

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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AUDITED BASIC FINANCIAL STATEMENTS  
AND  
OTHER FINANCIAL INFORMATION

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YEAR ENDED APRIL 30, 2013

WITH

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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AUDITED BASIC FINANCIAL STATEMENTS  
AND  
OTHER FINANCIAL INFORMATION

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YEAR ENDED APRIL 30, 2013

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CITY OF BENNETTSVILLE, SOUTH CAROLINA

REPORT OF INDEPENDENT AUDITOR

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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## REPORT OF INDEPENDENT AUDITOR

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bennettsville, South Carolina (the "City"), as of and for the year ended April 30, 2013, 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.

## 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, 2013, 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 is 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 2012 audited financial statements, and in my report dated July 31, 2012, I expressed an unqualified opinion on those financial statements.



September 3, 2013  
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, 2013**

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, 2013. Please read it in conjunction with City's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Per the Government-wide *Statement of Net Assets*, the City's total assets at year end April 30, 2013 were \$38.9 million and exceeded total liabilities by \$25.9 million. Of the total net assets at April 30, 2013, \$3.8 million were unrestricted and available to support short term operations of the City.

Per the Government-wide *Statement of Activities*, the City's total net assets increased by \$2,052 for the year ended April 30, 2013. The Governmental Activities resulted in a net increase of \$91,292, while the Business-type Activities decreased net assets in the amount of \$89,240. The Business Type Activities transferred \$1,900,000 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 Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded total liabilities by \$25.9 million at the close of April 30, 2013.

Below is a 'condensed' Statement of Net Assets at April 30, 2013, which depicts the major components of the City's assets, liabilities and net assets (with comparative amounts for April 30, 2012).

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Cash and cash equivalents:						
Unrestricted	\$ 703,700	\$ 722,795	\$ 118,352	\$ 159,768	\$ 822,052	\$ 882,563
Restricted	279,196	792,574	675,977	935,862	955,173	1,728,436
Equity in pooled cash	1,132,305	1,523,652	—	—	1,132,305	1,523,652
Investments	—	—	1,703,345	1,794,630	1,703,345	1,794,630
Other current assets	2,639,299	2,033,559	254,383	511,839	2,893,682	2,545,398
Deferred charges, net of accumulated amortization	—	—	246,697	273,817	246,697	273,817
Capital assets, net of accumulated depreciation	7,276,626	7,351,304	23,869,019	23,793,761	31,145,645	31,145,065
<b>Total assets</b>	<b>\$12,031,126</b>	<b>\$12,423,884</b>	<b>\$26,867,773</b>	<b>\$27,469,677</b>	<b>\$38,898,899</b>	<b>\$39,893,561</b>
<b>Liabilities and Net Assets</b>						
Current liabilities	\$ 466,485	\$ 495,313	\$ 1,455,508	\$ 1,393,828	\$ 1,921,993	\$ 1,889,141
Non-current liabilities	754,631	1,209,853	10,362,556	10,936,900	11,117,187	12,146,753
<b>Total liabilities</b>	<b>1,221,116</b>	<b>1,705,166</b>	<b>11,818,064</b>	<b>12,330,728</b>	<b>13,039,180</b>	<b>14,035,894</b>
Net invested in capital assets	6,874,331	6,532,938	13,703,243	13,038,809	20,577,574	19,571,747
Restricted	760,241	1,683,828	675,977	935,862	1,436,218	2,619,690
Unrestricted (deficit)	3,175,438	2,501,952	670,489	1,164,278	3,845,927	3,666,230
<b>Total net assets</b>	<b>\$10,810,010</b>	<b>\$10,718,718</b>	<b>\$15,049,709</b>	<b>\$15,138,949</b>	<b>\$25,859,719</b>	<b>\$25,857,667</b>

Of total net assets of \$25.9 million at April 30, 2013, (and \$25.9 million at April 30, 2012), \$10.8 million (and \$10.7 million in 2012) represents net assets of the City's Governmental Activities while \$15.0 million (and \$15.1 million in 2012) represents net assets of the City's Business-type Activities.

By far the largest portion of the City's net assets (\$20.6 million, or 80%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending.

## Government-Wide Financial Analysis (continued)

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

Also a portion of the City's total net assets, \$1,436,218, or 5.5% represents resources that are subject to external restrictions on how they may be used, which includes resources for the City's housing, community development, capital projects and debt service (\$760,241 of Governmental Activities), and restricted net assets for debt service and capital projects (totaling \$675,977 of the City's Business-type Activities). The remaining balance of *unrestricted net assets* (\$3.8 million, or 14.7%) may be used to meet the government's ongoing obligations to citizens and creditors.

The Governmental and Business-type Activities total assets and liabilities remained about the same in 2013 (as compared to 2012).

Business-type net assets decreased in 2013 by \$89,240 primarily due to a \$1.9 million transfer to the Governmental Activities of the City.

The City's components of changes in net assets (condensed from the Statement of Activities) for FY 2013 and FY 2012 are illustrated in the following table:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenue and transfers</b>						
Program Revenue:						
Charges for services	\$ 1,362,653	\$ 1,361,369	\$15,675,781	\$14,981,206	\$17,038,434	\$16,342,575
Operating grants and contributions	202,163	161,006	—	—	202,163	161,006
Capital grants and contributions	16,868	21,618	696,611	—	713,479	21,618
General revenue:						
Property taxes	1,795,883	1,845,919	—	—	1,795,883	1,845,919
State shared and unallocated intergovernmental	224,199	242,184	—	—	224,199	242,184
Licenses and other	811,509	717,276	—	—	811,509	717,276
Other	348,394	274,652	442,945	477,319	791,339	751,971
Transfers	1,900,000	2,000,000	(1,900,000)	(2,000,000)	—	—
Total revenue and transfers	<u>6,661,669</u>	<u>6,624,024</u>	<u>14,915,337</u>	<u>13,458,525</u>	<u>21,577,006</u>	<u>20,082,549</u>
<b>Expenses</b>						
General government	1,077,081	1,034,935	—	—	1,077,081	1,034,935
Public safety	3,361,502	3,197,723	—	—	3,361,502	3,197,723
Public works	1,639,530	1,552,235	—	—	1,639,530	1,552,235
Culture and recreation	391,520	389,785	—	—	391,520	389,785
Interest	100,744	185,457	—	—	100,744	185,457
Combined utility	—	—	15,004,577	14,525,385	15,004,577	14,525,385
Total expenses	<u>6,570,377</u>	<u>6,360,135</u>	<u>15,004,577</u>	<u>14,525,385</u>	<u>21,574,954</u>	<u>20,885,520</u>
Changes in net assets	91,292	263,889	(89,240)	(1,066,860)	2,052	(802,971)
Beginning net assets	<u>10,718,718</u>	<u>10,454,829</u>	<u>15,138,949</u>	<u>16,205,809</u>	<u>25,857,667</u>	<u>26,660,638</u>
Ending net assets	<u>\$10,810,010</u>	<u>\$10,718,718</u>	<u>\$15,049,709</u>	<u>\$15,138,949</u>	<u>\$25,859,719</u>	<u>\$25,857,667</u>

## Government-Wide Financial Analysis (continued)

Net assets in Governmental Activities had a total increase of \$91,292 in 2013 compared to an increase of \$263,889 in 2012. This was primarily due to the City's efforts to manage spending with flat revenue. Net assets in Business-type Activities decreased \$89,240 and \$1,066,860 in 2013 and 2012 respectively. Both periods included transfers to the governmental activities of \$1,900,000 and \$2,000,000 in 2013 and 2012 respectively.

Key Governmental Activities revenue highlights are as follows: Total Program Revenue increased by \$37,691 in 2013 (2%) primarily due to increase in charges for services. While General Revenues of property taxes and related revenues was nearly unchanged over prior period.

