

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2018

WITH

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

AUDITED BASIC FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

YEAR ENDED APRIL 30, 2018

CONTENTS

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

BASIC FINANCIAL STATEMENTS

<u>Government-wide</u>	
Statement of Net Position	11-12
Statement of Activities.....	13
<u>Governmental Funds</u>	
Balance Sheet	14-15
Statement of Revenue, Expenditures and Changes in Fund Balances	16-17
<u>Proprietary Fund</u>	
Balance Sheet – Combined Utility Fund	18-19
Statement of Revenue, Expenses and Changes in Net Position – Combined Utility Fund	20
Statement of Cash Flows – Combined Utility Fund	21
Notes to Financial Statements	22-54

**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS)**

Budgetary Comparison Schedule – General Fund	55
Notes to Budgetary Comparison Schedule	56
Schedule of the City’s Proportionate Share of the Net Pension Liability – SCRS.....	57
Schedule of the City’s Contributions – SCRS.....	58
Schedule of the City’s Proportionate Share of the Net Pension Liability – PORS	59
Schedule of the City’s Contributions – PORS	60

— CONTINUED —

CONTENTS

— CONTINUED —

OTHER FINANCIAL INFORMATION

Combining ‘Non-Major’ Governmental Financial Statements

Combining Balance Sheet – Non-Major Governmental Funds 61

Combining Statement of Revenue, Expenditures and Changes
in Fund Balances – Non-Major Governmental Funds 62

Individual Fund Financial Schedules

General Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual 63-64

Combined Utility Fund

Schedule of Revenue, Expenses and Changes in Net Position – Budget and Actual 65

Victim’s Rights Assistance

Schedule of Court Fines, Assessments and Surcharges 66

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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

A Professional Association Of

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Columbia
Phone: (803) 772-5300

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

REPORT OF INDEPENDENT AUDITOR

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina (the "City"), as of and for the year ended April 30, 2018, 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, 2018, 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

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.

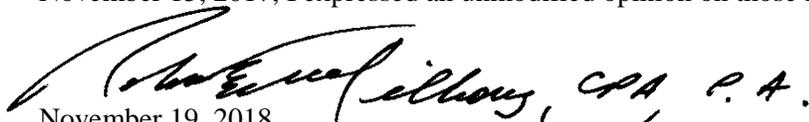
Other Information

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 2017 audited financial statements, and in my report dated November 15, 2017, I expressed an unmodified opinion on those financial statements.


November 19, 2018
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, 2018

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, 2018. 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, 2018 were \$39.5 million and total liabilities equaled \$26.5 million. Total deferred outflows equaled \$2,406,682 while total deferred inflows totaled \$1,018,535. Of the total net position at April 30, 2018, (equaling \$14.4 million), unrestricted deficit amounts totaled \$5.1 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 \$357,492 for the year ended April 30, 2018. The Governmental Activities resulted in a net decrease of \$698,577, while the Business-type Activities decreased net position in the amount of \$341,085, 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 \$14.4 million at the close of April 30, 2018.

Below is a ‘condensed’ Statement of Net Position at April 30, 2018, which depicts the major components of the City’s assets, liabilities and net position (with comparative amounts for April 30, 2017).

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and cash equivalents:						
Unrestricted	\$ 333,245	\$ 425,042	\$ 700,178	\$ 299,236	\$ 1,033,423	\$ 724,278
Restricted	531,719	151,714	574,992	1,885,825	1,106,711	2,037,539
Equity in pooled cash	1,631,266	1,572,545	125,398	(282,394)	1,756,664	1,290,151
Investments	0	—	1,638,585	1,857,739	1,638,535	1,857,739
Receivables and due from others, net	710,079	637,473	934,743	1,175,259	1,644,822	1,812,732
Inventories and prepaid items	41,757	43,266	583,702	570,689	625,459	613,955
Internal balances	2,030,363	2,043,154	(2030363)	(2,043,154)	—	—
Capital assets, net of accumulated depreciation	6,839,588	6,285,335	24,864,584	24,014,100	31,704,172	30,299,435
Total assets	12,118,017	11,158,529	27,391,819	27,477,300	39,509,786	38,635,829
Deferred Outflows Resources						
Pension related	1,586,902	1,320,575	819,780	712,976	2,406,682	2,033,551
Liabilities						
Current liabilities	848,879	469,948	1,877,254	1,943,509	2,726,133	2,413,457
Non-current liabilities	8,629,826	7,337,781	15,167,774	15,588,806	23,797,600	22,926,587
Total liabilities	9,478,705	7,807,729	17,045,028	17,532,315	26,523,733	25,340,044
Deferred Inflows of Resources						
Pension related	647,341	393,925	371,194	203,719	1,018,535	597,644
Net Position						
Net investment in capital assets	4,809,728	5,653,335	13,238,384	12,071,005	18,048,112	17,724,340
Restricted	759,652	681,192	695,678	2,082,053	1,455,330	2,763,245
Unrestricted (deficit)	(1,990,507)	(2,057,077)	(3,138,735)	(3,698,816)	(5,129,242)	(5,755,893)
Total net position	\$ 3,578,873	\$ 4,277,450	\$ 10,795,327	\$ 10,454,242	\$ 14,374,200	\$ 14,731,692

By far the largest portion of the City’s net position (\$18.0 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 \$3,578,873 and consists of net investment in capital assets \$4,809,728, restricted \$759,652, and unrestricted deficit of \$1,990,507 at the end of 2018. The Business-type Activities total net position totals \$10,795,327 and consists of net investment in capital assets \$13,238,384, restricted \$695,678, and unrestricted deficit of \$3,138,735 at the end of 2018.

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, \$1,455,330, 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 2018 and FY 2017 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue:						
Charges for services	\$ 1,192,182	\$ 1,207,392	\$16,841,418	\$15,544,524	\$18,033,600	\$16,751,916
Operating grants and contributions	9,431	228,003	—	—	9,431	228,003
Capital grants and contributions	—	263,073	398,921	626,775	398,921	889,848
General revenue:						
Property taxes and L.O.S.T	1,859,532	1,835,824	—	—	1,859,532	1,835,824
State shared and unallocated intergovernmental	857,122	830,327	—	—	857,122	830,327
Licenses and franchise fees	1,000,460	823,126	—	—	1,000,460	823,126
Other	158,718	11,311	1,954	27,446	160,672	38,757
Total revenue	<u>5,077,445</u>	<u>5,199,056</u>	<u>17,242,293</u>	<u>16,198,745</u>	<u>22,319,738</u>	<u>21,397,801</u>
Expenses						
General government	2,024,433	1,395,529	—	—	2,024,433	1,395,529
Public safety	3,530,833	3,530,133	—	—	3,530,833	3,530,133
Public works	1,615,682	1,891,008	—	—	1,615,682	1,891,008
Culture and recreation	351,670	451,203	—	—	351,670	451,203
Interest	41,648	16,125	—	—	41,648	16,125
Combined utility	—	—	15,112,964	14,735,762	15,112,964	14,735,762
Total expenses	<u>7,564,266</u>	<u>7,283,998</u>	<u>15,112,964</u>	<u>14,735,762</u>	<u>22,677,230</u>	<u>22,019,760</u>
Transfers	<u>1,788,244</u>	<u>1,700,000</u>	<u>(1,788,244)</u>	<u>(1,700,000)</u>	<u>—</u>	<u>—</u>
Changes in net position	(698,577)	(384,942)	341,085	(237,017)	(357,492)	(621,959)
Beginning 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>
Ending net position	<u>\$ 3,578,873</u>	<u>\$ 4,277,450</u>	<u>\$10,795,327</u>	<u>\$10,454,242</u>	<u>\$14,374,200</u>	<u>\$14,731,692</u>

Government-Wide Financial Analysis (continued)

Net position in Governmental Activities had a total decrease in 2018 of \$357,492, compared to a decrease of \$621,959 in 2017. This was primarily due to the City's efforts to manage spending with relatively flat revenue. Net position in Business-type Activities increased \$341,085 in 2018 compared to a decrease of \$237,017 in 2017 primarily due to a mild winter which resulted in less electric and gas usage and related costs. Both periods included transfers to the Governmental Activities of \$1,788,244 in 2018 and 2017, respectively.

Key Governmental Activities highlights are as follows: Total program revenue decreased by \$496,855 in 2018 primarily due to less in grants while general revenues increased slightly. Total Governmental Activities revenues equaled \$5.1 million in 2018 compared to \$5.2 million in 2017. Total Governmental Activity expenses in 2018 equaled \$7.5 million compared to \$7.3 million in 2017, or a 3.8% increase.

