



ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2013



BYERLEY, PAYNE & WHITE
CERTIFIED PUBLIC ACCOUNTANTS, PA

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CITY OF EASLEY, SOUTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of Easley
Easley, South Carolina

We 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 Easley, South Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26-30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

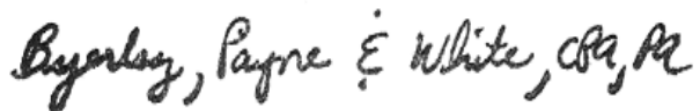
Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Easley, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements, and other schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of municipal court fines, assessments, and surcharges has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Byerley, Payne & White, CPA, PA". The signature is written in a cursive, flowing style.

Byerley, Payne & White, CPA, PA

November 8, 2013

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET ASSETS

JUNE 30, 2013

| | PRIMARY GOVERNMENT | | |
|--|----------------------------|-----------------------------|----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| Cash and Other Cash Deposits | \$ 2,932,977 | \$ - | \$ 2,932,977 |
| Accounts Receivable | 939,587 | 1,317 | 940,904 |
| Rehabilitation Loans Receivable | 1,259,589 | - | 1,259,589 |
| Property Taxes Receivable | 46,995 | - | 46,995 |
| Interfund Balances | (286,582) | 286,582 | - |
| Inventories | 254,264 | - | 254,264 |
| RESTRICTED ASSETS: | | | |
| Cash and Other Cash Deposits | 1,325,473 | - | 1,325,473 |
| CAPITAL ASSETS: | | | |
| Non-Depreciable | 4,584,643 | - | 4,584,643 |
| Depreciable | 29,022,289 | 991,637 | 30,013,926 |
| Less Accumulated Depreciation | (13,261,925) | (173,608) | (13,435,533) |
| TOTAL ASSETS | \$ 26,817,310 | \$ 1,105,928 | \$ 27,923,238 |
| LIABILITIES | | | |
| Accounts Payable | 377,322 | 6,055 | 383,377 |
| Employee Benefits Withheld and Accrued | 1,899 | - | 1,899 |
| Accrued Interest Payable | 57,916 | - | 57,916 |
| Deferred Gain on Refunding Bond (Net) | 10,912 | - | 10,912 |
| NON-CURRENT LIABILITIES: | | | |
| DUE WITHIN ONE YEAR: | | | |
| Compensated Absences | 25,035 | - | 25,035 |
| Capital Leases Payable | 567,427 | - | 567,427 |
| Bonds Payable | 645,000 | - | 645,000 |
| DUE IN MORE THAN ONE YEAR: | | | |
| Compensated Absences | 225,315 | - | 225,315 |
| Net OPEB Liability | 1,602,395 | - | 1,602,395 |
| Capital Leases Payable | 4,639,846 | - | 4,639,846 |
| Bonds Payable | 1,985,000 | - | 1,985,000 |
| TOTAL LIABILITIES | 10,138,067 | 6,055 | 10,144,122 |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 12,524,780 | 818,029 | 13,342,809 |
| RESTRICTED FOR: | | | |
| Judicial Services | 80,676 | - | 80,676 |
| Public Safety | 123,360 | - | 123,360 |
| Recreation and Tourism | 996,012 | - | 996,012 |
| Community Development | 748,241 | - | 748,241 |
| Unrestricted | 2,206,174 | 281,844 | 2,488,018 |
| TOTAL NET ASSETS | \$ 16,679,243 | \$ 1,099,873 | \$ 17,779,116 |

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

| FUNCTION/PROGRAM ACTIVITIES | PROGRAM REVENUES | | | | NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS | | |
|--|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT | | |
| | | | | | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| PRIMARY GOVERNMENT: | | | | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| General Government | \$ 1,261,274 | \$ 2,973,117 | \$ - | \$ - | \$ 1,711,843 | \$ - | \$ 1,711,843 |
| Judicial Services | 915,652 | 946,464 | - | - | 30,812 | - | 30,812 |
| Public Safety | 5,661,379 | 621,592 | 54,821 | 45,726 | (4,939,240) | - | (4,939,240) |
| Public Works | 2,973,049 | 77,656 | - | 235,528 | (2,659,865) | - | (2,659,865) |
| Recreation and Tourism | 2,537,603 | 277,438 | - | - | (2,260,165) | - | (2,260,165) |
| Community Development | 231,234 | - | - | 65,000 | (166,234) | - | (166,234) |
| Interest on Long-Term Debt | 276,114 | - | - | - | (276,114) | - | (276,114) |
| TOTAL GOVERNMENTAL ACTIVITIES | 13,856,305 | 4,896,267 | 54,821 | 346,254 | (8,558,963) | - | (8,558,963) |
| BUSINESS - TYPE ACTIVITIES: | | | | | | | |
| Storm Water | 305,127 | 349,073 | - | - | - | 43,946 | 43,946 |
| TOTAL BUSINESS - TYPE ACTIVITIES | 305,127 | 349,073 | - | - | - | 43,946 | 43,946 |
| TOTAL PRIMARY GOVERNMENT | \$ 14,161,432 | \$ 5,245,340 | \$ 54,821 | \$ 346,254 | (8,558,963) | 43,946 | (8,515,017) |
| GENERAL REVENUES: | | | | | | | |
| TAXES: | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 2,987,739 | - | 2,987,739 |
| Local Option Sales Tax | | | | | 2,106,127 | - | 2,106,127 |
| Hospitality Tax | | | | | 1,457,744 | - | 1,457,744 |
| State Accommodation Taxes | | | | | 133,984 | - | 133,984 |
| Payments in Lieu of Taxes and Franchise Fees | | | | | 1,750,126 | - | 1,750,126 |
| Grants and Contributions not Restricted to Specific Programs | | | | | 431,354 | - | 431,354 |
| Interest Income | | | | | 24,532 | - | 24,532 |
| Gain/(Loss) on Sale of Assets | | | | | 16,006 | - | 16,006 |
| Miscellaneous | | | | | 89,007 | - | 89,007 |
| Interfund Transfer | | | | | 75,000 | (75,000) | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | | | | | 9,071,619 | (75,000) | 8,996,619 |
| CHANGE IN NET ASSETS | | | | | 512,656 | (31,054) | 481,602 |
| NET ASSETS, BEGINNING | | | | | 16,166,587 | 1,130,927 | 17,297,514 |
| NET ASSETS, ENDING | | | | | \$ 16,679,243 | \$ 1,099,873 | \$ 17,779,116 |

