	(20,651)	279,775	(43,470)	236,305
<b>Other Financing Sources (Uses)</b>										
Transfers in (out)	—	—	—	—	(52,300)	(219,200)	—	(271,500)	5,000	(266,500)
<b>Net change in fund balances</b>	<b>(986)</b>	<b>593</b>	<b>72</b>	<b>—</b>	<b>7,395</b>	<b>21,852</b>	<b>(20,651)</b>	<b>8,275</b>	<b>(38,470)</b>	<b>(30,195)</b>
Fund balances (deficits), beginning of year	46,608	23,876	23,768	880,000	12,169	216,523	41,676	1,244,620	(451,356)	793,264
Fund balances, end of year	<u>\$ 45,622</u>	<u>\$ 24,469</u>	<u>\$ 23,840</u>	<u>\$ 880,000</u>	<u>\$ 19,564</u>	<u>\$ 238,375</u>	<u>\$ 21,025</u>	<u>\$ 1,252,895</u>	<u>\$ (489,826)</u>	<u>\$ 763,069</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, 2017  
(With comparative actual amounts at year ended April 30, 2016)

	Final Budget	Actual	Variance Over (Under)	Prior Year
<b>Revenue</b>				
Taxes, penalties and fees	\$ 1,033,000	1,077,784	44,784	\$ 1,112,613
Local option sales tax	763,000	758,040	(4,960)	732,363
Licenses, permits, and franchise fees	848,000	823,126	(24,874)	805,571
Fines and forfeitures	190,000	82,977	(107,023)	175,754
Intergovernmental:				
Grants	36,000	38,457	2,457	51,603
State shared	410,000	441,977	31,977	
Other intergovernmental	112,000	118,182	6,182	491,415
Charges for service:				
Solid waste collection fees	1,021,000	972,877	(48,123)	896,985
Lot clearing fees	10,000	8,700	(1,300)	16,825
User fees:				
Community and fitness center	18,900	11,830	(7,070)	14,906
Other rental fees	13,230	12,826	(404)	8,795
Interest income	200	18	(182)	23
Sale of capital assets	7,000	18,228	11,228	8,836
Other	143,300	174,303	31,003	173,481
<b>Total revenue</b>	<b>4,605,630</b>	<b>4,539,325</b>	<b>(66,305)</b>	<b>4,489,170</b>
<b>Expenditures</b>				
Current:				
General government:				
City council	120,341	117,527	2,814	110,854
City attorney	23,937	23,938	(1)	23,562
Municipal judge and court	119,376	119,869	(493)	121,626
City administrator	222,108	228,082	(5,974)	226,074
Planning and zoning	213,009	219,849	(6,840)	187,400
Finance	197,035	195,084	1,951	186,469
Human resources	40,527	41,083	(556)	42,974
Non-departmental	297,620	93,528	204,092	138,730
Less, capital outlay	—	—	—	(46,777)
<b>Total general government</b>	<b>1,233,953</b>	<b>1,038,960</b>	<b>194,993</b>	<b>990,912</b>
Public safety:				
Police	2,465,087	2,346,385	118,702	2,486,847
Fire	819,566	861,762	(42,196)	767,105
Less, capital outlay	—	—	—	(6,555)
<b>Total public safety</b>	<b>3,284,653</b>	<b>3,208,147</b>	<b>76,506</b>	<b>3,247,397</b>
Public works:				
Streets and sanitation	1,238,661	1,338,044	(99,383)	1,348,351
Maintenance shop	59,275	56,359	2,916	55,577
Beautification and recycling	201,933	156,412	45,521	179,255
<b>Total public works</b>	<b>1,499,869</b>	<b>1,550,815</b>	<b>(50,946)</b>	<b>1,583,183</b>
Culture and recreation:				
Recreation	350,025	337,848	12,177	365,061
<b>Total culture and recreation</b>	<b>350,025</b>	<b>337,848</b>	<b>12,177</b>	<b>365,061</b>
Capital outlay – all departments	45,000	42,803	2,197	53,332
Debt service	173,630	173,396	234	232,368
<b>Total expenditures</b>	<b>6,587,130</b>	<b>6,351,969</b>	<b>235,161</b>	<b>6,472,253</b>