Governmental Activity expense changes between 2013 and 2012 overall increase was due to increases in interest expense.

Key Business-type Activity revenue highlights are as follows: seasonal temperature variations lowered overall revenue and expenses of the combined utility system. The major cost drivers for the electric and gas systems are the costs of electricity and gas sold for resale to the City's customers. Overall system demand was lower in 2013.

**Expenses and Program Revenues – Governmental Activities** - Governmental expenses (totaling \$6.6 million) are funded in part by program-specific revenues of fees for services, grants and contributions. As shown below, Governmental Activities were overall funded by 24% 'program revenues', leaving 76% to be funded by 'general revenues'. From the Statement of Activities, the following table details this activity for the City.

	(Expenses)	Program Revenue	Net (Expense)	% Funded by Program Revenues	% Required to be Funded by General Revenues
General government	\$ (1,077,081)	\$ 147,468	\$ (929,613)	14	86
Public safety	(3,361,502)	359,707	(3,001,795)	11	89
Public works	(1,639,530)	973,604	(665,926)	59	41
Culture and recreation	(391,520)	100,905	(290,615)	26	74
Interest	(100,744)	—	(100,744)	—	100
Totals	<u>\$ (6,570,377)</u>	<u>\$ 1,581,684</u>	<u>\$ (4,988,693)</u>	<u>24</u>	<u>76</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 76% in the following categories.

	<u>2013</u>	<u>2012</u>
Property taxes	\$ 1,795,883	\$ 1,845,919
Hospitality taxes	246,451	235,022
State shared revenue	224,199	242,184
Licenses and other	811,509	717,276
Investment earnings	547	856
Miscellaneous	101,396	38,774
Transfer	1,900,000	2,000,000
Total	<u>\$ 5,079,985</u>	<u>\$ 5,080,031</u>

Overall, the City experienced no change in General Revenues.

**Expenses and Program Revenues – Business-type Activities** - The City's Combined Utility Enterprise Fund that comprises its Business-type Activities is used for all resources associated with supplying electricity, natural gas, water and providing sewage services to domestic, business and industrial customers within the City limits as well as some of the surrounding unincorporated areas of Marlboro County. Operating revenues totaled \$16.1 million in 2013 (as compared to \$15.4 million in 2012) and includes electric sales of \$9.7 million, natural gas sales of \$2.5 million, water sales of \$1.7 million plus \$1.3 million from sewer services. With the balance consisting of penalties, reconnect fees and other revenues. Operating income at year ended April 30, 2013, totaled \$1,423,728 (as compared to \$1,204,746 in 2012) and includes a significant improvement in electric revenue primarily due to an electric rate design adjustment increasing purchased power cost recovery. The long range plan of reducing the utility transfer from \$2,500,000 to \$1,500,000 continued this year with a \$100,000 reduction. The system has seen no significant growth in its customer base or consumption patterns.

### General Fund Financial Analysis and Budgetary Highlights

Of the City's Governmental Funds, the City's General Fund is the primary (and major) fund. As compared to 2012, actual General Fund revenues for 2013 increased by \$112,461 (or 2.6%), primarily due to license and permit collections. General Fund expenditures increased by \$529,948 (or 8.5%) from 2012 to 2013 primarily due to capital outlay expenditures. The General Fund's 'final' budgeted revenues totaled \$4,131,900 and actual revenues achieved equaled \$4,413,089 or \$281,189 more than budget. The City had actual General Fund expenditures of \$6,779,241, compared to a 'final' budget of 6,098,900 for an unfavorable variance of \$680,341 for the fiscal year ended April 30, 2013.



## 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 2013 compared to 2012 actual amounts achieved.

General Fund	2013		Variances Over (Under)	2012
	Final Budget	Actual		Actual
<b>Revenue</b>				
Property taxes	\$ 943,000	\$ 918,999	\$ (24,001)	\$ 896,421
Local option sales tax	665,000	742,440	77,440	823,824
Licenses and permits	690,000	766,770	76,770	688,673
Fines and forfeitures	213,200	205,708	(7,492)	186,451
State shared revenue	439,000	458,048	19,048	482,107
Current services	950,000	920,906	(29,094)	954,726
Grants and other	229,200	399,685	170,485	267,576
Interest income	2,500	533	(1,967)	850
<b>Total revenue</b>	<b>4,131,900</b>	<b>4,413,089</b>	<b>281,189</b>	<b>4,300,628</b>
<b>Expenditures</b>				
Current:				
General government	910,554	885,128	(25,426)	873,193
Public safety	2,932,303	3,153,329	221,026	2,957,189
Public works	1,476,691	1,549,439	72,748	1,458,739
Culture and recreation	297,011	294,852	(2,159)	292,278
Debt service	434,141	434,138	(3)	468,187
Capital outlay	48,200	462,355	414,155	199,707
<b>Total expenditures</b>	<b>6,098,900</b>	<b>6,779,241</b>	<b>680,341</b>	<b>6,249,293</b>
Excess (deficiency) of revenue over (under) expenditures	(1,967,000)	(2,366,152)	399,152	(1,948,665)
Other financing sources and (uses)	1,967,000	1,952,760	14,240	2,722,000
<b>Net change in fund balance</b>	<b>\$ —</b>	<b>\$ (413,392)</b>	<b>\$ 413,392</b>	<b>\$ 773,335</b>

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - As of April 30, 2013, the City's investment in capital assets for its Governmental Activities totaled \$12.2 million, less accumulated depreciation of \$4.9 million for a net carrying value of \$7.3 million. For its Business-type Activities, total investment in capital assets equaled \$42.0 million, less accumulated depreciation of \$18.2 million for a net carrying value of \$23.8 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 via installment purchase arrangements. The Business-type Activities (Combined Utility Fund), acquired vehicles and equipment during the year. The City is repairing its sewer system funded primarily from Community Development Block Grants.

**Long-Term Debt** - The business-type activity has three series of revenue bonds outstanding with a balance due of \$9.6 million. The current portion due for those obligations is approx \$597,672. Additional information on the City's long-term debt can be found in *Note 6* of this report.

### **REQUEST FOR INFORMATION**

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

## BASIC FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF NET ASSETS

APRIL 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents:			
Unrestricted	\$ 703,700	\$ 118,352	\$ 822,052
Restricted	279,196	675,977	955,173
Equity in pooled cash	1,132,305	—	1,132,305
Investments	—	1,703,345	1,703,345
Receivables, net:			
Accounts	67,810	1,733,583	1,801,393
Notes	5,807	—	5,807
Due from other governments	318,494	—	318,494
Internal balances, net	2,171,345	(2,171,345)	—
Inventories and prepaid items	75,843	692,145	767,988
Capital assets:			
Nondepreciable	326,401	403,686	730,087
Depreciable, net	6,950,225	23,465,333	30,415,558
Deferred charges, net	—	246,697	246,697
<b>Total Assets</b>	<u>\$ 12,031,126</u>	<u>\$ 26,867,773</u>	<u>\$ 38,898,899</u>
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Accounts payable	\$ 55,123	\$ 774,178	\$ 829,301
Accrued payroll and other payables	196,666	107,975	304,641
Accrued interest payable	613	70,690	71,303
Customer deposits and prepayments	214,083	502,665	716,748
Non-current liabilities:			
Due in less than one year	113,017	741,512	854,529
Due in more than one year	641,614	9,621,044	10,262,658
<b>Total liabilities</b>	<u>1,221,116</u>	<u>11,818,064</u>	<u>13,039,180</u>
Net assets:			
Invested in capital assets, net of related debt	6,874,331	13,703,243	20,577,574
Restricted for:			
Property tax rollback	465,865	—	465,865
Debt and capital projects	152,996	675,977	828,973
Housing and community development	98,885	—	98,885
Fire and law enforcement activities	17,495	—	17,495
Underground storage tanks	25,000	—	25,000
Unrestricted	3,175,438	670,489	3,845,927
<b>Total net assets</b>	<u>10,810,010</u>	<u>15,049,709</u>	<u>25,859,719</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,031,126</u>	<u>\$ 26,867,773</u>	<u>\$ 38,898,899</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED APRIL 30, 2013