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

FUND FINANCIAL STATEMENTS

CITY OF EASLEY, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

| | GENERAL FUND | COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND | HOSPITALITY TAX FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|---|----------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Other Cash Deposits | \$ 2,932,977 | \$ - | \$ - | \$ - | \$ 2,932,977 |
| Restricted Assets - Cash and Other Cash Deposits | - | 563,541 | - | 761,932 | 1,325,473 |
| Accounts Receivable | 777,772 | - | 136,936 | 24,879 | 939,587 |
| Rehabilitation Loans Receivable | - | 1,259,589 | - | - | 1,259,589 |
| Property Taxes Receivable | 46,995 | - | - | - | 46,995 |
| Interfund Balances | 2,173,186 | 91,347 | 1,023,347 | 182,149 | 3,470,029 |
| Inventories | - | 254,264 | - | - | 254,264 |
| TOTAL ASSETS | \$ 5,930,930 | \$ 2,168,741 | \$ 1,160,283 | \$ 968,960 | \$ 10,228,914 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Accounts Payable | 289,646 | 65,534 | 13,981 | 8,161 | 377,322 |
| Employee Benefits Withheld and Accrued | 1,899 | - | - | - | 1,899 |
| Interfund Balances | 1,583,425 | 1,354,966 | - | 818,220 | 3,756,611 |
| TOTAL LIABILITIES | 1,874,970 | 1,420,500 | 13,981 | 826,381 | 4,135,832 |
| FUND BALANCES: | | | | | |
| NONSPENDABLE: | | | | | |
| Inventory | - | 254,264 | - | - | 254,264 |
| Non-Current Receivables | - | 721,856 | - | - | 721,856 |
| RESTRICTED FOR: | | | | | |
| Community Development | - | 563,541 | - | - | 563,541 |
| Downtown Development | - | - | - | 85,307 | 85,307 |
| Judicial Services | - | - | - | 80,676 | 80,676 |
| Non-Current Receivables | - | 537,733 | - | - | 537,733 |
| Public Safety | - | - | - | 123,360 | 123,360 |
| Recreation and Tourism | - | - | 1,146,302 | 38,476 | 1,184,778 |
| UNASSIGNED: | 4,055,960 | (1,329,153) | - | (185,240) | 2,541,567 |
| TOTAL FUND BALANCES | 4,055,960 | 748,241 | 1,146,302 | 142,579 | 6,093,082 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 5,930,930 | \$ 2,168,741 | \$ 1,160,283 | \$ 968,960 | \$ 10,228,914 |

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

CITY OF EASLEY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2013

Fund balances - total governmental funds \$ 6,093,082

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources; therefore, are not reported in the governmental funds.

| | | |
|-------------------------------|---------------------|------------|
| Governmental capital assets | 33,606,932 | |
| Less accumulated depreciation | <u>(13,261,925)</u> | 20,345,007 |

Long-term and other liabilities, including bonds payable, are not due and payable in the current period; therefore, are not reported in the governmental funds.

| | | |
|----------------------------|------------------|-------------|
| Governmental bonds payable | (2,630,000) | |
| Capital leases payable | (5,207,273) | |
| Interest payable | (57,916) | |
| Net OPEB liability | (1,602,395) | |
| Compensated absences | <u>(250,350)</u> | (9,747,934) |

Deferred Gain on refinancing of bonds is not a financial resource; therefore, is not reported in the governmental funds.

| | | |
|---------------|---------------|-----------------|
| Deferred gain | (40,000) | |
| Amortization | <u>29,088</u> | <u>(10,912)</u> |

Net assets of governmental activities \$ 16,679,243

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

| | GENERAL FUND | COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND | HOSPITALITY TAX FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|---|----------------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| Property Taxes | \$ 2,606,741 | \$ - | \$ - | \$ 380,998 | \$ 2,987,739 |
| Intergovernmental Revenues | 3,046,994 | 65,000 | - | 175,636 | 3,287,630 |
| Licenses, Permits and Fees | 3,338,178 | - | - | 335,868 | 3,674,046 |
| Hospitality Tax | - | - | 1,457,744 | - | 1,457,744 |
| Fines and Forfeitures | 888,034 | - | - | 22,266 | 910,300 |
| Miscellaneous and Other | 95,218 | 23,480 | - | 502 | 119,200 |
| Payments in Lieu of Taxes and Franchise Fees | 1,802,862 | - | - | - | 1,802,862 |
| Interest Income | 4,799 | 18,543 | - | 1,419 | 24,761 |
| TOTAL REVENUES | 11,782,826 | 107,023 | 1,457,744 | 916,689 | 14,264,282 |
| EXPENDITURES | | | | | |
| CURRENT OPERATING: | | | | | |
| General Government | 1,168,709 | - | - | - | 1,168,709 |
| Judicial Services | 827,181 | - | - | 48,291 | 875,472 |
| Public Safety | 5,155,561 | - | - | 67,786 | 5,223,347 |
| Public Works | 2,631,335 | - | - | 44,573 | 2,675,908 |
| Recreation and Tourism | 881,522 | - | 655,677 | 524,030 | 2,061,229 |
| Community Development | - | 194,331 | - | - | 194,331 |
| Capital Expenditures | 480,914 | - | 19,540 | 184,051 | 684,505 |
| DEBT SERVICE: | | | | | |
| Principal Retirement | 94,061 | - | 405,000 | 705,000 | 1,204,061 |
| Interest and Fiscal Charges | 9,443 | - | 105,222 | 173,486 | 288,151 |
| TOTAL EXPENDITURES | 11,248,726 | 194,331 | 1,185,439 | 1,747,217 | 14,375,713 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 534,100 | (87,308) | 272,305 | (830,528) | (111,431) |
| OTHER FINANCING SOURCES AND (USES) | | | | | |
| Interfund Transfers In | 162,870 | - | - | 709,027 | 871,897 |
| Interfund Transfers (Out) | (709,027) | - | - | (87,870) | (796,897) |
| Sale of Fixed Assets | 16,006 | - | - | - | 16,006 |
| Insurance Proceeds | 13,675 | - | - | - | 13,675 |
| NET CHANGE IN FUND BALANCES | 17,624 | (87,308) | 272,305 | (209,371) | (6,750) |
| FUND BALANCES, BEGINNING | 4,038,336 | 835,549 | 873,997 | 351,950 | 6,099,832 |
| FUND BALANCES, ENDING | \$ 4,055,960 | \$ 748,241 | \$ 1,146,302 | \$ 142,579 | \$ 6,093,082 |

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

CITY OF EASLEY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds \$ (6,750)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.

| | | |
|---------------------------------|--------------------|-----------|
| Expenditures for capital assets | 684,505 | |
| Less current year depreciation | <u>(1,079,302)</u> | (394,797) |

Face amount of bonds and capital leases payable provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceed repayments.

| | | |
|--------------------|--|-----------|
| Principal payments | | 1,204,061 |
|--------------------|--|-----------|

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

| | | |
|--|--------------|------------------|
| Amortization of gain on 2005 refunding bond | 3,634 | |
| Net OPEB liability | (319,555) | |
| Change in long-term compensated absences | 17,662 | |
| Change in accrued interest on bonds and capital leases payable | <u>8,401</u> | <u>(289,858)</u> |

| | | |
|---|--|-------------------|
| Change in net assets of governmental activities | | <u>\$ 512,656</u> |
|---|--|-------------------|

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET ASSETS - PROPRIETARY FUND