Key Business-type Activity highlights are as follows: Total program revenue increased by \$1,069,040 between 2018 and 2017 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 2018. Total Business-type expenses equaled \$15.1 million in 2018 as compared to \$14.7 million in 2017, or a 2.6% increase.

Expenses and Program Revenues – Governmental Activities – Governmental expenses (totaling \$7.5 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 15.9% 'program revenues', leaving 84.1% to be funded by 'general revenues'. From the Statement of Activities, the following table details this activity for the City.

	<u>(Expenses)</u>	<u>Program Revenue</u>	<u>Net (Expense)</u>	<u>% Funded by Program Revenues</u>	<u>% Required to be Funded by General Revenues</u>
General government	\$ (2,024,433)	\$ —	\$ (2,024,433)	—	100%
Public safety	(3,530,833)	131,076	(3,399,757)	3.7%	96.3%
Public works	(1,615,682)	1,050,137	(565,545)	65.0%	35.0%
Culture and recreation	(351,670)	20,400	(331,270)	5.8%	94.2%
Interest	(41,648)	—	(41,648)	—	100%
Totals	<u>\$ (7,564,266)</u>	<u>\$ 1,201,613</u>	<u>\$ (6,362,653)</u>	<u>15.9%</u>	<u>84.1%</u>

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 84.1% in the following categories.

	2018	2017
Property taxes and L.O.S.T	\$ 1,859,532	\$ 1,835,824
State shared revenue	857,122	830,327
Licenses and franchise fees	1,000,460	823,126
Investment earnings	11,876	11,311
Miscellaneous	146,842	—
Transfer in the Utility Fund	1,788,244	1,700,000
Total	<u>\$ 5,664,076</u>	<u>\$ 5,200,588</u>

Overall, the City experienced a 8.9% increase in General Revenues in 2018 as compared to 2017.

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 \$16.8 million in 2018 (as compared to \$15.5 million in 2017) and includes electric sales of \$10.2 million, natural gas sales of \$2.5 million, water sales of \$1.5 million plus \$1.8 million from sewer services, with the balance consisting of penalties, reconnect fees and other revenues. Operating expenses totaled \$14.7 million in 2018 as compared to \$14.3 million in 2017. Operating income at year ended April 30, 2018, totaled \$2.1 million (as compared to \$1.2 million in 2017) due to 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 fund. The General Fund’s ‘final’ budgeted revenues totaled \$4,488,100 actual revenues achieved equaled \$4,664,223 or \$176,123 more than budget. The City had actual General Fund expenditures of \$6,639,409, compared to a ‘final’ budget of \$6,639,409 for a an unfavorable variance of \$258,042 for the fiscal year ended April 30, 2018.

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 2018 compared to 2017 actual amounts achieved.

General Fund	2018		Variances Over (Under)	2017
	Final Budget	Actual		Actual
Revenue				
Property taxes	\$ 1,065,000	\$ 1,091,826	\$ 26,826	\$ 1,077,784
Local option sales tax	733,000	767,706	34,706	758,040
Licenses, permits and franchise fees	805,000	848,730	43,730	823,126
Fines and forfeitures	168,800	127,616	(41,184)	82,977
Intergovernmental	560,000	583,326	23,326	598,616
Charges for services	1,009,000	1,040,706	31,706	981,577
User fees	16,200	20,400	4,200	24,656
Interest income and other	131,100	183,913	52,813	192,549
Total revenue	<u>4,488,100</u>	<u>4,664,223</u>	<u>176,123</u>	<u>4,539,325</u>
Expenditures				
Current:				
General government	1,224,514	1,284,052	(59,538)	1,038,960
Public safety	3,166,843	3,215,687	(48,844)	3,208,147
Public works	1,487,159	1,505,885	(18,726)	1,550,815
Culture and recreation	279,023	263,177	15,846	337,848
Capital outlay	110,000	250,151	(140,151)	42,803
Debt service	113,828	120,457	(6,629)	173,396
Total expenditures	<u>6,381,367</u>	<u>6,639,409</u>	<u>(258,042)</u>	<u>6,351,969</u>
Excess (deficiency) of revenue over (under) expenditures	(1,893,267)	(1,975,186)	(81,919)	(1,812,644)
Other financing sources and (uses)	1,893,267	1,940,923	47,656	1,966,500
Net change in fund balance	<u>\$ —</u>	<u>\$ (34,263)</u>	<u>\$ (34,263)</u>	<u>\$ 153,856</u>

General Fund Financial Analysis and Budgetary Highlights (continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of April 30, 2018, 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 \$6.8 million. For its Business-type Activities, total investment in capital assets equaled \$46.5 million, less accumulated depreciation of \$21.6 million for a net carrying value of \$24.9 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) and two lease-purchase installment obligations (2017A and 2017B). For Governmental Activities, total outstanding long-term debt equaled \$2,029,860 at April 30, 2018. The Business-type Activities had long-term debt outstanding of \$11,431,715 - consisting of Series 2009A \$877,820, Series 2009B \$1,844,453, and Series 2013 Revenue and Improvement Bonds \$8.64 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 2018. Net pension obligations at April 30, 2018 totaled \$6.7 million for Governmental Activities and \$4.1 million for Business-type Activities for a combined total of \$10.8 million.

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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets and Deferred Outflows			
Assets:			
Cash and cash equivalents:			
Unrestricted	\$ 333,245	\$ 700,178	\$ 1,033,423
Restricted	531,719	574,992	1,106,711
Equity in pooled cash	1,631,266	125,398	1,756,664
Investments	—	1,638,535	1,638,535
Receivables, net:			
Accounts, grants and notes	248,552	934,743	1,183,295
Due from other governments	461,527	—	461,527
Internal balances, net	2,030,363	(2,030,363)	—
Inventories and prepaid items	41,757	583,702	625,459
Capital assets:			
Nondepreciable	628,233	1,369,913	1,998,146
Depreciable, net	6,211,355	23,494,671	29,706,026
Total assets	<u>12,118,017</u>	<u>27,391,769</u>	<u>39,509,786</u>
Deferred Outflows of Resources:			
Pension related	1,586,902	819,780	2,406,682
Total Assets and Deferred Outflows	<u>\$ 13,704,919</u>	<u>\$ 28,211,549</u>	<u>\$ 41,916,468</u>
Liabilities, Deferred Inflows and Net Position			
Liabilities:			
Accounts payable	\$ 110,131	\$ 756,543	\$ 866,674
Accrued payroll and other payables	91,220	36,080	127,300
Accrued interest payable	5,210	88,998	94,208
Due to other governments	6,927	—	6,927
Unearned revenue	164,623	—	164,623
Customer deposits and prepayments	33,048	468,333	501,381
Accrued compensated absences	313,578	204,225	517,803
Bonds and notes payable - due in less than one year	437,720	527,300	965,020
Bonds and notes payable - due in more than one year	1,592,140	10,904,415	12,496,555
Net pension obligations	6,724,108	4,059,134	10,783,242
Total liabilities	<u>9,478,705</u>	<u>17,045,028</u>	<u>26,523,733</u>
Deferred Inflows of Resources:			
Pension related	647,341	371,194	1,018,535
Total liabilities and deferred inflows	<u>10,126,046</u>	<u>17,416,222</u>	<u>27,542,268</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

— CONTINUED —

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities, Deferred Inflows and Net Position (continued)			
Net position:			
Net investment in capital assets	4,809,728	13,238,384	18,048,112
Restricted for:			
Pensions	392,222	209,684	601,906
Debt and capital projects	—	485,994	485,994
Housing and community development	318,394	—	318,394
Fire and law enforcement activities	49,036	—	49,036
Unrestricted (deficit)	<u>(1,990,507)</u>	<u>(3,138,735)</u>	<u>(5,129,242)</u>
Total net position	<u>3,578,873</u>	<u>10,795,327</u>	<u>14,374,200</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 13,704,919</u>	<u>\$ 28,211,549</u>	<u>\$ 41,916,468</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2018