Functions and Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Fees for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	\$ (1,077,081)	\$ 15,530	\$ 131,938	\$ —	\$ (929,613)	\$ —	\$ (929,613)
Public safety	(3,361,502)	295,066	54,196	10,445	(3,001,795)	—	(3,001,795)
Public works	(1,639,530)	951,152	16,029	6,423	(665,926)	—	(665,926)
Culture and recreation	(391,520)	100,905	—	—	(290,615)	—	(290,615)
Interest	(100,744)	—	—	—	(100,744)	—	(100,744)
Total governmental activities	<u>(6,570,377)</u>	<u>1,362,653</u>	<u>202,163</u>	<u>16,868</u>	<u>(4,988,693)</u>	<u>—</u>	<u>(4,988,693)</u>
Business-type activities:							
Combined utility	(15,004,577)	15,675,781	—	696,611	—	1,367,815	1,367,815
Total business-type activities	<u>(15,004,577)</u>	<u>15,675,781</u>	<u>—</u>	<u>696,611</u>	<u>—</u>	<u>1,367,815</u>	<u>1,367,815</u>
Total functions and programs	<u>\$ (21,574,954)</u>	<u>\$ 17,038,434</u>	<u>\$ 202,163</u>	<u>\$ 713,479</u>	<u>(4,988,693)</u>	<u>1,367,815</u>	<u>(3,620,878)</u>
<b>General Revenue and Transfers</b>							
General Revenue:							
Property taxes					1,795,883	—	1,795,883
Hospitality taxes					246,451	—	246,451
State shared and intergovernmental (unrestricted)					224,199	—	224,199
Business licenses and other tax					811,509	—	811,509
Unrestricted investments earnings					547	33,413	33,960
Sale of capital assets					43,553	12,851	56,404
Miscellaneous					57,843	396,681	454,524
Transfers					1,900,000	(1,900,000)	—
Total general revenue and transfers					<u>5,079,985</u>	<u>(1,457,055)</u>	<u>3,622,930</u>
Changes in net assets					91,292	(89,240)	2,052
Net Assets – beginning of year					10,718,718	15,138,949	25,857,667
Net Assets – end of year					<u>\$ 10,810,010</u>	<u>\$ 15,049,709</u>	<u>\$ 25,859,719</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents:			
Unrestricted	\$ 200,524	\$ 503,176	\$ 703,700
Restricted	180,311	98,885	279,196
Equity in pooled cash	1,132,305	—	1,132,305
Receivables:			
Property taxes	142,736	—	142,736
Other	129,990	880,000	1,009,990
Less, allowances for doubtful accounts	(272,726)	—	(272,726)
Due from other governments	318,494	—	318,494
Due from other funds	1,931,913	239,432	2,171,345
Inventory and prepaid items	75,843	—	75,843
<b>Total assets</b>	<u>\$ 3,839,390</u>	<u>\$ 1,721,493</u>	<u>\$ 5,560,883</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 55,123	\$ —	\$ 55,123
Accrued payroll and other payables	196,666	—	196,666
Due to other funds	—	—	—
Due to other governments	—	—	—
Deferred revenue and deposits	214,082	—	214,082
<b>Total liabilities</b>	<u>465,871</u>	<u>—</u>	<u>465,871</u>
Fund balances:			
Non-spendable	75,843	—	75,843
Restricted	647,857	992,384	1,640,241
Committed	—	729,109	729,109
Assigned	81,834	—	81,834
Unassigned	2,567,985	—	2,567,985
<b>Total fund balances</b>	<u>3,373,519</u>	<u>1,721,493</u>	<u>5,095,012</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,839,390</u>	<u>\$ 1,721,493</u>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in these funds. 7,276,626

Certain receivables are not financial resources and therefore, are not reported in these funds. (806,384)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in these funds. (755,244)

Net Assets, end of year – Governmental Activities \$ 10,810,010

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, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Taxes, penalties and fees	\$ 918,999	\$ —	\$ 918,999
Local options sales tax	742,440	—	742,440
Licenses and permits	766,770	—	766,770
Fines and forfeitures	205,708	—	205,708
Intergovernmental revenues:			
Grant	91,891	—	91,891
Rural fire protection	60,000	—	60,000
Other intergovernmental	458,048	347,081	805,129
User fees	14,823	—	14,823
Solid waste collection fees	920,906	—	920,906
Franchise fees	68,177	—	68,177
Rental fees	15,584	—	15,584
Interest income	533	—	533
Sale of capital assets	43,439	—	43,439
Other	105,771	1,966	107,737
<b>Total revenue</b>	<u>4,413,089</u>	<u>349,047</u>	<u>4,762,136</u>
<b>Expenditures</b>			
Current:			
General government	885,128	53,368	938,496
Public safety	3,153,329	—	3,153,329
Public works	1,549,439	—	1,549,439
Culture and recreation	294,852	96,668	391,520
Capital outlay	462,355	32,992	495,347
Debt service	434,138	—	434,138
<b>Total expenditures</b>	<u>6,779,241</u>	<u>183,028</u>	<u>6,962,269</u>
Excess (deficiency) of revenue over expenditures	(2,366,152)	166,019	(2,200,133)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	2,052,000	(52,760)	1,999,240
Installment purchase obligation	(99,240)	—	(99,240)
<b>Total other financing sources (uses)</b>	<u>1,952,760</u>	<u>(52,760)</u>	<u>1,900,000</u>
<b>Net change in fund balances</b>	<b>(413,392)</b>	<b>113,259</b>	<b>(300,133)</b>
Fund balances, beginning of year	3,786,911	1,608,234	5,395,145
Fund balances, end of year	<u>\$ 3,373,519</u>	<u>\$ 1,721,493</u>	<u>\$ 5,095,012</u>

— CONTINUED —

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

— CONTINUED —

<b>Reconciliation to amounts reported for governmental activities in the Statement of Activities (See Note 13):</b>	
Net change in fund balances – total governmental funds	\$ (300,133)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(74,678)
Certain revenues and expenses are not reported as source and uses of current financial resources. This is the amount of such accruals.	39,617
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.	426,486
Change in Net Assets – Governmental Activities	\$ <u>91,292</u>

*See accompanying notes to financial statements.*



CITY OF BENNETTSVILLE, SOUTH CAROLINA

BALANCE SHEET

PROPRIETARY FUND

APRIL 30, 2013

	<u>Business-type Activities – Enterprise Fund Combined Utility</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 118,352
Equity in pooled cash	—
Investments	1,703,345
Accounts receivable, net	1,733,583
Internal balances	(2,171,345)
Inventories	682,145
Current restricted assets:	
Restricted cash and cash equivalents	675,977
Total current assets	<u>2,742,057</u>
Non-current assets:	
Capital assets, not subject to depreciation	403,686
Capital assets subject to depreciation	23,465,333
Deferred charges, net	246,697
Total non-current assets	<u>24,115,716</u>
Total assets	<u>\$ 26,867,773</u>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 774,178
Accrued payroll and withholdings payable	107,975
Accrued interest payable	70,690
Due to General Fund	—
Customer deposits and prepayments	502,665
Bonds payable – current portion	597,672
Installment purchase contract – current portion	143,840
Total current liabilities	<u>2,197,020</u>
Long-term (non-current) liabilities:	
Accrued compensated absences	196,780
Revenue bonds payable	9,051,547
Installment purchase contract	372,717
Total long-term liabilities	<u>9,621,044</u>
Total liabilities	<u>11,818,064</u>
Net assets:	
Invested in capital assets, net of related debt	13,197,301
Restricted for debt and capital projects	675,977
Unrestricted	1,176,431
Total net assets	<u>15,049,709</u>
Total liabilities and net assets	<u>\$ 26,867,773</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED APRIL 30, 2013