JUNE 30, 2013

| | <u>STORM WATER FUND</u> |
|---|-----------------------------|
| ASSETS | |
| CURRENT ASSETS: | |
| Accounts Receivable | \$ 1,317 |
| Interfund Balance | <u>286,582</u> |
| TOTAL CURRENT ASSETS | <u>287,899</u> |
| NON-CURRENT ASSETS: | |
| CAPITAL ASSETS: | |
| Buildings and Improvements | 12,469 |
| Equipment and Vehicles | 118,629 |
| Infrastructure | 860,539 |
| Less Accumulated Depreciation | <u>(173,608)</u> |
| TOTAL NON-CURRENT ASSETS | <u>818,029</u> |
| TOTAL ASSETS | <u>\$ 1,105,928</u> |
| LIABILITIES | |
| CURRENT LIABILITIES: | |
| Accounts Payable | <u>6,055</u> |
| TOTAL LIABILITIES | <u>6,055</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 818,029 |
| Unrestricted | <u>281,844</u> |
| TOTAL NET ASSETS | <u>\$ 1,099,873</u> |

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

| | STORM WATER FUND |
|--|-----------------------------|
| OPERATING REVENUES | |
| Storm Water Fees | \$ 349,073 |
| TOTAL OPERATING REVENUES | <u>349,073</u> |
| OPERATING EXPENSES | |
| Salaries, Wages and Employee Benefits | 4,373 |
| Contractual Services, Materials, Supplies and Other Expenses | 264,578 |
| Depreciation Expense | 36,176 |
| TOTAL OPERATING EXPENSES | <u>305,127</u> |
| OPERATING INCOME (LOSS) | <u>43,946</u> |
| Interfund Transfers (Out) | (75,000) |
| CHANGE IN NET ASSETS | (31,054) |
| NET ASSETS, BEGINNING | <u>1,130,927</u> |
| NET ASSETS, ENDING | <u>\$ 1,099,873</u> |

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2013

| | <u>STORM WATER FUND</u> |
|--|-----------------------------|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS: | |
| CASH FLOWS FROM OPERATIONS: | |
| Receipts from Customers | \$ 583,464 |
| Payments to Employees and Related Benefits | (4,373) |
| Payments to Suppliers | <u>(267,228)</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>311,863</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | |
| Interfund Transfers (Out) | (75,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | |
| Acquisition of Capital Assets | (236,863) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | - |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>-</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ -</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | |
| OPERATING INCOME (LOSS) | <u>\$ 43,946</u> |
| ADJUSTMENTS NOT AFFECTING CASH: | |
| Depreciation | 36,176 |
| CHANGE IN ASSETS AND LIABILITIES: | |
| (Increase) Decrease in Accounts Receivable | 2,533 |
| (Increase) Decrease in Interfund Balances | 231,859 |
| Increase (Decrease) in Accounts Payable | <u>(2,651)</u> |
| TOTAL ADJUSTMENTS | <u>267,917</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | <u>\$ 311,863</u> |

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

NOTES TO FINANCIAL STATEMENTS

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Easley (City) operates under a mayor-council form of government. For financial statement reporting purposes, the City has divided its operations into the functions of general government, judicial services, public safety, public works, recreation and tourism, and community development.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these policies are described below. All governmental type activities 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.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The definition of a reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. Based upon the application of these criteria, there are no component units included in the City's financial statements.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. 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 are clearly identifiable to a particular function. Program revenues include (a) fees, fines 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.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*Governmental and Proprietary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development Special Revenue Fund: This fund accounts for the lending and collecting activity related to various community development projects within the City.

Hospitality Tax Fund: This fund accounts for the collection and disbursement of hospitality tax funds.

The City reports the following major enterprise fund:

Storm Water Fund: This fund accounts for the City's storm water operations.

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. The Government-wide and Proprietary Fund Financial Statements are reported using 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. Nonexchange 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 the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property, sales, franchise and hospitality taxes, licenses and interest are considered to be susceptible to accrual.

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 are reported as other financing sources.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City’s policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

D. Cash Equivalents, Deposits and Investments

Cash and cash equivalents, for purpose of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit and investments with a maturity of three months or less. Investments are reported at fair value.

E. Receivables and Payables

During the course of operations, numerous transactions occur between the City and vendors and revenue sources or individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as accounts receivable, accounts payable, or “due from other funds” or “due to other funds” on the balance sheet. The transactions between funds are eliminated in the governmental activities columns of the Statement of Net Assets.

F. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

G. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset’s life are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> | <u>Capitalization Level</u> |
|----------------------------|-------------------------------|-----------------------------|
| Buildings and Improvements | 10-39 | \$ 15,000 |
| Equipment and Vehicles | 5-15 | \$ 5,000 |
| Road Infrastructure | 25 | \$ 25,000 |
| Storm Water Infrastructure | 30 | \$ 25,000 |

H. Compensated Absences

The City accrues accumulated unpaid vacation when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources. However, claims and judgments that will be paid from governmental funds, are reported as a liability in the fund financial statements, only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, Statement of Net Assets. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K. 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 reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1. They are due and payable on or before January 15 of the following year. All unpaid taxes become delinquent March 15 of the following year. The County bills and collects the taxes for the City.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 2 – DEPOSITS:

The City is authorized by South Carolina state law to invest in the following types of investments:

- A) Obligations of the United States and agencies thereof;
- B) General obligations of the State of South Carolina, or any of its political units;
- C) Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation (FDIC);
- D) Deposits in Certificates of Deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above, held by a third party as escrow agent or custodian, or a market value not less than the amount of the Certificate of Deposit so secured, including interest;
- E) The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina state laws);
- F) Repurchase agreements.

At June 30, 2013, the carrying amount of the City's deposits was \$4,258,450 and the bank balance was \$4,505,552.

Custodial credit risk - Custodial credit risk is the risk that the City's deposits will not be returned to it. The City has no formal policy regarding custodial credit risk. The total cash balances are insured by the FDIC up to \$250,000 per bank. From time to time during the year, the City may have cash on deposit with banks that exceeds the balance insured by the FDIC.

Credit risk - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the United States Government and government agencies unconditionally guaranteed by the United States Government. The City has no investment policy that would further restrict its choices.

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 - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. The City does not have a policy that limits the amount that may be invested in any one issuer.