Functions and Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ (2,024,433)	\$ —	\$ —	\$ —	\$ (2,024,433)	\$ —	\$ (2,024,433)
Public safety	(3,530,833)	131,076	—	—	(3,399,757)	—	(3,399,757)
Public works	(1,615,682)	1,040,706	9,431	—	(565,545)	—	(565,545)
Culture and recreation	(351,670)	20,400	—	—	(331,270)	—	(331,270)
Interest	(41,648)	—	—	—	(41,648)	—	(41,648)
Total governmental activities	<u>(7,564,266)</u>	<u>1,192,182</u>	<u>9,431</u>	<u>—</u>	<u>(6,362,653)</u>	<u>—</u>	<u>(6,362,653)</u>
Business-type activities:							
Combined utility	<u>(15,112,964)</u>	<u>16,841,418</u>	<u>—</u>	<u>398,921</u>	<u>—</u>	<u>2,127,375</u>	<u>2,127,375</u>
Total business-type activities	<u>(15,112,964)</u>	<u>16,841,418</u>	<u>—</u>	<u>398,921</u>	<u>—</u>	<u>2,127,375</u>	<u>2,127,375</u>
Total functions and programs	<u>\$(22,677,230)</u>	<u>\$ 18,033,600</u>	<u>\$ —</u>	<u>\$ 398,921</u>	<u>(6,362,653)</u>	<u>2,127,375</u>	<u>(4,235,278)</u>
General Revenue and Transfers							
General Revenue:							
Property taxes and L.O.S.T.							
					1,859,532	—	1,859,532
State shared and intergovernmental (unrestricted)							
					857,122	—	857,122
Business licenses and other franchise fee/tax							
					1,000,460	—	1,000,460
Unrestricted investments earnings							
					11,876	1,954	13,830
Miscellaneous							
					146,842	—	146,842
Transfers in (out)							
					1,788,244	(1,788,244)	—
					<u>5,664,076</u>	<u>(1,786,290)</u>	<u>3,877,786</u>
Changes in net position					(698,577)	341,085	(357,492)
Net Position – beginning of year					<u>4,277,450</u>	<u>10,454,242</u>	<u>14,731,692</u>
Net Position – end of year					<u>\$ 3,578,873</u>	<u>\$ 10,795,327</u>	<u>\$ 14,374,200</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents:				
Unrestricted	\$ 37,780	\$ 122,416	\$ 173,049	\$ 333,245
Restricted	21,531	366,294	143,894	531,719
Equity in pooled cash	1,040,942	590,324	—	1,631,266
Receivables:				
Property taxes	219,259	—	—	219,259
Other and notes	171,744	—	1,089,958	1,261,702
Less, allowances for doubtful accounts	(367,221)	—	(209,958)	(577,179)
Due from other governments	461,527	—	—	461,527
Due from other funds	3,114,738	126,819	—	3,241,557
Inventory and prepaid items	41,757	—	—	41,757
Total assets	\$ 4,742,057	\$ 1,205,853	\$ 1,196,943	\$ 7,144,853
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 96,233	\$ 13,898	\$ —	\$ 110,131
Accrued payroll and related payables	91,220	—	—	91,220
Due to other funds	—	1,194,599	16,595	1,211,194
Due to other governments	6,927	—	—	6,927
Deferred revenue – business licenses	164,623	—	—	164,623
Deposits	11,515	—	21,533	33,048
Total liabilities	370,518	1,208,497	38,128	1,617,143
Fund balances:				
Non-spendable	41,757	—	—	41,757
Restricted	18,416	—	1,004,544	1,022,960
Committed	—	—	—	—
Assigned	25,000	—	173,193	198,193
Unassigned (deficit)	4,286,366	(2,644)	(18,922)	4,264,800
Total fund balances	4,371,539	(2,644)	1,158,815	5,527,710
Total liabilities and fund balances	\$ 4,742,057	\$ 1,205,853	\$ 1,196,943	\$ 7,144,853

— 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	\$ 5,527,710
Capital assets, net of accumulation depreciation, used in governmental activities are not financial resources and therefore, are not reported in these funds.	6,839,588
Certain receivables are not financial resources and therefore, are not reported in these funds.	(655,300)
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.	939,561
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>(9,072,686)</u>
Net position, end of year – Governmental Activities	<u>\$ 3,578,873</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, 2018

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes, penalties and fees	\$ 1,091,826	\$ —	\$ —	\$ 1,091,826
Local options sales tax	767,706	—	—	767,706
Licenses, permits and franchise fees	848,730	—	—	848,730
Fines and forfeitures	127,616	—	3,460	131,076
Intergovernmental:				
Grants	9,431	—	—	9,431
State shared	430,557	—	426,565	857,122
Rural fire protection	—	—	—	—
Other intergovernmental	143,338	—	—	143,338
Charges for services – solid waste and lot clearing	1,040,706	—	—	1,040,706
User fees – community/fitness centers and other rent	20,400	—	—	20,400
Interest income	19	602	860	1,481
Other	183,894	—	—	183,894
Total revenue	<u>4,664,223</u>	<u>602</u>	<u>430,885</u>	<u>5,095,710</u>
Expenditures				
Current:				
General government	1,284,052	20,500	34,411	1,338,963
Public safety	3,215,687	—	—	3,215,687
Public works	1,505,885	—	—	1,505,885
Culture and recreation	263,177	—	64,464	327,641
Capital outlay	250,151	1,233,420	—	1,483,571
Debt service	120,457	—	253,621	374,078
Total expenditures	<u>6,639,409</u>	<u>1,253,920</u>	<u>352,496</u>	<u>8,245,825</u>
Excess (deficiency) of revenue over expenditures	(1,975,186)	(1,253,318)	78,389	(3,150,115)
Other Financing Sources (Uses)				
Lease purchase contracts	—	1,735,500	—	1,735,500
Transfers in	2,111,300	5,000	253,621	2,369,921
Transfers (out)	(170,377)	—	(411,300)	(581,677)
Total other financing sources (uses)	<u>1,940,923</u>	<u>1,740,500</u>	<u>(157,679)</u>	<u>3,523,744</u>
Net change in fund balances	(34,263)	487,182	(79,290)	373,629
Fund balances, beginning of year	<u>4,405,802</u>	<u>(489,826)</u>	<u>1,238,105</u>	<u>5,154,081</u>
Fund balances, end of year	<u>\$ 4,371,539</u>	<u>\$ (2,644)</u>	<u>\$ 1,158,815</u>	<u>\$ 5,527,710</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

— CONTINUED —

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

Net change in fund balances – total governmental funds	\$ 373,629
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.	554,253
Certain revenues and expenses are not reported as source and uses of current financial resources. This is the amount of such accruals.	(229,390)
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>(1,397,069)</u>
Change in Net Position – Governmental Activities	<u>\$ (698,577)</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

APRIL 30, 2018

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
Assets and Deferred Outflows	
Current assets:	
Cash and cash equivalents	\$ 700,178
Equity in pooled cash	125,398
Investments	1,638,535
Accounts receivable, net	934,743
Inventories and prepaid items	583,702
	<u>3,982,556</u>
Current restricted assets:	
Restricted cash and cash equivalents	574,992
Total current assets	<u>4,557,548</u>
Non-current assets:	
Capital assets, not subject to depreciation	1,369,913
Capital assets subject to depreciation, net	23,494,671
Total non-current assets	<u>24,864,584</u>
Deferred Outflows of Resources:	
Pension related	819,780
Total deferred outflows	<u>819,780</u>
Total assets and deferred outflows	<u>\$ 30,241,912</u>
Liabilities, Deferred Inflows and Net Position	
Current liabilities:	
Accounts payable	\$ 756,543
Accrued payroll and withholdings payable	36,080
Due to other funds	2,030,363
Customer deposits and prepayments	468,333
	<u>3,291,319</u>
Current liability payable from restricted assets:	
Accrued interest payable	88,998
Bonds payable – current portion	527,300
	<u>616,298</u>
Total current liabilities	<u>3,907,617</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	204,225
Revenue bonds payable	10,904,415
Net pension obligation	4,059,134
Total long-term liabilities	<u>15,167,774</u>
Total liabilities	<u>19,075,391</u>

— CONTINUED —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

— CONTINUED —

	Business-type Activities – Enterprise Fund Combined Utility
	<hr/> <hr/>
Liabilities, Deferred Inflows and Net Position (continued)	
Deferred Inflows of Resources:	
Pension related	371,194
Total deferred inflows	<hr/> 371,194 <hr/>
Net position:	
Net investment in capital assets	13,238,384
Restricted for debt, capital projects and pensions	695,678
Unrestricted (deficit)	(3,138,735)
Total net position	<hr/> 10,795,327 <hr/>
Total liabilities, deferred inflows and net position	<hr/> \$ 30,241,912 <hr/>