	<b>Business-type Activities – Enterprise Fund Combined Utility</b>
<b>Operating Revenue (pledged as security for revenue bonds)</b>	
Sales and services:	
Water	\$ 1,661,312
Sewer	1,846,853
Electric	9,668,563
Gas	2,499,053
Penalties, reconnect fees and other revenue	396,681
Total operating revenue	16,072,462
<b>Operating Expenses</b>	
Water plant and distribution	1,137,990
Wastewater plant and collection	569,197
Electricity purchase and transmission	8,630,179
Gas purchase and distribution	1,983,456
Administration and billing	1,021,006
Non-departmental	162,802
Depreciation expense	1,144,104
Total operating expenses	14,648,734
Operating income	1,423,728
<b>Non-Operating Revenue (Expenses)</b>	
Interest income	33,413
Gains (losses) on assets disposal	12,851
Interest expense	(328,723)
Bond issuance cost amortized	(27,120)
Total non-operating revenue (expenses)	(309,579)
Income before contributions and transfers	1,114,149
<b>Capital contributions</b>	
Capital grants	190,669
Contributed capital	505,942
Total capital contributions	696,611
<b>Transfers</b>	
Transfers to General Fund	(1,900,000)
<b>Change in net assets</b>	<b>(89,240)</b>
Net assets, beginning of year	15,138,949
Net assets, end of year	\$ 15,049,709

*See accompanying notes to financial statements.*

CITY OF BENNETTSVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED APRIL 30, 2013

	<u>Business-type Activities– Enterprise Fund Combined Utility</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from:	
Combined utility sales and services, penalties, reconnect fees and other revenue	\$ 15,746,488
Cash paid to (for):	
Employee salaries and related costs, and combined utility operations	(12,840,706)
Net cash provided by (used in) operating activities	<u>2,905,782</u>
<b>Cash Flows from Non-capital Financing Activities</b>	
Transfer to General Fund	(1,900,000)
Net cash provided by (used in) non-capital financing activities	<u>(1,900,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(621,466)
Capital grants	190,000
Proceeds from sales of capital assets	12,851
Proceeds from SRF Loans	133,128
Interest paid on capital related debt	(332,705)
Principal payments under bonds and capital leases	(722,304)
Net cash provided by (used in) capital and related financing activities	<u>(1,340,496)</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	33,413
Sales of investments	850,000
Purchases of investments	(850,000)
Net cash provided by (used in) investing activities	<u>33,413</u>
Net increase (decrease) in cash and cash equivalents	(301,301)
Cash and cash equivalents, beginning of year (of which \$935,862 is restricted)	1,095,630
Cash and cash equivalents, end of year (of which \$675,977 is restricted)	<u>\$ 794,329</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 1,423,728
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	1,144,104
Changes in certain assets and liabilities:	
(Increase) in accounts receivable	(329,467)
(Increase) in inventory	(46,672)
Increase in accounts payable/accrued expenses	62,169
Increase in accrued compensated absences	14,832
Increase in customer deposits	3,493
Increase (decrease) in internal balances due to other funds	633,595
Net cash provided by (used in) operating activities	<u>\$ 2,905,782</u>
<b>Supplemental disclosure of non-cash capital and related financing activities</b>	
Amortization of bond issuance costs	<u>\$ 27,120</u>
Contributed capital	<u>\$ 505,942</u>

See accompanying notes to financial statements.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2013

**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 Assets 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.

All Governmental and Business-type Activities and Proprietary Funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 \$6,098,900. Actual expenditures totaled \$6,779,241, which included capital outlay purchases financed by installment note purchase contracts. The Combined Utility Fund operated under a budget totaling \$17,861,200. Actual operating expenses totaled \$14,648,734 (including a non-budgetary charge of \$1,144,104 for depreciation), non-operating expenses totaled \$309,579 and transfers out totaled \$1.9 million.

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

Cash and Cash Equivalents and Investments

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

Short-Term Interfund Receivables/Payables

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

Accounts Receivable and Allowance for Doubtful Accounts

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

Inventory

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

Deferred Charges (Other Assets)

Bond issuance costs, as well as bond premiums and discounts, are deferred and amortized over the life of the related bond issue using the straight-line method.



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 Assets. Long-term debt represents unmatured principal of general obligation and revenue bond indebtedness, and outstanding portions due on long-term contracts. Other long-term obligations represent outstanding net present value portions due on capital lease obligations, and long-term portions of claims or judgments. Liabilities arising from interfund activities do not constitute general long-term liabilities.

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

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

Compensated Absences (Accrued Vacation and Sick Leave)

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

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

Net Assets and Fund Balances

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

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

Property Taxes

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

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

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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

Property Taxes (continued)

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

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

Program and General Revenue

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

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

Comparative Data and Reclassifications

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

Use of Estimates

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

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**2. Deposits and Investments**

As of April 30, 2013, the City had the following cash and investment balances:

Cash on hand	\$ 4,250
Carrying amount of deposits	2,905,281
<b>Totals</b>	<b>\$ 2,909,531</b>
Statement of Net Asset balances:	
Cash and cash equivalents:	
Unrestricted	\$ 822,053
Restricted	955,173
Equity in pooled cash	1,132,305
<b>Totals</b>	<b>\$ 2,909,531</b>

Deposits

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

Custodial credit risk for deposits is the risk that in the event of a depository institution's failure, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Deposits include cash and cash equivalents on deposits in banks or the State Treasurer Investment Pool and non-negotiable certificates of deposits. At April 30, 2013, the carrying amounts of the City's deposits of \$2,905,281 were covered by federal depository insurance totaling \$866,248 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, 2013 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 – 1.30%	\$ 251,647	3/25/2014
Certificate of deposit – 1.50%	242,928	10/11/2017
Certificate of deposit – .75%	150,582	9/22/2014
Certificate of deposit – 1.15%	100,759	7/13/2015
Certificate of deposit – 1.50%	205,092	8/31/2015
Certificate of deposit – .55%	100,070	9/16/2013
Certificate of deposit – 4.55%	103,934	4/2/2015
Certificate of deposit – 1.25%	139,850	3/27/2017
Certificate of deposit – 1.75%	140,085	3/27/2015
Corporate notes and bonds – 1.30%	150,897	4/20/2016
Federal government agencies' securities	100,210	Varies
Other money fund investments	17,291	On demand
Total fair value	<u>\$ 1,703,345</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, 2013, none of the City's investments of \$1,703,345 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 a single financial institution as of April 30, 2013.