CITY OF EASLEY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2013

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2013, was as follows:

| | Primary Government | | | Ending Balance |
|--|------------------------------|--------------------|--------------------|---------------------------|
| | Beginning Balance | Additions | Retirements | |
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | 3,877,474 | - | - | 3,877,474 |
| Infrastructure Land Rights and Other Cost | 707,169 | - | - | 707,169 |
| Construction in Progress | 235,297 | - | (235,297) | - |
| Total Capital Assets not being Depreciated | 4,819,940 | - | (235,297) | 4,584,643 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 17,392,191 | 141,181 | - | 17,533,372 |
| Equipment and Vehicles | 8,693,364 | 315,006 | (116,461) | 8,891,909 |
| Infrastructure - Roads | 2,133,393 | 463,615 | - | 2,597,008 |
| Total Capital Assets being Depreciated | 28,218,948 | 919,802 | (116,461) | 29,022,289 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (5,677,803) | (480,303) | - | (6,158,106) |
| Equipment and Vehicles | (6,189,882) | (508,207) | 116,461 | (6,581,628) |
| Infrastructure - Roads | (431,399) | (90,792) | - | (522,191) |
| Total Accumulated Depreciation | (12,299,084) | (1,079,302) | 116,461 | (13,261,925) |
| Total Capital Assets being Depreciated, Net | 15,919,864 | (159,500) | - | 15,760,364 |
| Governmental Activities Capital Assets, net | 20,739,804 | (159,500) | (235,297) | 20,345,007 |

CITY OF EASLEY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2013

NOTE 3 – CAPITAL ASSETS (CONTINUED):

| | Primary Government | | | Ending Balance |
|--|----------------------|-----------------|-------------|-------------------|
| | Beginning Balance | Additions | Retirements | |
| Business-Type Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | - | - | - | - |
| Infrastructure Land Rights and Other Cost | - | - | - | - |
| Construction in Progress | - | - | - | - |
| Total Capital Assets not being Depreciated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 12,469 | - | - | 12,469 |
| Equipment and Vehicles | 118,629 | - | - | 118,629 |
| Infrastructure - Stormwater | 623,676 | 236,863 | - | 860,539 |
| Total Capital Assets being Depreciated | <u>754,774</u> | <u>236,863</u> | <u>-</u> | <u>991,637</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (2,578) | (499) | - | (3,077) |
| Equipment and Vehicles | (51,011) | (14,024) | - | (65,035) |
| Infrastructure - Roads | (83,843) | (21,653) | - | (105,496) |
| Total Accumulated Depreciation | <u>(137,432)</u> | <u>(36,176)</u> | <u>-</u> | <u>(173,608)</u> |
| Total Capital Assets being Depreciated, Net | <u>617,342</u> | <u>200,687</u> | <u>-</u> | <u>818,029</u> |
| Governmental Activities Capital Assets, net | <u>617,342</u> | <u>200,687</u> | <u>-</u> | <u>818,029</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|---------------------|
| General Government | \$ 78,717 |
| Judicial Services | 25,664 |
| Public Safety | 301,069 |
| Public Works | 202,287 |
| Recreation and Tourism | 434,662 |
| Community Development | 36,903 |
| Total Depreciation Expense | <u>\$ 1,079,302</u> |

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 4 – RETIREMENT PLANS:

The City of Easley contributes to the South Carolina Retirement System (SCRS) and to the Police Officers Retirement System (PORS). These are cost-sharing, multiple-employer defined benefit pension plans administered by the State Budget and Control Board of South Carolina. SCRS and PORS provide retirement and disability benefits, cost-of-living adjustments and death benefits to plan members and beneficiaries. These benefit provisions for the City are established under of Title 9 of the SC Code of Laws. The SCRS and PORS issue a publicly available financial report that includes financial statements and required supplementary information for the retirement systems. These reports may be obtained by writing to South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

SCRS and PORS members are required to contribute 7% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rates for SCRS and PORS are 10.6% and 12.3%, respectively, of annual covered payroll. These percentages include amounts for group life and accidental death coverage. For the year ended June 30, 2013, \$5,201,492 of wages was subject to retirement, which is 97.65% of total salaries of \$5,326,828. The contribution requirements of plan members and the City are established and may be amended by the SCRS and PORS. The City's contributions to SCRS and PORS for the years ended June 30, 2013, 2012, 2011 were as follows:

| | <u>SCRS</u> | <u>PORS</u> |
|------|-------------|-------------|
| 2013 | \$ 279,373 | \$ 331,021 |
| 2012 | \$ 241,900 | \$ 302,490 |
| 2011 | \$ 231,958 | \$ 297,499 |

The above contributions are equal to the required contributions for each year.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 5 – LONG-TERM OBLIGATIONS:

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. All other long-term indebtedness of the primary government is accounted for in the governmental column of the Government-wide Statement of Net Assets.

Summarized below are the City’s individual bond and capital lease issues which are outstanding at June 30, 2013:

| | <u>Purpose of Issue</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Maximum Annual Debt Service</u> |
|---|--|----------------------|---------------------------|----------------------|------------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Refunding Bonds, Series 2005 | Finance Construction of Recreation Complex | \$ 2,135,000 | \$ 785,000 | 3.698% | \$ 286,000 |
| General Obligation Bonds, Series 2010 | Finance Construction of Law Enforcement Center | 3,000,000 | 1,060,000 | 2.230% | 284,310 |
| General Obligation Bonds, Series 2009 | Finance Improvements to Easley Town Center | 1,830,000 | 1,625,000 | 4.720% | 163,956 |
| Capital Lease Payable | Acquire Fire Truck | 549,865 | 254,240 | 3.660% | 46,792 |
| Capital Lease Payable | Construct Recreation Complex | 4,455,000 | 3,300,000 | 4.040% | 550,194 |
| Capital Lease Payable | Acquire Vehicles/Equipment | 233,700 | 28,033 | 3.060% | 56,713 |
| Tax Increment Bond, Series 2010 | Finance Construction of Downtown Improvements | <u>1,203,000</u> | <u>785,000</u> | 2.630% | 174,471 |
| Total Governmental Activities | | <u>\$ 13,406,565</u> | <u>\$ 7,837,273</u> | | |

Long-term activity for the year ended June 30, 2013, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balances</u> | <u>Amounts Due Within One Year</u> |
|--|--------------------------|-------------------|---------------------|------------------------|------------------------------------|
| Governmental Activities: | | | | | |
| Bonds and Capital Leases Payable: | | | | | |
| General Obligation and Other Bonds | \$ 3,255,000 | \$ - | \$ 625,000 | \$ 2,630,000 | \$ 645,000 |
| Capital Leases Payable | <u>5,786,333</u> | - | <u>579,060</u> | <u>5,207,273</u> | <u>567,427</u> |
| Total Bonds and Capital Leases Payable | 9,041,333 | - | 1,204,060 | 7,837,273 | 1,212,427 |
| Other Liabilities: | | | | | |
| Net OPEB Liability | 1,282,840 | 319,555 | - | 1,602,395 | - |
| Compensated Absences | <u>268,012</u> | - | <u>17,662</u> | <u>250,350</u> | <u>25,035</u> |
| Governmental Activities Long-term Liabilities | <u>\$ 10,592,185</u> | <u>\$ 319,555</u> | <u>\$ 1,221,722</u> | <u>\$ 9,690,018</u> | <u>\$ 1,237,462</u> |

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

The City’s general and debt service funds are used to liquidate the governmental activities long-term liabilities. Debt service requirements in future years for bonds and capital leases payable are as follows:

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | <u>Total</u> |
|--------------------|--------------------------------|---------------------|---------------------|---------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Primary Government</u> |
| 2014 | 1,212,427 | 251,092 | 1,463,519 | \$ 1,463,519 |
| 2015 | 1,230,540 | 214,251 | 1,444,791 | 1,444,791 |
| 2016 | 1,291,720 | 176,299 | 1,468,019 | 1,468,019 |
| 2017 | 1,052,934 | 136,557 | 1,189,491 | 1,189,491 |
| 2018 | 804,183 | 109,910 | 914,093 | 914,093 |
| 2019-2023 | 1,670,469 | 266,855 | 1,937,324 | 1,937,324 |
| 2024-2028 | 575,000 | 69,384 | 644,384 | 644,384 |
| Total | \$ 7,837,273 | \$ 1,224,348 | \$ 9,061,621 | \$ 9,061,621 |

NOTE 6 – FUND BALANCES:

The fund balances/net assets and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental Fund Financial Statements

- A) Fund balances - Nonspendable - balances that by their nature are unable to be spent.
- B) Fund balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.
- C) Fund balances - Committed - balances that can only be used for the specific purpose determined by the City's Governing Authority.
- D) Fund balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed. Fund balances may be assigned by the City’s Governing Authority.
- E) Fund balances - Unassigned - balances that are spendable amounts not contained in other classifications.