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, 2018

	Business-type Activities – Enterprise Fund Combined Utility
Operating Revenue (pledged as security for notes and bonds)	
Sales and services:	
Water	\$ 1,532,809
Sewer	1,755,758
Electric	10,201,627
Gas	2,531,060
Penalties, reconnect fees and other revenue	820,164
Total operating revenue	16,841,418
Operating Expenses	
Water plant	921,608
Water distribution	358,470
Wastewater plant and collection	498,558
Sewer/Stormwater collection	155,917
Electricity purchase and transmission	8,379,667
Gas purchase and distribution	1,959,544
Administration and billing	662,025
Billing office	560,895
Non-departmental	159,142
Depreciation expense	1,057,604
Total operating expenses	14,713,430
Operating income	2,127,988
Non-Operating Revenue (Expenses)	
Interest income	1,954
Interest expense	(391,689)
Fiscal agent fees	(3,987)
Amortization of bond premium	(3,858)
Total non-operating revenue (expenses)	(397,580)
Income before contributions and transfers	1,730,408
Capital contributions	
Capital grants	38,000
Contributed capital	360,921
Total capital contributions	398,921
Transfers	
Transfers (out) to General Fund	(1,788,244)
Change in net position	341,085
Net position, beginning of year	10,454,242
Net position, end of year	\$ 10,795,327

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED APRIL 30, 2018

	Business-type Activities– Enterprise Fund Combined Utility
Cash Flows from Operating Activities	
Cash received from:	
Combined utility sales and services, penalties, reconnect fees and other revenue	\$ 16,946,153
Cash paid to (for):	
Employee salaries and related costs, and combined utility operations	(13,564,310)
Net cash provided by (used in) operating activities	<u>3,381,843</u>
Cash Flows from Non-capital Financing Activities	
Transfer to General Fund and Capital Projects Fund	(1,788,244)
Net cash provided by (used in) non-capital financing activities	<u>(1,788,244)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,522,533)
Capital grants	398,921
Interest paid on capital related debt and fiscal agent fees	(392,570)
Principal payments under bonds and capital leases	(515,238)
Net cash provided by (used in) capital and related financing activities	<u>(2,780,390)</u>
Cash Flows from Investing Activities	
Interest received	1,954
Change in purchases/sales of investments and accrued income	231,721
Net cash provided by (used in) investing activities	<u>233,675</u>
Net increase (decrease) in cash and cash equivalents	(953,070)
Cash and cash equivalents, beginning of year (of which \$1,885,825 is restricted)	<u>1,902,667</u>
Cash and cash equivalents, end of year (of which \$574,992 is restricted)	<u>\$ 949,597</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	\$ 2,127,988
Changes in certain assets and liabilities:	
(Increase) decrease in accounts receivable	1,057,604
(Increase) decrease in inventory	123,115
Increase (decrease) in accounts payable/accrued expenses	(13,013)
Increase (decrease) in accounts payable/accrued expenses	(45,761)
Increase (decrease) in accrued compensated absences	4,360
Increase (decrease) in customer deposits	(18,380)
Increase (decrease) in internal balances due to other funds	(12,791)
(Increase) decrease in deferred outflows of resources	(106,804)
Increase (decrease) in deferred inflows of resources	167,475
Increase (decrease) in net pension obligation	98,050
Net cash provided by (used in) operating activities	<u>\$ 3,381,843</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2018

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 \$6,381,367. Actual expenditures totaled \$6,639,409. The Combined Utility Fund operated under a budget totaling \$15,973,501. Actual operating expenses totaled \$16,901,208 (including a non-budgetary charge of \$1,057,604 for depreciation), non-operating expenses totaled \$399,534, net of non-operating revenue, and transfers out totaled \$1,788,244.

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 millage 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, 2018, the City had the following cash and investment balances:

Cash on hand	\$ 4,000
Carrying amount of deposits	3,892,798
Investments	<u>1,638,535</u>
Totals	<u>\$ 5,535,333</u>
Statement of Net Position balances:	
Cash and cash equivalents:	
Unrestricted	\$ 1,033,423
Restricted	1,106,711
Equity in pooled cash	1,756,664
Investments	<u>1,638,535</u>
Totals	<u>\$ 5,535,333</u>

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, 2018, 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, 2018 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%	\$ 149,497	4/27/2021
Certificate of deposit – 1.00%	148,503	4/27/2024
Federal government agencies’ securities	<u>1,340,535</u>	Varies
Total fair value	<u>\$ 1,638,535</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, 2018, 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, 2018.

3. Restricted Assets

Restricted cash and cash equivalents reported for the Governmental Activities totaled \$531,719 at April 30, 2018. 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. Restricted cash and cash equivalents reported in the Business-type Activities totaled \$574,992 at April 30, 2018. 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.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Receivables

Accounts receivable at April 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 219,259	\$ —
Lot clearing fees	171,644	—
Combined utility accounts	—	3,048,057
Miscellaneous	100	140
Total receivables	<u>391,003</u>	<u>3,048,197</u>
Less, allowance for uncollectible accounts	<u>(367,221)</u>	<u>(2,113,454)</u>
Receivables, net	<u><u>\$ 23,782</u></u>	<u><u>\$ 934,743</u></u>

Notes receivable at April 30, 2018, including the applicable allowances for uncollectible accounts and imputed interest are as follows:

	Governmental Activities
Upper Story Housing (<i>See Note 14</i>)	\$ 880,000
Housing rehabilitation	111,836
Housing assistance	83,133
CDBG Repayment Fund	14,989
Total notes receivable	<u>1,089,958</u>
Less, allowance for uncollectible accounts and unrealized imputed interest	<u>(865,188)</u>
Notes receivable, net	<u><u>\$ 224,770</u></u>

5. Due to/from Other Funds – Internal Balances

Short-term interfund receivables and payables at April 30, 2018, were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 3,114,738	\$ —
Special Revenue Fund	—	(16,595)
Capital Project Fund	126,819	(1,194,599)
Utility Fund	—	(2,030,363)
Total interfund balances	<u>3,241,557</u>	<u>(3,241,557)</u>
Less, eliminations	<u>(1,211,194)</u>	<u>1,211,194</u>
Internal balances, net	<u><u>\$ 2,030,363</u></u>	<u><u>\$ 2,030,363</u></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, 2018 are summarized below:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ 2,111,300	\$ (170,377)
Special Revenue Funds	—	(411,300)
Capital Project Fund	5,000	—
Debt Service Fund	253,621	—
Utility Fund	—	(1,788,244)
	<u>\$ 2,369,921</u>	<u>\$ (2,369,921)</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, 2018, 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, 2018, are as follows:

Governmental Activities:

	Balance April 30, 2017	Additions	Retirements	Transfers	Balance April 30, 2018
Capital assets not being depreciated:					
Land	\$ 628,233	\$ —	\$ —	\$ —	\$ 628,233
Construction in process	—	—	—	—	—
Total capital assets not being depreciated	<u>628,233</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>628,233</u>
Capital assets being depreciated:					
Land improvements	101,428	16,767	—	—	118,195
Buildings and improvements	3,328,758	—	—	—	3,328,758
Facades, parking and improvements	4,387,993	—	(15,000)	—	4,372,993
Furniture, fixtures, and equipment	2,131,494	614,498	(191,031)	—	2,554,961
Vehicles	3,082,974	542,950	(264,318)	—	3,361,606
Totals capital assets being depreciated	<u>13,032,647</u>	<u>1,174,215</u>	<u>(470,349)</u>	<u>—</u>	<u>13,736,513</u>
Less, accumulated depreciation for:					
Land improvements	(99,494)	(850)	—	—	(100,344)
Buildings and improvements	(1,105,177)	(94,141)	—	—	(1,199,318)
Facades, parking and improvements	(2,525,371)	(219,013)	1,125	—	(2,743,259)
Furniture, fixtures, and equipment	(2,005,541)	(60,836)	191,031	—	(1,875,346)
Vehicles	(1,639,962)	(231,249)	264,320	—	(1,606,891)
Total accumulated depreciation	<u>(7,375,545)</u>	<u>(606,089)</u>	<u>456,476</u>	<u>—</u>	<u>(7,525,158)</u>
Total capital assets being depreciated, net	<u>5,657,102</u>	<u>568,126</u>	<u>(13,873)</u>	<u>—</u>	<u>6,211,355</u>
Net capital assets – Governmental Activities	<u>\$ 6,285,335</u>	<u>\$ 568,126</u>	<u>\$ (13,873)</u>	<u>\$ —</u>	<u>\$ 6,839,588</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	\$ 343,047
Public safety	182,433
Public works	64,245
Culture and recreation	<u>16,364</u>
Total depreciation expense	<u>\$ 606,089</u>

Business-Type Activities:

	<u>Balance</u> <u>April 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2018</u>
Capital assets not being depreciated:					
Land	\$ 145,300	\$ —	\$ —	\$ —	\$ 145,300
Construction in progress	639,450	1,350,344	—	(765,214)	1,224,613
Total capital assets not being depreciated	<u>784,750</u>	<u>1,350,344</u>	<u>—</u>	<u>(765,214)</u>	<u>1,369,913</u>
Capital assets being depreciated:					
Buildings	626,283	—	—	—	626,283
Systems improvements	40,298,071	168,197	—	164,359	40,630,627
Equipment and vehicles	2,948,181	389,514	(80,000)	600,855	3,858,550
Total capital assets being depreciated	<u>43,872,535</u>	<u>557,711</u>	<u>(80,000)</u>	<u>765,214</u>	<u>45,115,460</u>
Less, accumulated depreciation for:					
Buildings	(554,646)	(2,513)	—		(557,159)
Systems improvements	(17,748,290)	(909,344)	—		(18,657,634)
Equipment and vehicles	(2,340,249)	(145,747)	80,000		(2,405,996)
Total accumulated depreciation	<u>(20,643,185)</u>	<u>(1,057,604)</u>	<u>80,000</u>	<u>—</u>	<u>(21,620,789)</u>
Total capital assets being depreciated, net	<u>23,229,350</u>	<u>(499,893)</u>	<u>—</u>	<u>765,214</u>	<u>23,494,671</u>
Net capital assets – Business-type activities	<u>\$ 24,014,100</u>	<u>\$ 850,484</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24,864,584</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 revenue bonds, including the State Revolving Fund loans, are secured by a pledge of revenue generated by the Combined Utility System.

Lease Purchase (Installment) Notes

The City’s periodically enters into installment financing arrangements with local institutions for the purpose of acquiring certain vehicles and equipment. Principal and interest payments are appropriated when due.

Long-term debt of the City at April 30, 2018 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%.	\$ 532,000
Lease Purchase Contract 2017A - \$1,610,500, dated 5/25/17, due in quarterly principal and interest (at 1.86% per annum) installments of \$84,540 through June 1, 2022.	1,378,772
Lease Purchase Contract 2017B - \$125,000, dated 11/30/17, due in quarterly principal and interest (at 2.77%, per annum) installments of \$6,630 through December 1, 2022.	119,088
	<u>2,029,860</u>
Less, current portions (due within one year)	<u>(443,720)</u>
Net long-term debt – Governmental Activities	<u><u>\$ 1,589,140</u></u>

B. Business-Type Activities

Series 2009A South Carolina Water Pollution Control Revolving Fund Loan, dated 8/31/09, due in quarterly installments of \$20,146 through October 1, 2030; interest at 1.85%.	\$ 877,820
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%.	1,844,453
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.	8,640,000
	<u>11,367,273</u>
Less, current portions (due within one year):	<u>(527,300)</u>
Add, Series 2013 bond premium (\$77,158 net of amortization of \$15,432)	61,726
Net long-term debt – Business-type Activities	<u><u>\$ 10,896,699</u></u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended April 30, 2018, were as follows:

	Outstanding 4/30/17	Additions	Retirements	Outstanding 4/30/18
Governmental Activities:				
Series 2014 G.O. Bond	\$ 632,000	\$ —	\$ (100,000)	\$ 532,000
Installment note contract – 2017A	\$ —	\$ 1,610,500	\$ (231,728)	\$ 1,378,772
Installment note contract – 2017B	\$ —	\$ 125,000	\$ (5,912)	\$ 119,088
Business-type Activities:				
Series 2009A SRF Loan	\$ 941,386	\$ —	\$ (63,566)	\$ 877,820
Series 2009B SRF Loan	\$ 1,911,125	\$ —	\$ (66,672)	\$ 1,844,453
Series 2013 Refunding Revenue Bond	\$ 9,025,000	\$ —	\$ (385,000)	\$ 8,640,000

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.

D. Accrued Compensated Absences

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

	Balances 4/30/17	Additions	Deletions	Balances 4/30/18
Governmental Activities:	\$ 338,556	\$ —	\$ (24,977)	\$ 313,579
Business-type Activities	199,865	4,360	—	204,225
	\$ 538,421	\$ 4,360	\$ (24,977)	\$ 517,804

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:

Lease Purchase Contract - 2017A			
Fiscal Year	Principal	Interest	Total
2019	\$ 314,703	\$ 23,459	\$ 338,162
2020	320,598	17,564	338,162
2021	326,603	11,559	338,162
2022	332,720	5,442	338,162
2023	84,148	391	84,539
	<u>\$1,378,772</u>	<u>\$ 58,415</u>	<u>\$ 1,437,187</u>

Lease Purchase Contract - 2017B			
Fiscal Year	Principal	Interest	Total
2019	\$ 24,018	\$ 2,500	\$ 26,518
2020	24,568	1,950	26,518
2021	25,131	1,387	26,518
2022	25,706	812	26,518
2023	19,665	224	19,889
	<u>\$ 119,088</u>	<u>\$ 6,873</u>	<u>\$ 125,961</u>

G.O. Bond – Series 2014			
Fiscal Year	Principal	Interest	Total
2019	\$ 102,000	\$ 11,640	\$ 113,640
2020	104,000	9,408	113,408
2021	106,000	7,133	113,133
2022	109,000	4,813	113,813
2023	111,000	2,429	113,429
	<u>\$ 532,000</u>	<u>\$ 35,423</u>	<u>\$ 567,423</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Annual Requirements for Long-Term Debt (continued)

SRF Loan - Series 2009A

Fiscal Year	Principal	Interest	Total
2019	\$ 64,633	\$ 15,951	\$ 80,584
2020	65,646	14,938	80,584
2021	66,879	13,705	80,584
2022	68,063	12,521	80,584
2023	69,288	11,296	80,584
2024-2028	366,396	36,524	402,920
2029-2031	176,915	4,400	181,315
	<u>\$ 877,820</u>	<u>\$ 109,335</u>	<u>\$ 987,155</u>

SRF Loan – Series 2009B

Fiscal Year	Principal	Interest	Total
2019	\$ 67,668	\$ 33,795	\$ 101,463
2020	68,699	32,764	101,463
2021	69,677	31,786	101,463
2022	70,902	30,561	101,463
2023	72,018	29,445	101,463
2024-2028	378,749	128,565	507,314
2029-2033	414,115	93,202	507,314
2034-2038	456,789	50,525	507,314
2039-2041	245,836	7,819	253,655
	<u>\$1,844,453</u>	<u>\$ 438,462</u>	<u>\$ 2,282,915</u>

Revenue Bond – Series 2013

Fiscal Year	Principal	Interest	Total
2019	\$ 395,000	\$ 331,438	\$ 726,438
2020	410,000	319,588	729,588
2021	420,000	307,288	727,288
2022	435,000	293,638	728,638
2023	450,000	278,413	728,413
2024-2028	2,505,000	1,129,813	3,634,813
2029-2033	3,250,000	583,538	3,833,538
2034	775,000	32,938	807,938
	<u>\$8,640,000</u>	<u>\$3,276,650</u>	<u>\$11,916,654</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:

	Governmental Activities	Business-type Activities
<u>Net Investment in Capital Assets:</u>		
Net capital assets	\$ 6,839,588	\$ 24,670,099
Less, long-term debt payable	(2,029,860)	(11,431,715)
Total net investment in capital assets	<u>\$ 4,809,728</u>	<u>\$ 13,238,384</u>
	Governmental Activities	Business-type Activities
<u>Restricted for:</u>		
Pensions	\$ 392,222	\$ 209,684
Debt services	—	125,025
Capital projects	—	360,969
Housing and community development	93,624	—
Upper Story Housing notes receivable	880,000	—
Less, unrealized imputed interest	(655,230)	—
Fire prevention and education	30,620	—
Municipal court	18,416	—
Total restricted	<u>\$ 759,652</u>	<u>\$ 695,678</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>
<u>Non-spendable:</u>			
Inventory and prepaid items	\$ 41,757	\$ —	\$ 41,757
<u>Restricted for:</u>			
Housing assistance	\$ —	\$ 973,624	\$ 973,624
Fire prevention and education	—	30,920	30,920
Municipal court	18,416	—	18,416
	<u>\$ 18,416</u>	<u>\$ 1,004,544</u>	<u>\$ 1,022,960</u>
<u>Assigned to:</u>			
Police department	\$ —	\$ 144	\$ 144
Tourism and hospitality	—	173,049	173,049
Underground storage tanks (UST)	25,000	—	25,000
	<u>\$ 25,000</u>	<u>\$ 173,193</u>	<u>\$ 198,193</u>
<u>Unassigned (deficit)</u>	<u>\$ 4,286,366</u>	<u>\$ (21,566)</u>	<u>\$ 4,264,800</u>
Totals	<u><u>\$ 4,371,539</u></u>	<u><u>\$ 1,156,171</u></u>	<u><u>\$ 5,527,710</u></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, 2018, 2017, and 2016, were approximately \$4,884,619, \$5,005,186, and \$4,905,082. State statutes also determine the levels of contributions required by both employers and employees. For the period effective July 1, 2017 to June 30, 2018, for non-public safety employees, the employee contribution rate is 9.00 percent and the employer required contribution is 13.56 percent, which includes .15 percent of group life coverage. For the period effective July 1, 2017 to June 30, 2018, for public safety employees, the employee contribution rate is 9.75 percent and the employer contribution rate is 16.24 percent, which includes .2 percent of group life and .2 percent of accidental death benefit coverage. The City contributed 100% of the required contribution for each of the plans for the years ending April 30, 2018, 2017, and 2016.