**3. Restricted Assets**

Restricted cash and cash equivalents reported in the Business-type Activities totaled \$675,977 at April 30, 2013. This amount was for projects authorized by the Combined Utility System Bonds, Series 2004, the Series 2009 A and B Debt Service Reserve Funds, and for obligations under installment note contracts or capital leases. Restricted cash and cash equivalents for the Governmental Activities totaled \$279,196 at April 30, 2013. This amount was restricted to the purchase of specific items of equipment as required under the terms of a installment note contract obligation, housing, and law enforcement activities.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

4. Receivables

Accounts receivable at April 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 210,546	\$ —
Lot clearing fees	129,990	—
Combined utility accounts	—	3,050,868
Miscellaneous	—	3,505
Total receivables	<u>340,536</u>	<u>3,054,373</u>
Less, allowance for uncollectible accounts	<u>(272,726)</u>	<u>(1,320,790)</u>
Accounts receivable, net	<u>\$ 67,810</u>	<u>\$ 1,733,583</u>

Notes receivable at April 30, 2013, including the applicable allowances for uncollectible accounts and imputed interest are as follows:

Upper Story Housing (See Note 14)	\$ 880,000
Housing rehabilitation	120,270
Housing assistance	84,586
CDBG Repayment Fund	16,988
Total notes receivable	<u>1,101,844</u>
Less, imputed interest and allowance for uncollectible accounts	<u>(1,096,037)</u>
Notes receivable, net	<u>\$ 5,807</u>

5. Due to/from Other Funds – Internal Balances

Short-term interfund receivables and payables at April 30, 2013, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,171,345	\$ 239,432
Capital Project Fund	239,432	—
Utility Fund	—	2,171,345
Total interfund balances	<u>2,410,777</u>	<u>2,410,777</u>
Less Governmental Fund eliminations	<u>(239,432)</u>	<u>(239,432)</u>
Internal balances, net	<u>\$ 2,171,345</u>	<u>\$ 2,171,345</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, 2013 are summarized below:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,052,000	\$ 99,240
Special Revenue Funds	—	152,000
Capital Project Fund	99,240	—
Utility Fund	—	1,900,000
	<u>\$ 2,151,240</u>	<u>\$ 2,151,240</u>

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

**6. Capital Assets**

A summary of the changes in the City's capital assets during the year ended April 30, 2013, are as follows:

**Governmental Activities:**

	<u>Balance April 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance April 30, 2013</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 326,401	\$ —	\$ —	\$ 326,401
Total capital assets not being depreciated	<u>326,401</u>	<u>—</u>	<u>—</u>	<u>326,401</u>
Capital assets being depreciated:				
Buildings and improvements	7,357,852	—	—	7,357,852
Furniture, vehicles, equipment	4,153,147	401,322	(75,404)	4,479,065
Totals capital assets being depreciated	<u>11,510,999</u>	<u>401,322</u>	<u>(75,404)</u>	<u>11,836,917</u>
Less, accumulated depreciation for:				
Buildings and improvements	(1,752,539)	(224,315)	—	(1,976,854)
Furniture, vehicles, equipment	(2,733,557)	(251,685)	75,404	(2,909,838)
Total accumulated depreciation	<u>(4,486,096)</u>	<u>(476,000)</u>	<u>75,404</u>	<u>(4,886,692)</u>
Total capital assets being depreciated, net	<u>7,024,903</u>	<u>(74,678)</u>	<u>—</u>	<u>6,950,225</u>
Net capital assets – Governmental Activities	<u>\$ 7,351,304</u>	<u>\$ (74,678)</u>	<u>\$ —</u>	<u>\$ 7,276,626</u>

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

General government	\$ 139,079
Public safety	236,369
Public works	100,552
Total depreciation expense	<u>\$ 476,000</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Capital Assets (Continued)

Business-Type Activities:

	<u>Balance</u> <u>April 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2013</u>
Capital assets not being depreciated:					
Land	\$ 145,300	\$ —	\$ —	\$ —	\$ 145,300
Construction in progress	477,999	391,514	—	(611,127)	258,386
Total capital assets not being depreciated	<u>623,299</u>	<u>391,514</u>	<u>—</u>	<u>(611,127)</u>	<u>403,686</u>
Capital assets being depreciated:					
Buildings	626,283	—	—	—	626,283
Improvement other than buildings	37,093,279	554,285	(230,985)	611,127	38,027,706
Equipment and vehicles	2,894,640	273,563	(176,612)	—	2,991,591
Total capital assets being depreciated	<u>40,614,202</u>	<u>827,848</u>	<u>(407,597)</u>	<u>611,127</u>	<u>41,645,580</u>
Less, accumulated depreciation for:					
Buildings	(484,008)	(40,571)	—	—	(524,579)
Improvement other than buildings	(14,438,721)	(1,032,238)	230,985	—	(15,239,974)
Equipment and vehicles	(2,521,011)	(71,295)	176,612	—	(2,415,694)
Total accumulated depreciation	<u>(17,443,740)</u>	<u>(1,144,104)</u>	<u>407,597</u>	<u>—</u>	<u>(18,180,247)</u>
Total capital assets being depreciated, net	<u>23,170,462</u>	<u>(316,256)</u>	<u>—</u>	<u>611,127</u>	<u>23,465,333</u>
Net capital assets – Business-type activities	<u>\$ 23,793,761</u>	<u>\$ 75,258</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 23,869,019</u>



CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt

General Obligation Bonds

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

Revenue Bonds

The City's revenue bonds are secured by a pledge of revenue generated by the Combined Utility System.

Long-term debt of the City at April 30, 2013 consists of the following:

**A. Governmental Activities**

Installment note contract with RBC Bank for various vehicles and equipment, due in quarterly installments of \$67,794 through October 1, 2016, interest at 1.74% (Governmental Activities portion of the total note obligation):	\$ 402,295
Accrued compensated absences	<u>352,336</u>
	<u>754,631</u>
Less, current portions (due within one year):	
Installment note payable	<u>(113,017)</u>
Total current portion	<u>(113,017)</u>
<b>Total long-term debt – Governmental Activities</b>	<b><u><u>\$ 641,614</u></u></b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**6. Long-Term Debt (Continued)**

**B. Business-Type Activities**

Series 2004 Combined Utility System Refunding and Improvement Revenue Bonds interest (2.00% - 4.25% per annum) payable semi-annually, final payment due February 1, 2024.	\$ 6,295,000
Series 2009A South Carolina Water Pollution Control Revolving Fund Loan due in quarterly installments of \$19,939 through October 1, 2030; interest at 1.85%.	1,185,705
Series 2009B South Carolina Drinking Water Revolving Fund Loan due in quarterly installments of \$25,366 through September 1, 2040; interest at 1.88%.	2,168,514
Installment note contract with RBC Bank for various vehicles and equipment, due in quarterly installments of \$67,794 through October 1, 2016, interest at 1.74%. (Business-type Activities portion of note obligation):	516,557
Accrued compensated absences	196,780
	<u>10,362,556</u>
Less, current portions (due within one year):	
Series 2004 Revenue Bond	(475,000)
Series 2009A SRF Loan	(59,656)
Series 2009B SRF Loan	(63,016)
Installment note payable	(143,840)
Total current portion	<u>(741,512)</u>
<b>Total long-term debt – Business-type Activities</b>	<b><u>\$ 9,621,044</u></b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

C. Changes in Long-Term Debt

Changes in the long-term debt of the City during the year ended April 30, 2013, were as follows:

	Outstanding 4/30/12	Additions	Retirements	Outstanding 4/30/13
<b>Governmental Activities:</b>				
General Obligation Bonds	\$ 305,000	\$ —	\$ (305,000)	\$ —
Installment note contract	\$ 513,366	\$ —	\$ (111,071)	\$ 402,295
Accrued compensated absences	\$ 391,487	\$ —	\$ (39,151)	\$ 352,336
<b>Business-type Activities:</b>				
Combined Utility System Revenue Bond, Series 2004	\$ 6,755,000	\$ —	\$ (460,000)	\$ 6,295,000
Series 2009A SRF Loan	\$ 1,244,466	\$ —	\$ (58,761)	\$ 1,185,705
Series 2009B SRF Loan	\$ 2,097,565	\$ 133,128	\$ (62,179)	\$ 2,168,514
Installment note contract	\$ 657,921	\$ —	\$ (141,364)	\$ 516,557
Accrued compensated absences	\$ 181,948	\$ 14,832	\$ —	\$ 196,780

The outstanding balances for the Series 2009A and 2009B reflect amounts drawn through April 30, 2013, less amounts paid to date. Total face amounts of the loans equaled \$1,330,994 for the Series 2009A and \$2,322,455 for the Series 2009B combined total of \$3,653,449. The City has made principal payments totaling \$260,621 through April 30, 2013, leaving a combined debt service amortization amount of \$3,392,828.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