Government-Wide Financial Statement

- A) Invested in capital assets, net of related debt - represents the net cost less accumulated depreciation and outstanding debt attributable to the organization of the capital assets.
- B) Restricted - represents net assets restricted externally by creditors, granters, contributors or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.
- C) Unrestricted - represents the remainder of the City's net assets in government-wide and business-type activities.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 7 – CONTINGENT LIABILITIES:

The City participates in a few grant programs. These programs are subject to compliance audits by grantors or their representatives. The audits of these programs, for or including the year ended June 30, 2013, have not yet been conducted; therefore, the City’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

NOTE 9 – SUBSEQUENT EVENTS EVALUATION

Subsequent events have been evaluated through November 8, 2013, which is the date the financial statements were available to be issued.

NOTE 10 – INTERFUND BALANCES AND ACTIVITY:

The following schedule represents interfund receivables and payables at June 30, 2013:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| Primary Government: | | |
| By Fund: | | |
| Accommodations Tax Fund | \$ 7,483 | \$ 23,756 |
| Capital Projects Fund | - | 863 |
| Community Development Fund | 91,347 | 1,354,966 |
| Firemen's Fund | 48,648 | - |
| General Fund | 2,173,186 | 1,583,425 |
| Hospitality Tax Fund | 1,023,347 | - |
| Local Accommodations Tax Fund | 33,691 | - |
| Police Fund | - | 89,920 |
| Recreation Fund | - | 182,250 |
| Storm Water Fund | 286,582 | - |
| TIF Special Revenue Fund | 10,103 | 521,431 |
| Victims Rights Fund | 82,224 | - |
| Total Primary Government | <u>\$ 3,756,611</u> | <u>\$ 3,756,611</u> |

All of the above amounts will be liquidated within one year and represent short-term loans between funds to provide needed cash flow to the various funds.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 10 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

Transfers to/from other funds for the year ended June 30, 2013, consisted of the following:

- \$ 709,027 From the General Fund to the Debt Service Fund to pay current year debt service obligations
- \$ 75,000 From the Stormwater Fund to the General Fund
- \$ 61,008 From the TIF Fund to the General Fund
- \$ 26,862 From the Accommodations Tax Fund to the General Fund for allocation of accommodation tax revenue

NOTE 11 – REHABILITATION LOANS:

The City has \$1,259,589 outstanding in rehabilitation loans. These loans were funded by grants from the Federal Government. The repayment of these loans by the borrowers belongs to the City for use to further develop and improve Easley. The City currently has over 100 individual loans outstanding. These loans are for a period of twenty years, at an annual interest rate of three percent (3%). All loans are secured by real estate.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 12 – POST EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS:

The City provides group health, dental and vision insurance benefits for retirees per the terms of an approved policy. The City makes an additional monthly contribution in the amount of 4% of the base premium for employees only for each complete year of service with the City not to exceed 100% of the monthly premium. Retirees may, at their option, include dependent coverage. The City's regular health and dental care benefit providers underwrite the retiree's policies.

Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. This plan is funded on a pay-as-you-go basis. As of June 30, 2013, there were 11 retirees out of 168 total employees who were covered under the City's group insurance plan at a cost of \$65,446.

Annual Other Post-Employment Benefits (OPEB) Cost and Net OPEB Obligation

In 2004, GASB issued *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition and display of Other Post-Employment Benefits expenditures as well as related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers.

The City had an actuarial valuation performed for the plan as of July 1, 2012 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2013. The following table summarizes the key actuarial assumptions and cost method:

| | |
|---|---|
| Actuarial Valuation Date: | July 1, 2012 |
| Actuarial Cost Method: | Projected Unit Credit |
| Amortization Method: | Level Dollar, Open |
| Asset Valuation Method: | 5-Year Smoothed Market Value 80%-120% Corridor |
| Amortization Period: | 30 Years |
| Actuarial Assumptions: | |
| Investment Rate of Return: | 4.0% annual return net of both administrative and investment related expenses |
| Health Cost Trend: | 9.5% to 5.0% in 0.5% annual steps |
| Coverage Elections: | 100% of eligible retirees will elect coverage and 20% of those will elect to cover the spouse |
| Active Participant Marriage Assumption: | 100% of all active participants are assumed to be married with female spouses assumed to be 3 years younger |
| Mortality Tables: | RP-2000 mortality tables |
| Implicit Subsidy: | The total cost of coverage for pre-65 retirees is 35% higher than the premium amount to account for implicitly subsidized costs |

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

NOTE 12 – POST EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

For year ended June 30, 2013, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2013) was as follows:

| | |
|---|----------------------------|
| (a) Employer Annual Required Contribution | \$ 404,614 |
| (b) Valuation Discount Rate | 4.00% |
| (c) Interest on Net OPEB Obligation: (b) * (i) | 51,314 |
| (d) Amortization Factor | 17.9837 |
| (e) Adjustment to Annual Required Contribution: (i) / (d) | <u>71,333</u> |
| (f) Annual OPEB Cost: (a) + (c) - (e) | \$ 384,595 |
| (g) Employer Contributions made for Fiscal Year | <u>65,040</u> |
| (h) Increase (Decrease) in Net OPEB Obligation: (f) - (g) | \$ 319,555 |
| (i) Net OPEB Obligation Beginning of Fiscal Year | <u>1,282,840</u> |
| (j) Net OPEB Obligation Ending of Fiscal Year | <u><u>\$ 1,602,395</u></u> |

*Unfunded Actuarial Accrued Liabilities (UAAL) are being amortized over 30 years.