	SCRS			PORS		
	2018	2017	2016	2018	2017	2016
Wages:						
Pensionable	\$ 3,018,133	\$ 3,154,959	\$ 3,023,323	\$ 1,866,506	\$ 1,850,227	\$ 1,881,759
Contribution Rates:						
Employees	9.00%	8.66%	8.16%	9.75%	9.24%	8.74%
Employer	13.56%	11.56%	11.06%	16.24%	14.24%	13.74%
Contributions:						
Employees	\$ 269,691	\$ 270,841	\$ 260,458	\$ 178,751	\$ 169,598	\$ 163,329
Employer	\$ 400,515	\$ 357,602	\$ 348,548	\$ 295,614	\$ 254,708	\$ 249,890

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

At April 30, 2018, the City reported a liability of \$10,783,242 for the measurement period June 30, 2017 for its proportionate share of the net pension liabilities, of which \$6,989,854 was for SCRS and \$3,793,388 was for PORS. The net pension liabilities were measured by PEBA as of June 30, 2017 and the total pension liabilities used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to 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, 2017, PEBA reported the City’s proportion of the collective net pension liability was 0.030105% for SCRS and 0.138470% 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, 2018, the City recognized pension expense of \$1,097,899, of which \$663,118 was for SCRS (\$267,619 in Governmental Activities and \$395,499 in the Business-type Activities) and \$434,781 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, 2017, follows:

	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
Pension expense:			
Service cost	\$ 249,660	\$ 230,805	\$ 480,465
Interest on total pension liability	1,030,255	655,045	1,685,300
Changes in plan benefits	—	—	—
Plan administrative costs	4,182	2,990	7,172
Plan member contributions	(256,641)	(177,021)	(433,662)
Expected return on plan assets	(546,534)	(399,533)	(946,067)
Recognition of net amortization:			
Plan performance, net	53,085	26,107	79,192
Assumption changes, net	133,154	101,330	234,484
Investment experience, net	41,907	30,014	71,921
Allocated proportion change, net	(36,624)	(34,613)	(71,237)
Other	(9,326)	(343)	(9,669)
Total pension expense	<u>663,118</u>	<u>434,781</u>	<u>1,097,899</u>
PEBA employer contribution	<u>(362,155)</u>	<u>(265,533)</u>	<u>(627,688)</u>
Changes in of deferred items (net of amortization):			
Outflow – Plan performance	(39,611)	(19,607)	(59,218)
Outflow – Assumption changes	409,181	360,027	769,208
Outflow – Investment experience	(242,454)	(168,304)	(410,758)
Outflow – Allocated proportion change	(11,833)	(3,035)	(14,868)
Inflow – Plan Performance	3,540	—	3,540
Inflow – Assumption changes	—	—	—
Inflow – Investment experience	(136,813)	(104,851)	(241,664)
Inflow – Allocated proportion change	(120,369)	(41,149)	(161,518)
Total change in net pension liability	<u>\$ 162,604</u>	<u>\$ 192,329</u>	<u>\$ 354,933</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, 2018, 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	\$ 31,161	\$ 33,826	\$ 64,987
Changes of assumptions	409,181	360,027	769,208
Net difference between projected and actual earnings on pension plan investments	563,907	397,267	961,174
Changes in allocated proportion and differences between City contributions and proportionate share of contributions	7,519	1,888	9,407
City contributions subsequent to the measurement date	347,734	254,172	601,906
Total	<u>\$ 1,359,502</u>	<u>\$ 1,047,180</u>	<u>\$ 2,406,682</u>
	Deferred Inflows of Resources Related to Pensions		
	SCRS	PORS	Total
Differences between expected and actual plan performance	\$ 3,874	\$ —	\$ 3,874
Changes of assumptions	—	—	—
Net difference between projected and actual earnings on pension plan investments	368,783	262,093	630,876
Changes in allocated proportion and differences between City contributions and proportionate share of contributions	242,921	140,864	383,785
Total	<u>\$ 615,578</u>	<u>\$ 402,957</u>	<u>\$ 1,018,535</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 \$601,906 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Deferred Outflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended April 30:</u>				
2018		\$ 380,298	\$ 282,617	\$ 662,915
2019		368,019	263,818	631,837
2020		260,896	192,163	453,059
2021		2,555	54,410	56,965
		<u>\$ 1,011,768</u>	<u>\$ 793,008</u>	<u>\$ 1,804,776</u>
		Deferred Inflows of Resources Related to Pensions		
		SCRS	PORS	Total
<u>Year ended April 30:</u>				
2018		\$ 274,764	\$ 177,755	\$ 452,519
2019		152,023	92,028	244,051
2020		121,216	75,808	197,024
2021		67,575	57,366	124,941
		<u>\$ 615,578</u>	<u>\$ 402,957</u>	<u>\$ 1,018,535</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Actuarial Assumptions

The total pension liabilities in the GASB Statements 68 Accounting and Financial Reporting for Pensions measured as of June 30, 2017, was based on the July 1, 2016 actuarial valuation. That valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	SCRS	PORS
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	Max of 30 years, variable	Max of 30 years, variable
Investment Return	7.5 percent*	7.5 percent*
Inflation	2.75 percent	2.75 percent
Salary Increases	3.5 percent plus step-rate increases 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%.

* After the July 1, 2016 actuarial report, the legislature changed the statutory investment return rate to 7.25% effective July 1, 2017. A roll forward adjustment was made by the actuary for this assumption revision for the June 30, 2017 plan year report used for the April 30, 2018 financial statement.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Employee Retirement (Continued)

Actuarial Assumptions (continued)

Member and employer contribution rates for SCRS and PORS are determined in accordance with Section 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. Contribution rates determined by an actuarial valuation are effective for the fiscal year beginning 24 months after the valuation date. The Retirement System Funding and Administration Act of 2017 (the “Act”) was signed into law on April 25, 2017, and became effective on July 1, 2017. This legislation amended Title 9 of the South Carolina Code of Laws. In addition to setting the employee and employer rates for the plan year beginning July 1, 2017, the Act also scheduled the employer contribution to increase by 1 percent each year for each of the subsequent five fiscal years for an ultimate rate of 18.56% and 21.24% by July 2022, for SCRS and PORS, respectively.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study on data through June 30, 2015.

The June 30, 2017 total pension liability, net pension liability and sensitivity information were determined based on the July 1, 2016, actuarial valuations, as adopted by the PEBA Board and State Fiscal Accountability Authority which utilized membership data as of July 1, 2016. The total pension liability was rolled forward from the valuation date to the plans fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Act included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of the Act, the actuary made an adjustment to the calculation of the roll-forward of the total pension liability as an assumption change for the measurement date of July 1, 2017.

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 beginning of 2017. 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 an arithmetic 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. Due to the Act effective July 1, 2017, the rates in this table were actuarially adjusted to 7.56 percent assumed annual investment rate of return comprised of a 5.00 percent real rate of return and a 2.25 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>
Global Public Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Estate	8.0%		
Real Estate (private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Rik Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total expected real return	<u>100.0%</u>		<u>5.32%</u>
Inflation for actuarial purposes			<u>2.25%</u>
Total expected nominal return			<u>7.57%</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, 2017, was 7.25 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 7.25 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 (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	City’s proportionate share of the net pension liabilities to changes in the discount rate		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 9,008,962	\$ 6,989,854	\$ 5,764,730
PORS	\$ 5,121,795	\$ 3,793,388	\$ 2,747,019

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, 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:

	Governmental Activities
Due from state government	\$ 461,527
Due to state government	(6,927)
Net, due from (to) other governments	<u>\$ 454,600</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, 2018, the City incurred \$1,010,812 in health care premiums and approximately \$144,089 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	\$ 14,364,746
Less, accumulated depreciation	<u>(7,525,158)</u>
Net amount reported	<u>\$ 6,839,588</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>224,700</u>
Net amount reported	<u>\$ (655,300)</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.

