



ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2014



BYERLEY, PAYNE & WHITE
CERTIFIED PUBLIC ACCOUNTANTS, PA

www.bpandwcpa.com

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, 2014, 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 opinions.

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, 2014, 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 28-32 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.

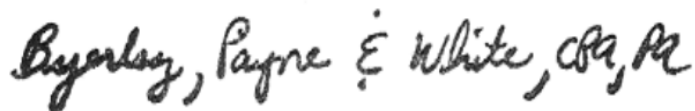
Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 5, 2014

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2014

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Other Cash Deposits	\$ 3,110,336	\$ -	\$ 3,110,336
Accounts Receivable	1,104,661	1,056	1,105,717
Rehabilitation Loans Receivable	1,217,385	-	1,217,385
Property Taxes Receivable	35,755	-	35,755
Interfund Balances	(296,923)	296,923	-
Inventories	254,264	-	254,264
RESTRICTED ASSETS:			
Cash and Other Cash Deposits	1,342,067	-	1,342,067
CAPITAL ASSETS:			
Non-Depreciable	5,012,362	-	5,012,362
Depreciable	29,765,741	1,127,837	30,893,578
Less Accumulated Depreciation	(14,317,457)	(223,259)	(14,540,716)
TOTAL ASSETS	\$ 27,228,191	\$ 1,202,557	\$ 28,430,748
LIABILITIES			
Accounts Payable	\$ 229,371	\$ 7,349	\$ 236,720
Employee Benefits Withheld and Accrued	-	-	-
Accrued Interest Payable	49,179	-	49,179
NON-CURRENT LIABILITIES:			
DUE WITHIN ONE YEAR:			
Compensated Absences	24,829	-	24,829
Capital Leases Payable	560,540	-	560,540
Bonds Payable	670,000	-	670,000
DUE IN MORE THAN ONE YEAR:			
Compensated Absences	223,458	-	223,458
Net OPEB Liability	1,918,531	-	1,918,531
Capital Leases Payable	4,079,306	-	4,079,306
Bonds Payable	1,315,000	-	1,315,000
TOTAL LIABILITIES	9,070,214	7,349	9,077,563
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding Bond (Net)	7,276	-	7,276
TOTAL DEFERRED INFLOWS OF RESOURCES	7,276	-	7,276
NET POSITION			
Net Investment in Capital Assets	13,993,575	904,578	14,898,153
RESTRICTED FOR:			
Judicial Services	102,690	-	102,690
Public Safety	161,692	-	161,692
Recreation and Tourism	833,129	-	833,129
Community Development	635,527	-	635,527
Unrestricted	2,424,088	290,630	2,714,718
TOTAL NET POSITION	\$ 18,150,701	\$ 1,195,208	\$ 19,345,909

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

CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

FUNCTION/PROGRAM ACTIVITIES	PROGRAM REVENUES				NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
	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	\$ 1,328,589	\$ 3,136,001	\$ -	\$ -	\$ 1,807,412	\$ -	\$ 1,807,412
Judicial Services	946,041	1,010,060	-	-	64,019	-	64,019
Public Safety	5,856,942	578,687	62,958	-	(5,215,297)	-	(5,215,297)
Public Works	2,954,464	40,692	-	9,600	(2,904,172)	-	(2,904,172)
Recreation and Tourism	2,361,775	362,552	-	110,041	(1,889,182)	-	(1,889,182)
Community Development	227,478	-	-	-	(227,478)	-	(227,478)
Interest on Long-Term Debt	216,477	-	-	-	(216,477)	-	(216,477)
TOTAL GOVERNMENTAL ACTIVITIES	13,891,766	5,127,992	62,958	119,641	(8,581,175)	-	(8,581,175)
BUSINESS - TYPE ACTIVITIES:							
Storm Water	122,797	343,132	-	-	-	220,335	220,335
TOTAL BUSINESS - TYPE ACTIVITIES	122,797	343,132	-	-	-	220,335	220,335
TOTAL PRIMARY GOVERNMENT	\$ 14,014,563	\$ 5,471,124	\$ 62,958	\$ 119,641	(8,581,175)	220,335	(8,360,840)
GENERAL REVENUES:							
TAXES:							
Property Taxes, Levied for General Purposes					2,774,880	-	2,774,880
Local Option Sales Tax					2,201,818	-	2,201,818
Hospitality Tax					1,514,178	-	1,514,178
State Accommodation Taxes					136,883	-	136,883
Payments in Lieu of Taxes and Franchise Fees					2,578,800	-	2,578,800
Grants and Contributions not Restricted to Specific Programs					433,837	-	433,837
Interest Income					17,401	-	17,401
Miscellaneous					161,676	-	161,676
Capital Contributions					108,161	-	108,161
Interfund Transfer					125,000	(125,000)	-
TOTAL GENERAL REVENUES AND TRANSFERS					10,052,634	(125,000)	9,927,634
CHANGE IN NET POSITION					1,471,459	95,335	1,566,794
NET POSITION, BEGINNING					16,679,242	1,099,873	17,779,115
NET POSITION, ENDING					\$ 18,150,701	\$ 1,195,208	\$ 19,345,909