Schedule of Employer Contributions

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan and the net OPEB obligation (asset) for year ended 2013 were as follows:

| Schedule of Employer Contributions | | | | | |
|------------------------------------|------------------|------------------------------|--|-----------------------------|----------------------------------|
| Actuarial Valuation Date | Annual OPEB Cost | Annual OPEB Cost Contributed | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) | Applicable to Fiscal Year Ending |
| July 1, 2008 | \$454,000 | \$39,222 | 8.64% | \$840,453 | June 30, 2011 |
| July 1, 2008 | \$498,223 | \$55,836 | 11.21% | \$1,282,840 | June 30, 2012 |
| July 1, 2012 | \$384,595 | \$65,446 | 16.91% | \$1,602,395 | June 30, 2013 |

Schedule of Funding Progress

The following schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded % of Payroll (b-a)/(c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---------------------------------|
| July 1, 2008 | - | \$3,104,000 | \$3,104,000 | - | \$4,734,000 | 65.57% |
| July 1, 2012 | - | \$3,317,888 | \$3,317,888 | - | \$4,918,394 | 67.46% |

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS

CITY OF EASLEY, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2013

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|---------------------|---|
| REVENUES | | | | |
| Property Taxes | \$ 2,764,678 | \$ 2,764,678 | \$ 2,606,741 | \$ (157,937) |
| Intergovernmental Revenues | 2,702,697 | 2,702,697 | 3,046,994 | 344,297 |
| Licenses, Permits and Fees | 3,120,000 | 3,120,000 | 3,338,178 | 218,178 |
| Fines and Forfeitures | 975,000 | 975,000 | 888,034 | (86,966) |
| Miscellaneous and Other | 121,000 | 121,000 | 95,218 | (25,782) |
| Payments in Lieu of Taxes and Franchise Fees | 1,901,000 | 1,901,000 | 1,802,862 | (98,138) |
| Interest Income | 15,000 | 15,000 | 4,799 | (10,201) |
| TOTAL REVENUES | 11,599,375 | 11,599,375 | 11,782,826 | 183,451 |
| EXPENDITURES | | | | |
| CURRENT OPERATING: | | | | |
| GENERAL GOVERNMENT: | | | | |
| General Government | 575,400 | 575,400 | 399,973 | 175,427 |
| Council | 95,750 | 95,750 | 89,177 | 6,573 |
| Finance | 440,414 | 440,414 | 476,223 | (35,809) |
| Building Official | 198,827 | 198,827 | 203,336 | (4,509) |
| JUDICIAL SERVICES: | | | | |
| Court | 836,931 | 836,931 | 827,181 | 9,750 |
| PUBLIC SAFETY: | | | | |
| Police | 3,219,165 | 3,219,165 | 3,203,186 | 15,979 |
| Fire | 2,015,898 | 2,015,898 | 1,952,375 | 63,523 |
| PUBLIC WORKS: | | | | |
| Streets | 1,416,809 | 1,416,809 | 1,541,598 | (124,789) |
| Sanitation | 1,049,753 | 1,049,753 | 1,051,452 | (1,699) |
| Cemetery | 37,865 | 37,865 | 38,285 | (420) |
| RECREATION AND TOURISM: | | | | |
| Recreation | 797,665 | 797,665 | 881,522 | (83,857) |
| Capital Expenditures | 356,000 | 356,000 | 480,914 | (124,914) |
| DEBT SERVICE: | | | | |
| Principal Retirement | 94,061 | 94,061 | 94,061 | - |
| Interest and Fiscal Charges | 10,938 | 10,938 | 9,443 | 1,495 |
| TOTAL EXPENDITURES | 11,145,476 | 11,145,476 | 11,248,726 | (103,250) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 453,899 | 453,899 | 534,100 | 80,201 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund Transfers In | 27,000 | 27,000 | 162,870 | 135,870 |
| Interfund Transfers (Out) | (706,890) | (706,890) | (709,027) | (2,137) |
| Sale of Fixed Assets | - | - | 16,006 | 16,006 |
| Insurance Proceeds | - | - | 13,675 | 13,675 |
| NET CHANGE IN FUND BALANCES | (225,991) | (225,991) | 17,624 | 243,615 |
| FUND BALANCES, BEGINNING | 4,038,336 | 4,038,336 | 4,038,336 | - |
| FUND BALANCES, ENDING | \$ 3,812,345 | \$ 3,812,345 | \$ 4,055,960 | \$ 243,615 |

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

CITY OF EASLEY, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT FUND

YEAR ENDED JUNE 30, 2013

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 65,000 | 65,000 |
| Miscellaneous and Other | 13,500 | 13,500 | 23,480 | 9,980 |
| Interest Income | 13,500 | 13,500 | 18,543 | 5,043 |
| TOTAL REVENUES | <u>27,000</u> | <u>27,000</u> | <u>107,023</u> | <u>80,023</u> |
| EXPENDITURES | | | | |
| CURRENT OPERATING: | | | | |
| Community Development | 136,365 | 136,365 | 194,331 | (57,966) |
| TOTAL EXPENDITURES | <u>136,365</u> | <u>136,365</u> | <u>194,331</u> | <u>(57,966)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (109,365) | (109,365) | (87,308) | 22,057 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Interfund Transfers Out | - | - | - | - |
| NET CHANGE IN FUND BALANCES | (109,365) | (109,365) | (87,308) | 22,057 |
| FUND BALANCES, BEGINNING | <u>835,549</u> | <u>835,549</u> | <u>835,549</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 726,184</u> | <u>\$ 726,184</u> | <u>\$ 748,241</u> | <u>\$ 22,057</u> |

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

CITY OF EASLEY, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - HOSPITALITY TAX FUND

YEAR ENDED JUNE 30, 2013

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|------------------------------------|--------------------|-------------------|---------------------|---|
| REVENUES | | | | |
| Hospitality Tax | 1,275,000 | 1,275,000 | 1,457,744 | 182,744 |
| TOTAL REVENUES | <u>1,275,000</u> | <u>1,275,000</u> | <u>1,457,744</u> | <u>182,744</u> |
| EXPENDITURES | | | | |
| CURRENT OPERATING: | | | | |
| Recreation and Tourism | 773,800 | 773,800 | 655,677 | 118,123 |
| Capital Expenditures | 66,000 | 66,000 | 19,540 | 46,460 |
| DEBT SERVICE: | | | | |
| Principal Retirement | 405,000 | 405,000 | 405,000 | - |
| Interest and Fiscal Charges | 105,222 | 105,222 | 105,222 | - |
| TOTAL EXPENDITURES | <u>1,350,022</u> | <u>1,350,022</u> | <u>1,185,439</u> | <u>164,583</u> |
| NET CHANGE IN FUND BALANCES | (75,022) | (75,022) | 272,305 | 347,327 |
| FUND BALANCES, BEGINNING | <u>873,997</u> | <u>873,997</u> | <u>873,997</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 798,975</u> | <u>\$ 798,975</u> | <u>\$ 1,146,302</u> | <u>\$ 347,327</u> |

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

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2013

NOTE 1 – BUDGETARY PROCESS AND BASIS OF ACCOUNTING

The Mayor and Council approve an annual budget by ordinance before the beginning of each fiscal year. The City follows this basic process:

- a. Prior to July 1, the City Administrator submits to the Mayor and Council a recommended budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
- b. The recommended budget is discussed at budget work sessions.
- c. After one public reading and one additional reading, the budget ordinance is legally enacted.