\$ 1,586,902

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

(647,341)

Net amount reported

\$ 939,561

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

Accrued interest payable	\$ (5,140)
Bond and installment purchase contracts	(2,029,860)
Accrued compensated absences	(313,578)
Net pension obligation	<u>(6,724,108)</u>
Net amount reported	<u>\$ (9,072,686)</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	\$ 1,160,342
Less, depreciation expense	(606,089)
Net amount reported	<u>\$ 554,253</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	\$ 24,977
Pension expenses	(243,972)
Imputed interest realized	(10,395)
Net amount reported	<u>\$ (229,390)</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:

Accrued interest	\$ 791
Principal repayments – bonds and installment note obligations	(337,640)
Lease purchase obligations	(1,735,500)
Net amount reported	<u>\$ (1,397,069)</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.	<u>330,000</u>
	<u>\$ 880,000</u>

These mortgage notes have been recorded in the Government-wide Financial Statements – Governmental Activities equal to \$224,700, net of unrealized imputed interest of \$655,230 at April 30, 2018. 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.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2018

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenue				
Taxes, penalties and fees	\$ 1,065,000	\$ 1,065,000	\$ 1,091,826	\$ 26,826
Local option sales tax	733,000	733,000	767,706	34,706
Licenses, permits and franchise fees	805,000	805,000	848,730	43,730
Fines and forfeitures	168,800	168,800	127,616	(41,184)
Intergovernmental	560,000	560,000	583,326	23,326
Charges for services	1,009,000	1,009,000	1,040,706	31,706
Users fees	16,200	16,200	20,400	4,200
Interest income	100	100	19	(81)
Sale of capital assets	9,000	9,000	29,450	20,450
Other	122,000	122,000	154,444	32,444
Total revenue	4,488,100	4,488,100	4,664,223	176,123
Expenditures				
Current:				
General government	1,224,514	1,224,514	1,284,052	(59,538)
Public safety	3,166,843	3,166,843	3,215,687	(48,844)
Public works	1,487,159	1,487,159	1,505,885	(18,726)
Culture and recreation	279,023	279,023	263,177	15,846
Capital outlay	110,000	110,000	250,151	(140,151)
Debt service	113,828	113,828	120,457	(6,629)
Total expenditures	6,381,367	6,381,367	6,639,409	(258,042)
Excess (deficiency) of revenue over expenditures	(1,893,267)	(1,893,267)	(1,975,186)	(81,919)
Other Financing Sources (uses)				
Transfers in	2,146,300	2,146,300	2,111,300	(35,000)
Transfers (out)	(253,033)	(253,033)	(170,377)	82,656
Total other financing sources (uses)	1,893,267	1,893,267	1,940,923	47,656
Net change in fund balance	—	—	(34,263)	(34,263)
Fund balance, beginning of year	4,405,802	4,405,802	4,405,802	—
Fund balance, end of year	\$ 4,405,802	\$ 4,405,802	\$ 4,371,539	\$ (34,263)

CITY OF BENNETTSVILLE, SOUTH CAROLINA
NOTES TO BUDGETARY COMPARISON SCHEDULE

APRIL 30, 2018

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*(1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City's proportion of the net pension liability	N/A	.031050%	.031963%	.032601%	0.032458%	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability	N/A	\$ 6,989,854	\$ 6,827,250	\$ 6,182,937	\$ 5,588,192	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 3,018,113	\$ 3,154,959	\$ 3,023,323	\$ 3,050,056	\$ 2,916,853	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	221.6%	225.8%	202.7%	191.6%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	53.3%	52.9%	57.0%	59.9%	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.

(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
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
LAST TEN FISCAL YEARS⁽¹⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 400,515	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 400,515	\$ 357,602	\$ 348,548	\$ 326,149	\$ 304,811	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
City’s covered-employee payroll	\$ 3,018,113	\$ 3,154,959	\$ 3,023,323	\$ 3,050,056	\$ 2,916,853	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of pensionable wages	13.3%	11.3%	11.8%	10.7%	10.4%	N/A	N/A	N/A	N/A	N/A

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

⁽²⁾ Because the employer rate was increased by more than the maximum allowed, pension funding credits were provided by the State of South Carolina for the twelve month period ended 6/30/18. The City has not used any of the \$31,573 allocated.

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)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City's proportion of the net pension liability (asset)	N/A	.138470%	.141970%	0.14531%	0.14797%	N/A	N/A	N/A	N/A	N/A
City's proportion share of the net pension liability (asset)	N/A	3,793,388	3,601,059	\$ 3,167,026	\$ 2,832,759	N/A	N/A	N/A	N/A	N/A
City's covered employee payroll	\$ 1,866,506	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780,968	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	205.0%	191.4%	176.3%	159.1%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	60.9%	60.4%	64.6%	67.5%	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⁽¹⁾
 (Dollar amount in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 295,614	\$ 254,708	\$ 249,890	\$ 231,801	\$ 219,704	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	\$ 295,614	\$ 254,708	\$ 249,890	\$ 231,801	\$ 219,704	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
City's covered-employee payroll	\$ 1,866,506	\$ 1,850,227	\$ 1,881,759	\$ 1,796,652	\$ 1,780,968	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.8%	13.8%	13.3%	12.9%	12.3%	N/A	N/A	N/A	N/A	N/A

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

⁽²⁾ Because the employer rate was increased by more than the maximum allowable increase, pension funding credits were provided by the State of South Carolina for the twelve month period ended 6/30/18. The City elected to use \$2,327 of the allocated \$18,609 during the 2018 fiscal year.

N/A – Not available

OTHER FINANCIAL INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL
FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

APRIL 30, 2018

	Special Revenue Funds									Totals	Debt Service Fund
	Housing Rehabilitation Fund	Housing Assistance	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Fire Ins. & Inspectors Fund	Confiscated Drugs Fund	Police Donations Fund		
Assets											
Cash and cash equivalents:											
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ 25,102	\$ 147,947	\$ —	\$ —	\$ —	\$ 173,049	\$ —
Restricted	44,670	25,033	23,921	—	—	—	30,920	19,206	144	143,894	—
Due from other funds	—	—	—	—	—	—	—	—	—	—	—
Notes receivables-housing assistance loans	111,836	83,133	14,989	880,000	—	—	—	—	—	1,089,958	—
Less, allowance for doubtful accounts	(111,836)	(83,133)	(14,989)	—	—	—	—	—	—	(209,958)	—
Total assets	\$ 44,670	\$ 25,033	\$ 23,921	\$ 880,000	\$ 25,102	\$ 147,947	\$ 30,920	\$ 19,206	\$ 144	\$ 1,196,943	\$ —
Liabilities and Fund Balances											
Liabilities:											
Deposits	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21,523	\$ —	\$ 21,523	\$ —
Due to other funds	—	—	—	—	—	—	—	16,595	—	16,595	—
Total liabilities	—	—	—	—	—	—	—	38,128	—	38,128	—
Fund balances:											
Restricted for:											
Housing assistance	44,670	25,033	23,921	880,000	—	—	—	—	—	973,624	—
Firemen education	—	—	—	—	—	—	30,920	—	—	30,920	—
Assigned to:											
Police department	—	—	—	—	—	—	—	—	144	144	—
Tourism and community development	—	—	—	—	25,102	147,947	—	—	—	173,049	—
Unassigned (deficit)	—	—	—	—	—	—	—	(18,922)	—	(18,922)	—
Total fund balances	44,670	25,033	23,921	880,000	25,102	147,947	30,920	(18,922)	144	1,158,815	—
Total liabilities and fund balances	\$ 44,670	\$ 25,033	\$ 23,921	\$ 880,000	\$ 25,102	\$ 147,947	\$ 30,920	\$ 19,206	\$ 144	\$ 1,196,943	\$ —