D. 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:

	Revenue Bonds		SRF Loans		Installment Note		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<b>Governmental</b>								
<b>Activities:</b>								
2014	\$ —	\$ —	\$ —	\$ —	\$ 113,017	\$ 6,300	\$ 113,017	\$ 6,300
2015	—	—	—	—	114,996	4,321	114,996	4,321
2016	—	—	—	—	117,010	2,306	117,010	2,306
2017	—	—	—	—	57,272	387	57,272	387
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>402,295</u>	<u>13,314</u>	<u>402,295</u>	<u>13,314</u>
<b>Business-type</b>								
<b>Activities:</b>								
2014	475,000	246,844	122,672	59,375	143,840	8,018	741,512	314,237
2015	490,000	231,406	124,466	57,571	146,358	5,500	760,824	294,477
2016	505,000	214,256	126,323	55,724	148,922	2,937	780,245	272,917
2017	525,000	195,950	127,247	53,800	77,437	492	729,684	250,242
2018	545,000	176,263	130,238	51,729	—	—	675,238	227,992
2019-2023	3,065,000	538,001	683,594	223,709	—	—	3,748,594	761,710
2024-2028	690,000	29,325	744,161	164,894	—	—	1,434,161	194,219
2029-2033	—	—	591,959	97,708	—	—	591,959	97,708
2034-2038	—	—	456,422	51,008	—	—	456,422	51,008
2039-2041	—	—	247,138	7,468	—	—	247,138	7,468
	<u>6,295,000</u>	<u>1,632,045</u>	<u>3,354,220</u>	<u>822,986</u>	<u>516,557</u>	<u>16,947</u>	<u>10,165,777</u>	<u>2,471,978</u>
	<u>\$ 6,295,000</u>	<u>\$ 1,632,045</u>	<u>\$ 3,354,220</u>	<u>\$ 822,986</u>	<u>\$ 918,852</u>	<u>\$ 30,261</u>	<u>\$ 10,568,072</u>	<u>\$ 2,485,292</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Long-Term Debt (Continued)

E. Deferred Charges

Bond issuance costs and refunding losses along with related accumulated amortization are as follows:

	<u>Original Amounts</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amounts</u>
<b><u>Business-type Activities:</u></b>			
Series 2004, Refunding and Improvement Revenue Bonds, and Series 2009 Revenue Bonds	\$ 471,465	\$ (224,768)	\$ 246,697

Amortized bond issue costs totaled \$27,120 for Business-type Activities for the year ended April 30, 2013.

8. Net Assets and Fund Balances

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Invested in Capital Assets, Net of Related Debt:</u></b>		
Net capital assets	\$ 7,276,626	\$ 23,869,019
Less, general obligation and revenue bonds payable	(402,295)	(10,165,776)
Total invested in capital assets, net of related debt	<u>\$ 6,874,331</u>	<u>\$ 13,703,243</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b><u>Restricted for:</u></b>		
Property tax rollback	\$ 465,865	\$ —
Debt services	—	205,709
Capital projects (note proceeds escrow)	152,996	470,268
Housing and community development	98,885	—
Fire prevention and education	17,374	—
Law enforcement and public safety	121	—
Underground storage tanks	25,000	—
Total restricted	<u>\$ 760,241</u>	<u>\$ 675,977</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**8. Net Assets and Fund Balances (continued)**

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b><u>Non-spendable:</u></b>			
Inventory and prepaid items	\$ 75,843	\$ —	\$ 75,843
<b><u>Restricted for:</u></b>			
Property tax rollback	465,865	—	465,865
Housing assistance	—	978,885	978,885
Fire prevention and education	3,875	13,499	17,374
Installment note proceeds escrow	152,996	—	152,996
Municipal court and public safety	121	—	121
Underground storage tanks	25,000	—	25,000
	<u>647,857</u>	<u>992,384</u>	<u>1,640,241</u>
<b><u>Assigned to:</u></b>			
Capital projects	—	315,872	315,872
Tourism and community development	—	413,237	413,237
Lot clearing and demo	51,426	—	51,426
Special events	28,406	—	28,406
Fire Department dive	2,002	—	2,002
	<u>81,834</u>	<u>729,109</u>	<u>810,943</u>
<b><u>Unassigned</u></b>	<u>2,567,985</u>	<u>—</u>	<u>2,567,985</u>
<b>Totals</b>	<u>\$ 3,373,519</u>	<u>\$ 1,721,493</u>	<u>\$ 5,095,012</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Retirement Plan**

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

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

The City of Bennettsville's actual contributions to the SCRS for the three most recent fiscal years ended April 30, 2013, 2012, and 2011, were \$293,335, \$243,498, and \$271,645, respectively, and equaled the required contribution for each year. Under this system, the City's contributions were 9.24 percent of each covered employee's compensation from May 1, 2012 to June 30 2012. Effective July 1, 2012, the contribution rate for employees increased to 7.0 percent. Also, the City of Bennettsville paid employer group-life insurance contributions of \$4,294 in the current fiscal year at the rate of .15 percent of compensation. Effective 7/1/2013, new contribution rates are required by the City.

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

Since July 1, 1988, employees participating in PORS have been required to contribute 6.5 percent of all compensation. The City's actual contributions to the PORS for the three most recent fiscal years ended April 30, 2013, 2012, and 2011, were \$206,373, \$180,492, and \$198,685, respectively, and equaled the required contribution for each year. Under the PORS system, the City's contributions were 11.363 percent for each covered employee's compensation for May 1, 2012 to June 30, 2012. Beginning July 1, 2012, the rate increased to 11.9 percent.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**9. Retirement Plan (Continued)**

Also, the City paid employer group-life insurance contributions of \$3,498 and accidental death insurance contributions of \$3,498 in the current fiscal year for PORS participants at the rate of .20 percent of compensation. Effective 7/1/2013, new contribution rates are required by the City.

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

**10. Due From Other Governments**

The following are due from other governments:

Due from county government	\$	17,323
Due from state government		<u>301,171</u>
Total due from other governments	\$	<u>318,494</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, 2013, the City incurred \$742,236 in health care premiums and \$198,177 in 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.



CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**12. Contingencies and Commitments (continued)**

Such audits could result in the refund of grant monies to the grantor agencies. However, management believes that any required refunds would be immaterial and no provision has been made in the accompanying financial statements for the refund of grant monies.

**Facilities Abandonment Charge**

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

**13. Reconciliation of Government-wide and Fund Financial Statements**

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

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

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

Capital assets	\$ 12,163,318
Less, accumulated depreciation	(4,886,692)
Net amount reported	<u>\$ 7,276,626</u>

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

Property taxes receivable	\$ 73,616
Mortgages receivable, net	(880,000)
Net amount reported	<u>\$ (806,384)</u>

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

Accrued interest expense	\$ (613)
Bond and installment purchase contracts	(402,295)
Accrued compensated absences	(352,336)
Net amount reported	<u>\$ (755,244)</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 Assets-Governmental Activities. The details of the reconciled amounts are as follows:

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

Capital outlay expenditures	\$ 401,322
Depreciation expense	<u>(476,000)</u>
Net amount reported	<u>\$ (74,678)</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:*

Property taxes and notes receivable	\$ 467
Change in accrued compensated absences	<u>39,150</u>
Net amount reported	<u>\$ 39,617</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:*

General obligation bonds	\$ 305,000
Principal repayments – installment note obligations	<u>121,486</u>
Net amount reported	<u>\$ 426,486</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**14. Notes Receivable - Upper Story Housing**

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

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

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

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

**15. Subsequent Events**

The City has received Community Development Block Grant (CDBG) and Rural Infrastructure Authority Grant for certain infrastructure improvement totaling approximately \$700,000. Management has evaluated subsequent events through September 3, 2013.