The City uses the modified accrual basis of accounting for its general and special revenue funds, which is in accordance with generally accepted accounting principles for these funds. The City adopts the annual budget for these funds on this basis.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City’s budgetary level of control is at the department level. The following is a summary of excess expenditures over appropriations at the department level for the general fund:

| <u>Department</u> | <u>Final Budgeted Expenditures</u> | <u>Expenditures</u> | <u>Difference</u> |
|-------------------|------------------------------------|---------------------|-------------------|
| Finance | 440,414 | 476,223 | (35,809) |
| Building Official | 218,827 | 225,795 | (6,968) |
| Streets | 1,451,810 | 1,769,916 | (318,106) |
| Cemetery | 37,865 | 38,285 | (420) |
| Recreation | 797,665 | 881,522 | (83,857) |

Traditionally, the City has not amended the original budget during the year.

NOTE 3 – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN – DEFINED BENEFIT HEALTHCARE PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING STATUS

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan and the net OPEB obligation (asset) for 2013 were as follows:

| | |
|---|---------------------|
| (a) Employer Annual Require Contribution | \$ 404,614 |
| (b) Valuation Discount Rate | 4.00% |
| (c) Interest on Net OPEB Obligation: (b) * (i) | 51,314 |
| (d) Amortization Factor | 17.9837 |
| (e) Adjustment to Annual Required Contribution: (i) / (d) | 71,333 |
| (f) Annual OPEB Cost: (a) + (c) - (e) | \$ 384,595 |
| (g) Employer Contributions made for Fiscal Year | 65,040 |
| (h) Increase (Decrease) in Net OPEB Obligation: (f) - (g) | \$ 319,555 |
| (i) Net OPEB Obligation Beginning of Fiscal Year | 1,282,840 |
| (j) Net OPEB Obligation Ending of Fiscal Year | <u>\$ 1,602,395</u> |

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2013

NOTE 3 – OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLAN – DEFINED BENEFIT HEALTHCARE PLAN – SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING STATUS (CONTINUED)

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded % of Payroll (b-a)/(c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---------------------------------|
| July 1, 2008 | - | \$3,104,000 | \$3,104,000 | - | \$4,734,000 | 65.57% |
| July 1, 2012 | - | \$3,317,888 | \$3,317,888 | - | \$4,918,394 | 67.46% |

SUPPLEMENTAL INFORMATION

CITY OF EASLEY, SOUTH CAROLINA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

| | SPECIAL REVENUE FUNDS | DEBT SERVICE FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-----------------------------|-------------------------|---|
| ASSETS | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | 761,932 | - | 761,932 |
| Accounts Receivable | 24,879 | - | 24,879 |
| Interfund Balances | 182,149 | - | 182,149 |
| TOTAL ASSETS | <u>\$ 968,960</u> | <u>\$ -</u> | <u>\$ 968,960</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts Payable | 8,161 | - | 8,161 |
| Interfund Balances | 818,220 | - | 818,220 |
| TOTAL LIABILITIES | <u>826,381</u> | <u>-</u> | <u>826,381</u> |
| FUND BALANCES: | | | |
| RESTRICTED FOR: | | | |
| Downtown Development | 85,307 | - | 85,307 |
| Judicial Services | 80,676 | - | 80,676 |
| Public Safety | 123,360 | - | 123,360 |
| Recreation and Tourism | 38,476 | - | 38,476 |
| UNASSIGNED: | <u>(185,240)</u> | <u>-</u> | <u>(185,240)</u> |
| TOTAL FUND BALANCES | <u>142,579</u> | <u>-</u> | <u>142,579</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 968,960</u> | <u>\$ -</u> | <u>\$ 968,960</u> |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

| | SPECIAL REVENUE FUNDS | DEBT SERVICE FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-----------------------------|-------------------------|---|
| REVENUES | | | |
| Property Taxes | \$ 380,998 | \$ - | \$ 380,998 |
| Intergovernmental Revenues | 175,636 | - | 175,636 |
| Licenses, Permits and Fees | 335,868 | - | 335,868 |
| Fines and Forfeitures | 22,266 | - | 22,266 |
| Miscellaneous and Other | 502 | - | 502 |
| Interest Income | 1,419 | - | 1,419 |
| TOTAL REVENUES | <u>916,689</u> | <u>-</u> | <u>916,689</u> |
| EXPENDITURES | | | |
| CURRENT OPERATING: | | | |
| Judicial Services | 48,291 | - | 48,291 |
| Public Safety | 67,786 | - | 67,786 |
| Public Works | 44,573 | - | 44,573 |
| Recreation and Tourism | 524,030 | - | 524,030 |
| Capital Expenditures | 184,051 | - | 184,051 |
| DEBT SERVICE: | | | |
| Principal Retirement | 145,000 | 560,000 | 705,000 |
| Interest and Fiscal Changes | 24,459 | 149,027 | 173,486 |
| TOTAL EXPENDITURES | <u>1,038,190</u> | <u>709,027</u> | <u>1,747,217</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (121,501) | (709,027) | (830,528) |
| OTHER FINANCING SOURCES AND (USES) | | | |
| Interfund Transfers In | - | 709,027 | 709,027 |
| Interfund Transfers (Out) | (87,870) | - | (87,870) |
| NET CHANGE IN FUND BALANCES | (209,371) | - | (209,371) |
| FUND BALANCES, BEGINNING | <u>351,950</u> | <u>-</u> | <u>351,950</u> |
| FUND BALANCES, ENDING | <u>\$ 142,579</u> | <u>\$ -</u> | <u>\$ 142,579</u> |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

| | TIF FUND | ACCOMMODATIONS TAX | VICTIMS RIGHTS | LOCAL ACCOMMODATIONS TAX |
|--|-------------------|-----------------------|-------------------|--------------------------------|
| ASSETS | | | | |
| Restricted Assets - Cash and Other Cash Deposits | \$ 596,635 | \$ - | \$ - | \$ - |
| Accounts Receivable | - | 20,094 | - | 4,785 |
| Interfund Balances | 10,103 | 7,483 | 82,224 | 33,691 |
| TOTAL ASSETS | \$ 606,738 | \$ 27,577 | \$ 82,224 | \$ 38,476 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES: | | | | |
| Accounts Payable | - | - | 1,548 | - |
| Interfund Balances | 521,431 | 23,756 | - | - |
| TOTAL LIABILITIES | 521,431 | 23,756 | 1,548 | - |
| FUND BALANCES: | | | | |
| RESTRICTED FOR: | | | | |
| Downtown Development | 85,307 | - | - | - |
| Judicial Services | - | - | 80,676 | - |
| Public Safety | - | - | - | - |
| Recreation and Tourism | - | - | - | 38,476 |
| UNASSIGNED: | - | 3,821 | - | - |
| TOTAL FUND BALANCES | 85,307 | 3,821 | 80,676 | 38,476 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 606,738 | \$ 27,577 | \$ 82,224 | \$ 38,476 |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL BALANCE SHEET - NONMAJORSPECIAL REVENUE FUNDS