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED APRIL 30, 2018

	Special Revenue Funds										Total	Debt Service Fund
	Housing Rehabilitation Fund	Housing Assistance Fund	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Fire Ins. & Inspectors Fund	Confiscated Drugs Fund	Police Donations Fund			
Revenue												
Fines and forfeitures	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,460	\$ —	\$ —	\$ 3,460	\$ —
Intergovernmental	—	—	—	—	83,699	307,121	35,745	—	—	426,565	—	—
Other	45	564	81	—	40	14	53	2	61	860	—	—
Total revenue	45	564	81	—	83,739	307,135	35,798	3,462	61	430,885	—	—
Expenditures												
General government:												
Miscellaneous	997	—	—	—	—	—	25,903	7,226	285	34,411	\$ —	—
Culture and recreation:												
Tourism related	—	—	—	—	13,901	50,563	—	—	—	64,464	—	—
Capital outlay	—	—	—	—	—	—	—	—	—	—	—	—
Debt retirement	—	—	—	—	—	—	—	—	—	—	—	253,621
Total expenditures	997	—	—	—	13,901	50,563	25,903	7,226	285	98,875	253,621	—
Excess (deficiency) of revenue over expenditures	(952)	564	81	—	69,838	256,572	9,895	(3,764)	(224)	332,010	(253,621)	—
Other Financing Sources (Uses)												
Transfers in (out)	—	—	—	—	(64,300)	(347,000)	—	—	—	(411,300)	—	—
Net change in fund balances	(952)	564	81	—	5,538	(90,428)	9,895	(3,764)	(244)	(79,290)	—	—
Fund balances (deficits), beginning of year	45,622	24,469	23,840	880,000	19,564	238,375	21,025	(15,158)	368	1,238,105	—	—
Fund balances, end of year	\$ 44,670	\$ 25,033	\$ 23,921	\$ 880,000	\$ 24,102	\$ 147,947	\$ 30,920	\$ (18,922)	\$ 144	\$ 1,158,815	\$ —	—

INDIVIDUAL FUND
FINANCIAL SCHEDULES

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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

YEAR ENDED APRIL 30, 2018

(With comparative actual amounts at year ended April 30, 2017)

	Final Budget	Actual	Variance Over (Under)	Prior Year
Revenue				
Taxes, penalties and fees	\$ 1,065,000	\$ 1,091,826	\$ 26,826	\$ 1,077,784
Local option sales tax	733,000	767,706	34,706	758,040
Licenses, permits, and franchise fees	805,000	848,730	43,730	823,126
Fines and forfeitures	168,800	127,616	(41,184)	82,977
Intergovernmental:				
Grants	21,000	9,431	(11,569)	38,457
State shared	422,000	430,557	8,557	441,977
Other intergovernmental	117,000	143,338	26,338	118,182
Charges for service:				
Solid waste collection fees	1,000,000	1,027,316	27,316	972,877
Lot clearing fees	9,000	13,390	4,390	8,700
User fees:				
Community and fitness center	800	1,142	342	11,830
Other rental fees	15,400	19,258	3,858	12,826
Interest income	100	19	(81)	18
Sale of capital assets	9,000	29,450	20,450	18,228
Other	122,000	154,444	32,444	174,303
Total revenue	4,488,100	4,664,223	176,123	4,539,325
Expenditures				
Current:				
General government:				
City council	117,418	123,258	(5,840)	117,527
City attorney	23,939	23,938	1	23,938
Municipal judge and court	116,753	125,137	(8,384)	119,869
City administrator	219,279	214,101	5,178	228,082
Planning and zoning	347,397	279,234	68,163	219,849
Finance	187,269	197,046	(9,777)	195,084
Human resources	42,654	42,279	375	41,083
Non-departmental	169,805	279,059	(109,254)	93,528
Total general government	1,224,514	1,284,052	(59,538)	1,038,960
Public safety:				
Police	2,325,580	2,358,012	(32,432)	2,346,385
Fire	841,263	857,675	(16,412)	861,762
Total public safety	3,166,843	3,215,687	(48,844)	3,208,147
Public works:				
Streets and sanitation	1,228,632	1,245,459	(16,827)	1,338,044
Maintenance shop	60,171	64,585	(4,414)	56,359
Beautification and recycling	198,356	195,841	2,515	156,412
Total public works	1,487,159	1,505,885	(18,726)	1,550,815
Culture and recreation:				
Recreation and parks	279,023	263,177	15,846	337,848
Total culture and recreation	279,023	263,177	15,846	337,848
Capital outlay – all departments	110,000	250,151	(140,151)	42,803
Debt service	113,828	120,457	(6,629)	173,396
Total expenditures	6,381,367	6,639,409	(258,042)	\$ 6,351,969

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	(1,893,267)	(1,975,186)	(81,919)	(1,812,644)
Other Financing Sources (Uses)				
Transfers in	2,146,300	2,111,300	(35,000)	1,971,500
Transfers (out)	(253,033)	(170,377)	82,656	(5,000)
Total other financing sources (uses)	<u>1,893,267</u>	<u>1,940,923</u>	<u>47,656</u>	<u>1,966,500</u>
Net change in fund balance	—	(34,263)	(34,263)	153,856
Fund balance, beginning of year	4,405,802	4,405,802	—	3,888,582
Cumulative effect of restatement	—	—	—	363,364
Fund balance, end of year	<u>\$ 4,405,802</u>	<u>\$ 4,371,539</u>	<u>\$ (34,263)</u>	<u>\$ 4,405,802</u>

COMBINED UTILITY FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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, 2018

(With comparative actual amounts at year ended April 30, 2017)

	<u>Final Budget</u>	<u>Current Year</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Operating Revenue				
Sales and services:				
Water	\$ 1,598,000	\$ 1,532,809	\$ (65,191)	\$ 1,581,802
Sewer	1,805,000	1,755,758	(49,242)	1,788,343
Electric	10,251,000	10,201,627	(49,373)	9,501,808
Gas	1,917,000	2,531,060	614,060	2,207,872
Penalties, reconnect fees and other revenue	492,200	820,164	327,964	464,699
Total operating revenue	<u>16,063,200</u>	<u>16,841,418</u>	<u>778,218</u>	<u>15,544,524</u>
Operating Expenses				
Water plant	845,333	921,608	(76,275)	886,812
Water distribution	323,206	358,470	(35,264)	344,794
Wastewater treatment plant	474,797	498,558	(23,761)	464,169
Sewer/Stormwater collection	143,109	155,917	(12,808)	195,848
Electricity purchase and transmission	8,243,819	8,379,667	(135,848)	8,230,856
Gas purchase and distribution	1,477,183	1,959,544	(482,361)	1,793,961
Administration	649,532	662,025	(12,493)	709,348
Billing office	521,005	560,895	(39,890)	551,651
Non-departmental	507,238	159,142	348,096	109,243
Depreciation expense	—	1,057,604	(1,057,604)	1,009,355
Total operating expenses	<u>13,185,222</u>	<u>14,713,430</u>	<u>(1,528,208)</u>	<u>14,296,037</u>
Operating income	<u>2,877,978</u>	<u>2,127,988</u>	<u>(749,990)</u>	<u>1,248,487</u>
Non-Operating Revenue (Expenses)				
Interest income	13,000	1,954	(11,046)	27,446
Interest expense	(910,035)	(391,689)	518,346	(433,015)
Fiscal agent fees	—	(3,987)	(3,987)	(10,568)
Amortization of bond premium	—	(3,858)	(3,858)	3,858
Total non-operating revenue (expenses)	<u>(897,035)</u>	<u>(397,580)</u>	<u>499,455</u>	<u>(412,279)</u>
Income before contributions and transfers	<u>1,980,943</u>	<u>1,730,408</u>	<u>(250,535)</u>	<u>836,208</u>
Capital contributions				
Capital grants	—	38,000	38,000	626,775
Contributed capital	—	360,921	360,921	—
Total capital contributions	<u>—</u>	<u>398,921</u>	<u>398,921</u>	<u>626,775</u>
Transfers				
Transfers to other funds	(1,878,244)	(1,788,244)	90,000	(1,700,000)
Change in net position	102,699	341,085	238,386	(237,017)
Net position, beginning of year	10,454,242	10,454,242	—	11,197,642
Cumulative effect of restatements	—	—	—	(506,383)
Net position, end of year	<u>\$ 10,556,941</u>	<u>\$ 10,795,327</u>	<u>\$ 238,386</u>	<u>\$ 10,454,242</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

VICTIM'S RIGHTS ASSISTANCE

CITY OF BENNETTSVILLE, SOUTH CAROLINA
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
 YEAR ENDED APRIL 30, 2018

Court Fines and Assessments	
Court fines and assessments collected	\$ 259,552
Court fines and assessments remitted to State Treasurer	<u>(133,158)</u>
Total court fines and assessments retained by the City	<u><u>\$ 126,394</u></u>
Surcharges and Assessments retained for Victims Services	
Total surcharges collected	\$ 11,891
Total assessments	<u>7,247</u>
Total surcharges and assessments retained for victims services	<u><u>\$ 19,138</u></u>
Funds Allocated to Victims Services	
Carryover funds from prior year	\$ —
Surcharges and assessments retained	19,138
Expenditures for victims services	<u>(19,138)</u>
Unexpended victim's rights assistance funds	<u><u>\$ —</u></u>