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	(1,981,500)	(1,812,644)	168,856	(1,983,083)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,971,500	1,971,500	—	2,078,600
Transfers (out)	(5,000)	(5,000)	—	(5,000)
Total other financing sources (uses)	1,966,500	1,966,500	—	2,073,600
<b>Net change in fund balance</b>	<b>(15,000)</b>	<b>153,856</b>	<b>168,856</b>	<b>90,517</b>
Fund balance, beginning of year	3,888,582	3,888,582	—	3,798,065
Cumulative effect of restatement ( <i>See Note 16</i> )	—	363,364	363,364	—
Fund balance, end of year	<u>\$ 3,873,582</u>	<u>\$ 4,405,802</u>	<u>\$ 532,220</u>	<u>\$ 3,888,582</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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

YEAR ENDED APRIL 30, 2017  
(With comparative actual amounts at year ended April 30, 2016)

	<u>Final Budget</u>	<u>Current Year</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
<b>Operating Revenue</b>				
Sales and services:				
Water	\$ 1,630,000	\$ 1,581,802	\$ (48,198)	\$ 1,602,499
Sewer	1,840,000	1,788,343	(51,657)	1,805,786
Electric	10,372,000	9,501,808	(870,192)	9,358,174
Gas	2,730,000	2,207,872	(522,128)	1,918,911
Penalties, reconnect fees and other revenue	713,100	464,699	(248,401)	474,800
<b>Total operating revenue</b>	<u>17,285,100</u>	<u>15,544,524</u>	<u>(1,740,576)</u>	<u>15,160,170</u>
<b>Operating Expenses</b>				
Water plant	1,055,076	886,812	168,264	943,000
Water distribution	667,183	344,794	322,389	326,839
Wastewater treatment plant	638,531	464,169	174,362	494,500
Sewer/Stormwater collection	156,970	195,848	(38,878)	160,930
Electricity purchase and transmission	8,005,679	8,230,856	(225,177)	7,727,234
Gas purchase and distribution	2,285,872	1,793,961	491,911	1,502,013
Administration	633,424	709,348	(75,924)	668,096
Billing office	517,363	551,651	(34,288)	551,994
Non-departmental	593,074	109,243	483,831	65,934
Depreciation expense	—	1,009,355	(1,009,355)	1,185,130
<b>Total operating expenses</b>	<u>14,553,172</u>	<u>14,296,037</u>	<u>257,135</u>	<u>13,625,670</u>
<b>Operating income</b>	<u>2,731,928</u>	<u>1,248,487</u>	<u>(1,483,441)</u>	<u>1,534,500</u>
<b>Non-Operating Revenue (Expenses)</b>				
Interest income	37,000	27,446	(9,554)	12,812
Interest expense	(910,328)	(433,015)	477,313	(401,090)
Fiscal agent fees	—	(10,568)	(10,568)	(6,647)
Amortization of bond premium	—	3,858	3,858	3,858
<b>Total non-operating revenue (expenses)</b>	<u>(873,328)</u>	<u>(412,279)</u>	<u>(461,049)</u>	<u>(391,067)</u>
<b>Income before contributions and transfers</b>	<u>1,858,600</u>	<u>836,208</u>	<u>(1,022,392)</u>	<u>1,143,433</u>
<b>Capital contributions</b>				
Capital grants	—	626,775	626,775	30,000
Contributed capital	—	—	—	43,757
<b>Total capital contributions</b>	<u>—</u>	<u>626,775</u>	<u>626,775</u>	<u>73,757</u>
<b>Transfers</b>				
Transfers to General Fund	(1,700,000)	(1,700,000)	—	(1,700,000)
<b>Change in net position</b>	<u>158,600</u>	<u>(237,017)</u>	<u>(395,617)</u>	<u>(482,810)</u>
Net position, beginning of year	11,197,642	11,197,642	—	14,934,775
Cumulative effect of restatements (see Note 16)	—	(506,383)	(506,383)	(3,254,323)
<b>Net position, end of year</b>	<u>\$ 11,356,242</u>	<u>\$ 10,454,242</u>	<u>\$ (902,000)</u>	<u>\$ 11,197,642</u>

VICTIM'S RIGHTS ASSISTANCE

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED APRIL 30, 2017

<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 176,508
Court fines and assessments remitted to State Treasurer	<u>(99,613)</u>
Total court fines and assessments retained by the City	<u>\$ 76,895</u>
<b>Surcharges and Assessments retained for Victims Services</b>	
Total surcharges collected	\$ 8,036
Total assessments	<u>5,509</u>
Total surcharges and assessments retained for victims services	<u>\$ 13,545</u>
<b>Funds Allocated to Victims Services</b>	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	13,545
Expenditures for victims services	<u>(13,545)</u>
Unexpended victim's rights assistance funds	<u>\$ —</u>