CITY OF BENNETTSVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED APRIL 30, 2013

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>Revenue</b>				
Taxes, penalties and fees	\$ 943,000	\$ 943,000	\$ 918,999	(24,001)
Local option sales tax	665,000	665,000	742,440	77,440
Licenses and permits	690,000	690,000	766,770	76,770
Fines and forfeitures	213,200	213,200	205,708	(7,492)
Intergovernmental revenues:				
Grants	—	11,400	91,891	80,491
Rural fire protection	60,000	60,000	60,000	—
Other intergovernmental	439,000	439,000	458,048	19,048
User fees – community center	—	20,000	14,823	(5,177)
Solid waste collection fees	950,000	950,000	920,906	(29,094)
Franchise fees	71,000	71,000	68,177	(2,823)
Rental fees	20,800	20,800	15,584	(5,216)
Interest income	2,500	2,500	533	(1,967)
Sale of capital assets	—	—	43,439	43,439
Other	77,400	46,000	105,771	59,771
<b>Total revenue</b>	<b>4,131,900</b>	<b>4,131,900</b>	<b>4,413,089</b>	<b>281,189</b>
<b>Expenditures</b>				
Current:				
General government	1,010,089	910,554	885,128	(25,426)
Public safety	2,850,972	2,932,303	3,153,329	221,026
Public works	1,465,169	1,476,691	1,549,439	72,748
Culture and recreation	290,329	297,011	294,852	(2,159)
Capital outlay	48,200	48,200	462,355	414,155
Debt service	434,141	434,141	434,138	(3)
<b>Total expenditures</b>	<b>6,098,900</b>	<b>6,098,900</b>	<b>6,779,241</b>	<b>680,341</b>
Excess (deficiency) of revenue over expenditures	(1,967,000)	(1,967,000)	(2,366,152)	399,152
<b>Other Financing Sources (uses)</b>				
Transfers in	2,052,000	2,052,000	2,052,000	—
Transfers (out)	(85,000)	(85,000)	(99,240)	14,240
<b>Total other financing sources (uses)</b>	<b>1,967,000</b>	<b>1,967,000</b>	<b>1,952,760</b>	<b>14,240</b>
<b>Net change in fund balance</b>	<b>—</b>	<b>—</b>	<b>(413,392)</b>	<b>413,392</b>
Fund balance, beginning of year	3,786,911	3,786,911	3,786,911	—
Fund balance, end of year	\$ 3,786,911	\$ 3,786,911	\$ 3,373,519	\$ 413,392

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

YEAR ENDED APRIL 30, 2013

**Notes to Budgetary Comparison Schedule.**

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

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

CITY OF BENNETTSVILLE, SOUTH CAROLINA



OTHER FINANCIAL INFORMATION

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING 'NON-MAJOR' GOVERNMENTAL  
FINANCIAL STATEMENTS

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

APRIL 30, 2013

	Special Revenue Funds						Total Special Revenue Funds	Capital Projects Fund	Totals	
	Housing Rehabilitation Fund	Housing Assistance	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund				Fire Ins. & Inspectors Fund
<b>Assets</b>										
Cash and cash equivalents:										
Unrestricted	\$ —	\$ —	\$ —	\$ —	\$ 118,010	\$ 295,227	\$ 13,499	\$ 426,736	\$ 76,440	\$ 503,176
Restricted	55,132	22,191	21,562	—	—	—	—	98,885	—	98,885
Due from other funds	—	—	—	—	—	—	—	—	239,432	239,432
Notes receivables-housing assistance loans, net	—	—	—	880,000	—	—	—	880,000	—	880,000
<b>Total assets</b>	<b>\$ 55,132</b>	<b>\$ 22,191</b>	<b>\$ 21,562</b>	<b>\$ 880,000</b>	<b>\$ 118,010</b>	<b>\$ 295,227</b>	<b>\$ 13,499</b>	<b>\$ 1,405,621</b>	<b>\$ 315,872</b>	<b>\$ 1,721,493</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Due to other funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund balances:</b>										
<b>Restricted for:</b>										
Housing assistance	55,132	22,191	21,562	880,000	—	—	—	978,885	—	978,885
Firemen education	—	—	—	—	—	—	13,499	13,499	—	13,499
<b>Assigned to:</b>										
Capital projects	—	—	—	—	—	—	—	—	315,872	315,872
Tourism and community development	—	—	—	—	118,010	295,227	—	413,237	—	413,237
<b>Total fund balances</b>	<b>55,132</b>	<b>22,191</b>	<b>21,562</b>	<b>880,000</b>	<b>118,010</b>	<b>295,227</b>	<b>—</b>	<b>1,405,621</b>	<b>315,872</b>	<b>1,721,493</b>
<b>Total liabilities and fund balances</b>	<b>\$ 55,132</b>	<b>\$ 22,191</b>	<b>\$ 21,562</b>	<b>\$ 880,000</b>	<b>\$ 118,010</b>	<b>\$ 295,227</b>	<b>13,499</b>	<b>\$ 1,405,621</b>	<b>\$ 315,872</b>	<b>\$ 1,721,493</b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED APRIL 30, 2013

	Special Revenue Funds							Total Special Revenue Funds	Capital Projects Fund	Total
	Housing Rehabilitation Fund	Housing Assistance Fund	CDBG Repayment Fund	Upper Story Housing Fund	Tourism & Business Fund	Hospitality Fund	Fire Ins. & Inspectors Fund			
<b>Revenue</b>										
Intergovernmental	\$ 6,423	\$ —	\$ —	\$ —	\$ 66,930	\$ 246,451	\$ 27,277	\$ 347,081	\$ —	\$ 347,081
Other	13	868	994	—	29	24	24	1,952	14	1,966
Total revenue	<u>6,436</u>	<u>868</u>	<u>994</u>	<u>—</u>	<u>66,959</u>	<u>246,475</u>	<u>27,301</u>	<u>349,033</u>	<u>14</u>	<u>349,047</u>
<b>Expenditures</b>										
General government:										
Miscellaneous	30,076	—	—	—	—	—	23,292	53,368	—	53,368
Culture and recreation:										
Tourism related	—	—	—	—	17,872	78,796	—	96,668	—	96,668
Capital outlay	—	—	—	—	—	—	—	—	32,992	32,992
Total expenditures	<u>30,076</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>17,872</u>	<u>78,796</u>	<u>23,292</u>	<u>150,036</u>	<u>32,992</u>	<u>183,028</u>
Excess (deficiency) of revenue over expenditures	(23,640)	868	994	—	49,087	167,679	4,009	198,997	(32,978)	166,019
<b>Other Financing Sources (Uses)</b>										
Transfers in (out)	—	—	—	—	(33,000)	(119,000)	—	(152,000)	99,240	(52,760)
<b>Net change in fund balances</b>	<b>(23,640)</b>	<b>868</b>	<b>994</b>	<b>—</b>	<b>16,087</b>	<b>48,679</b>	<b>4,009</b>	<b>46,997</b>	<b>66,262</b>	<b>113,259</b>
Fund balances, beginning of year	78,772	21,323	20,568	880,000	101,923	246,548	9,490	1,358,624	249,610	1,608,234
Fund balances, end of year	<u>\$ 55,132</u>	<u>\$ 22,191</u>	<u>\$ 21,562</u>	<u>\$ 880,000</u>	<u>\$ 118,010</u>	<u>\$ 295,227</u>	<u>\$ 13,499</u>	<u>\$ 1,405,621</u>	<u>\$ 315,872</u>	<u>\$ 1,721,493</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

INDIVIDUAL FUND  
FINANCIAL SCHEDULES

CITY OF BENNETTSVILLE, SOUTH CAROLINA



GENERAL FUND

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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