JUNE 30, 2013

| | LAW ENFORCEMENT FUND | FIREMEN'S FUND | EASLEY TOWN CENTER CAPITAL PROJECT FUND | RECREATION FUND | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|--|----------------------------|-------------------|--|--------------------|---|
| ASSETS | | | | | |
| Restricted Assets - Cash and Other Cash Deposits | \$ 164,729 | \$ - | \$ 568 | \$ - | \$ 761,932 |
| Accounts Receivable | - | - | - | - | 24,879 |
| Interfund Balances | - | 48,648 | - | - | 182,149 |
| TOTAL ASSETS | <u>\$ 164,729</u> | <u>\$ 48,648</u> | <u>\$ 568</u> | <u>\$ -</u> | <u>\$ 968,960</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Accounts Payable | - | 97 | - | 6,516 | 8,161 |
| Interfund Balances | 89,920 | - | 863 | 182,250 | 818,220 |
| TOTAL LIABILITIES | <u>89,920</u> | <u>97</u> | <u>863</u> | <u>188,766</u> | <u>826,381</u> |
| FUND BALANCES: | | | | | |
| RESTRICTED FOR: | | | | | |
| Downtown Development | - | - | - | - | 85,307 |
| Judicial Services | - | - | - | - | 80,676 |
| Public Safety | 74,809 | 48,551 | - | - | 123,360 |
| Recreation and Tourism | - | - | - | - | 38,476 |
| UNASSIGNED: | - | - | (295) | (188,766) | (185,240) |
| TOTAL FUND BALANCES | <u>74,809</u> | <u>48,551</u> | <u>(295)</u> | <u>(188,766)</u> | <u>142,579</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 164,729</u> | <u>\$ 48,648</u> | <u>\$ 568</u> | <u>\$ -</u> | <u>\$ 968,960</u> |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2013

| | TIF FUND | ACCOMMODATIONS TAX | VICTIMS RIGHTS | LOCAL ACCOMMODATIONS TAX |
|--|------------------|-----------------------|-------------------|--------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 380,998 | \$ - | \$ - | \$ - |
| Intergovernmental Revenues | - | 62,239 | - | 58,576 |
| Licenses, Permits and Fees | - | - | 58,430 | - |
| Fines and Forfeitures | - | - | - | - |
| Miscellaneous and Other | 502 | - | - | - |
| Interest Income | 1,190 | - | - | - |
| TOTAL REVENUES | 382,690 | 62,239 | 58,430 | 58,576 |
| EXPENDITURES | | | | |
| CURRENT OPERATING: | | | | |
| Judicial Services | - | - | 48,291 | - |
| Public Safety | - | - | - | - |
| Public Works | 44,411 | - | - | - |
| Recreation and Tourism | - | 27,789 | - | 55,340 |
| Capital Expenditures | 121,641 | - | - | - |
| DEBT SERVICE: | | | | |
| Principal Retirement | 145,000 | - | - | - |
| Interest and Fiscal Charges | 24,459 | - | - | - |
| TOTAL EXPENDITURES | 335,511 | 27,789 | 48,291 | 55,340 |
| EXCESS DEFICIENCY OF (REVENUES) OVER EXPENDITURES | 47,179 | 34,450 | 10,139 | 3,236 |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| Interfund Transfers In | - | - | - | - |
| Interfund Transfers (Out) | (61,008) | (26,862) | - | - |
| NET CHANGE IN FUND BALANCES | (13,829) | 7,588 | 10,139 | 3,236 |
| FUND BALANCES, BEGINNING - RESTATED | 99,136 | (3,767) | 70,537 | 35,240 |
| FUND BALANCES, ENDING | \$ 85,307 | \$ 3,821 | \$ 80,676 | \$ 38,476 |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2013

| | LAW ENFORCEMENT FUND | FIREMEN'S FUND | EASLEY TOWN CENTER CAPITAL PROJECT FUND | RECREATION FUND | TOTAL NONMAJOR SPECIAL REVENUE FUNDS |
|--|----------------------------|-------------------|--|---------------------|---|
| REVENUES | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ 380,998 |
| Intergovernmental Revenues | - | 54,821 | - | - | 175,636 |
| Licenses, Permits and Fees | - | - | - | 277,438 | 335,868 |
| Fines and Forfeitures | 22,266 | - | - | - | 22,266 |
| Miscellaneous and Other | - | - | - | - | 502 |
| Interest Income | 229 | - | - | - | 1,419 |
| TOTAL REVENUES | <u>22,495</u> | <u>54,821</u> | <u>-</u> | <u>277,438</u> | <u>916,689</u> |
| EXPENDITURES | | | | | |
| CURRENT OPERATING: | | | | | |
| Judicial Services | - | - | - | - | 48,291 |
| Public Safety | 6,343 | 61,443 | - | - | 67,786 |
| Public Works | - | - | 162 | - | 44,573 |
| Recreation and Tourism | - | - | - | 440,901 | 524,030 |
| Capital Expenditures | 53,244 | - | - | 9,166 | 184,051 |
| DEBT SERVICE: | | | | | |
| Principal Retirement | - | - | - | - | 145,000 |
| Interest and Fiscal Charges | - | - | - | - | 24,459 |
| TOTAL EXPENDITURES | <u>59,587</u> | <u>61,443</u> | <u>162</u> | <u>450,067</u> | <u>1,038,190</u> |
| EXCESS DEFICIENCY OF (REVENUES) OVER EXPENDITURES | (37,092) | (6,622) | (162) | (172,629) | (121,501) |
| OTHER FINANCING SOURCES AND (USES) | | | | | |
| Interfund Transfers In | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | (87,870) |
| NET CHANGE IN FUND BALANCES | (37,092) | (6,622) | (162) | (172,629) | (209,371) |
| FUND BALANCES, BEGINNING - RESTATED | <u>111,901</u> | <u>55,173</u> | <u>(133)</u> | <u>(16,137)</u> | <u>351,950</u> |
| FUND BALANCES, ENDING | <u>\$ 74,809</u> | <u>\$ 48,551</u> | <u>\$ (295)</u> | <u>\$ (188,766)</u> | <u>\$ 142,579</u> |

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

SCHEDULE OF MUNICIPAL COURT FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED JUNE 30, 2013

Court Fines and Assessments

| | |
|--|--------------------------|
| Court Fines and Assessments Collected | \$ 910,855 |
| Court Fines and Assessments Retained by the Town | (357,101) |
| Total Court Fines and Assessments Remitted to the State Treasurer | <u>\$ 553,754</u> |

Court Surcharges

| | |
|---|--------------------------|
| Court Surcharges Collected | \$ 161,778 |
| Total Court Surcharges Remitted to State Treasurer | <u>\$ 161,778</u> |

Victims Fund

| | |
|--|-------------------------|
| Funds Available for Carryforward, Beginning of Year | \$ 70,537 |
| Court Assessments Allocated to Victim Assistance Fund - Current Year | 58,430 |
| Victim Assistance Fund Expenditures | (48,291) |
| Funds Available for Carryforward, End of Year | <u>\$ 80,676</u> |

See independent auditor's report.