YEAR ENDED APRIL 30, 2013

(With comparative actual amounts at year ended April 30, 2012)

	Final Budget	Actual	Variance Over (Under)	Prior Year
<b>Revenue</b>				
Taxes, penalties and fees	\$ 943,000	\$ 918,999	(24,001)	\$ 896,421
Local option sales tax	665,000	742,440	77,440	823,824
Licenses and permits	690,000	766,770	76,770	688,673
Fines and forfeitures	213,200	205,708	(7,492)	186,451
Intergovernmental revenues:				
Grants	11,400	91,891	80,491	53,234
Rural fire protection	60,000	60,000	—	60,000
Other intergovernmental	439,000	458,048	19,048	482,107
User fees – community center	20,000	14,823	(5,177)	15,106
Solid waste collection fees	950,000	920,906	(29,094)	922,791
Franchise fees	71,000	68,177	(2,823)	67,090
Rental fees	20,800	15,584	(5,216)	16,829
Interest income	2,500	533	(1,967)	850
Sale of capital assets	—	43,439	43,439	—
Other	46,000	105,771	59,771	87,252
<b>Total revenue</b>	<b>4,131,900</b>	<b>4,413,089</b>	<b>281,189</b>	<b>4,300,628</b>
<b>Expenditures</b>				
Current:				
General government:				
City council	96,741	90,191	(6,550)	98,221
City attorney	21,569	21,569	—	27,319
Municipal judge and court	108,718	103,113	(5,605)	99,700
City administrator	208,979	214,300	5,321	205,450
Planning and zoning	233,393	211,371	(22,022)	202,403
Finance	122,349	111,604	(10,745)	112,404
Human resources	40,737	38,308	(2,429)	37,090
Non-departmental	78,068	94,672	16,604	90,606
Total general government	910,554	885,128	(25,426)	873,193
Public safety:				
Police	2,239,501	2,451,949	212,448	2,296,440
Fire	692,802	701,380	8,578	660,749
Total public safety	2,932,303	3,153,329	221,026	2,957,189
Public works:				
Streets and sanitation	1,212,927	1,283,736	70,809	1,205,277
Maintenance shop	59,006	62,188	3,182	57,539
Beautification and recycling	204,758	203,515	(1,243)	195,923
Total public works	1,476,691	1,549,439	72,748	1,458,739
Culture and recreation:				
Recreation	297,011	294,852	(2,159)	292,278
Total culture and recreation	297,011	294,852	(2,159)	292,278
Capital outlay – all departments	48,200	462,355	414,155	199,707
Debt service	434,141	434,138	(3)	468,187
<b>Total expenditures</b>	<b>6,098,900</b>	<b>6,779,241</b>	<b>680,341</b>	<b>6,249,293</b>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

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

— CONTINUED —

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
Excess (deficiency) of revenue over expenditures	(1,967,000)	(2,366,152)	399,152	(1,948,665)
<b>Other Financing Sources (Uses)</b>				
Installment purchase obligation	—	—	—	570,000
Transfers in	2,052,000	2,052,000	—	2,152,000
Transfers (out)	(85,000)	(99,240)	14,240	—
Total other financing sources (uses)	1,967,000	1,952,760	14,240	2,722,000
<b>Net change in fund balance</b>	—	(413,392)	413,392	773,335
Fund balance, beginning of year	3,786,911	3,786,911	—	3,013,576
Fund balance, end of year	<u>\$ 3,786,911</u>	<u>\$ 3,373,519</u>	<u>\$ 413,392</u>	<u>\$ 3,786,911</u>

CITY OF BENNETTSVILLE, SOUTH CAROLINA

COMBINED UTILITY FUND

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

YEAR ENDED APRIL 30, 2013  
 (With comparative actual amounts at year ended April 30, 2012)

	<u>Final Budget</u>	<u>Current Year</u>	<u>Variance Over (Under)</u>	<u>Prior Year</u>
<b>Operating Revenue</b>				
Sales and services:				
Water	\$ 1,801,100	\$ 1,661,312	\$ (139,788)	\$ 1,783,244
Sewer	1,951,000	1,846,853	(104,147)	1,873,608
Electric	10,718,200	9,668,563	(1,049,637)	8,864,516
Gas	3,002,000	2,499,053	(502,947)	2,459,838
Penalties, reconnect fees and other revenue	419,000	396,681	(22,319)	422,644
<b>Total operating revenue</b>	<u>17,891,300</u>	<u>16,072,462</u>	<u>(1,818,838)</u>	<u>15,403,850</u>
<b>Operating Expenses</b>				
Water plant	992,317	804,426	(187,891)	791,309
Water distribution	359,106	333,564	(25,542)	320,358
Wastewater treatment plant	546,118	452,434	(93,684)	400,759
Sewer/Stormwater collection	162,526	116,763	(45,763)	107,701
Electricity purchase and transmission	8,900,424	8,630,179	(270,245)	8,427,743
Gas purchase and distribution	2,728,346	1,983,456	(744,890)	1,931,137
Administration	498,790	521,549	22,759	485,005
Billing office	488,967	499,457	10,490	597,687
Non-departmental	401,016	162,802	(238,214)	60,687
Depreciation expense	—	1,144,104	1,144,104	1,076,718
<b>Total operating expenses</b>	<u>15,077,610</u>	<u>14,648,734</u>	<u>(428,876)</u>	<u>14,199,104</u>
<b>Operating income</b>	<u>2,813,590</u>	<u>1,423,728</u>	<u>(1,389,862)</u>	<u>1,204,746</u>
<b>Non-Operating Revenue (Expenses)</b>				
Interest income	30,000	33,413	3,413	40,527
Gains (losses) on assets disposal	—	12,851	12,851	14,148
Interest expense	(913,590)	(328,723)	584,867	(299,161)
Bond issuance cost amortized	—	(27,120)	(27,120)	(27,120)
<b>Total non-operating revenue (expenses)</b>	<u>(883,590)</u>	<u>(309,579)</u>	<u>574,011</u>	<u>(271,606)</u>
<b>Income before contributions and transfers</b>	<u>1,930,000</u>	<u>1,114,149</u>	<u>(815,851)</u>	<u>933,140</u>
<b>Capital contributions</b>				
Capital grants	—	190,669	190,669	—
Contributed capital	—	505,942	505,942	—
<b>Total capital contributions</b>	<u>—</u>	<u>696,611</u>	<u>696,611</u>	<u>—</u>
<b>Transfers</b>				
Transfers to General Fund	(1,900,000)	(1,900,000)	—	(2,000,000)
<b>Change in net assets</b>	<u>30,000</u>	<u>(89,240)</u>	<u>(119,240)</u>	<u>(1,066,860)</u>
Net assets, beginning of year	15,138,949	15,138,949	—	6,611,846
<b>Net assets, end of year</b>	<u>\$ 15,168,949</u>	<u>\$ 15,049,709</u>	<u>\$ (119,240)</u>	<u>\$ 5,544,986</u>

VICTIM'S RIGHTS ASSISTANCE

CITY OF BENNETTSVILLE, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
 YEAR ENDED APRIL 30, 2013

<b>Court Fines and Assessments</b>	
Court fines and assessments collected	\$ 357,988
Court fines and assessments remitted to State Treasurer	<u>(193,931)</u>
Total court fines and assessments retained by the City	<u>\$ 164,057</u>
 <b>Surcharges and Assessments retained for Victims Services</b>	
Total surcharges collected	\$ 18,477
Total assessments	<u>15,955</u>
Total surcharges and assessments retained for victims services	<u>\$ 34,432</u>
 <b>Funds Allocated to Victims Services</b>	
Carryover funds from prior year	
Surcharges and assessments retained	34,432
Expenditures for victims services	<u>(34,432)</u>
Unexpended victims rights assistance funds	<u>\$ —</u>