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, 2014

	GENERAL FUND	COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND	HOSPITALITY TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Other Cash Deposits	\$ 3,110,336	\$ -	\$ -	\$ -	\$ 3,110,336
Restricted Assets - Cash and Other Cash Deposits	-	563,548	-	778,519	1,342,067
Accounts Receivable	946,622	-	130,403	27,636	1,104,661
Rehabilitation Loans Receivable	-	1,217,385	-	-	1,217,385
Property Taxes Receivable	35,755	-	-	-	35,755
Interfund Balances	2,023,570	-	853,973	195,284	3,072,827
Inventories	-	254,264	-	-	254,264
TOTAL ASSETS	\$ 6,116,283	\$ 2,035,197	\$ 984,376	\$ 1,001,439	\$ 10,137,295
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ 199,903	\$ 48	\$ 16,593	\$ 12,827	\$ 229,371
Employee Benefits Withheld and Accrued	-	-	-	-	-
Interfund Balances	1,346,180	1,399,622	-	623,948	3,369,750
TOTAL LIABILITIES	1,546,083	1,399,670	16,593	636,775	3,599,121
FUND BALANCES:					
NONSPENDABLE:					
Inventory	-	254,264	-	-	254,264
Non-Current Receivables	-	709,783	-	-	709,783
RESTRICTED FOR:					
Community Development	-	563,548	-	-	563,548
Downtown Development	-	-	-	213,749	213,749
Judicial Services	-	-	-	102,690	102,690
Non-Current Receivables	-	507,602	-	-	507,602
Public Safety	-	-	-	161,692	161,692
Recreation and Tourism	-	-	967,783	39,793	1,007,576
UNASSIGNED:	4,570,200	(1,399,670)	-	(153,260)	3,017,270
TOTAL FUND BALANCES	4,570,200	635,527	967,783	364,664	6,538,174
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,116,283	\$ 2,035,197	\$ 984,376	\$ 1,001,439	\$ 10,137,295

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 POSITION

JUNE 30, 2014

Fund balances - total governmental funds \$ 6,538,174

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

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

Governmental capital assets	34,778,103	
Less accumulated depreciation	(14,317,457)	20,460,646

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	(1,985,000)	
Capital leases payable	(4,639,846)	
Interest payable	(49,179)	
Net OPEB liability	(1,918,531)	
Compensated absences	(248,287)	(8,840,843)

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

Deferred gain	(40,000)	
Amortization	32,724	(7,276)

Net position of governmental activities \$ 18,150,701

CITY OF EASLEY, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2014

	GENERAL FUND	COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND	HOSPITALITY TAX FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property Taxes	\$ 2,310,243	\$ -	\$ -	\$ 464,637	\$ 2,774,880
Intergovernmental Revenues	2,801,228	26,410	-	192,886	3,020,524
Licenses, Permits and Fees	3,494,589	-	-	370,652	3,865,241
Hospitality Tax	-	-	1,514,178	-	1,514,178
Fines and Forfeitures	947,873	-	-	43,068	990,941
Miscellaneous and Other	165,307	129,141	7,741	-	302,189
Payments in Lieu of Taxes and Franchise Fees	2,644,709	-	-	-	2,644,709
Interest Income	1,277	14,876	-	1,248	17,401
TOTAL REVENUES	12,365,226	170,427	1,521,919	1,072,491	15,130,063
EXPENDITURES					
CURRENT OPERATING:					
General Government	1,240,881	-	-	-	1,240,881
Judicial Services	857,630	-	-	43,152	900,782
Public Safety	5,309,854	-	-	60,986	5,370,840
Public Works	2,627,477	-	-	63,399	2,690,876
Recreation and Tourism	1,049,126	-	477,975	384,628	1,911,729
Community Development	-	190,575	-	-	190,575
Capital Expenditures	244,230	92,567	834,373	-	1,171,170
DEBT SERVICE:					
Principal Retirement	67,428	-	415,000	730,000	1,212,428
Interest and Fiscal Charges	7,720	-	81,251	139,880	228,851
TOTAL EXPENDITURES	11,404,346	283,142	1,808,599	1,422,045	14,918,132
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	960,880	(112,715)	(286,680)	(349,554)	211,931
OTHER FINANCING SOURCES AND (USES)					
Interfund Transfers In	-	-	-	702,213	702,213
Interfund Transfers (Out)	(446,640)	-	-	(130,573)	(577,213)
Sale of Fixed Assets	-	-	-	-	-
Capital Contributions	-	-	108,161	-	108,161
Insurance Proceeds	-	-	-	-	-
NET CHANGE IN FUND BALANCES	514,240	(112,715)	(178,519)	222,086	445,092
FUND BALANCES, BEGINNING	4,055,960	748,242	1,146,302	142,578	6,093,082
FUND BALANCES, ENDING	\$ 4,570,200	\$ 635,527	\$ 967,783	\$ 364,664	\$ 6,538,174

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, 2014

Net change in fund balances - total governmental funds \$ 445,092

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	1,171,170	
Less current year depreciation	<u>(1,055,532)</u>	115,638

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 Position. 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 Position. This is the amount by which proceeds exceed repayments.

Principal payments		1,212,428
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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	3,636	
Net OPEB liability	(316,135)	
Change in long-term compensated absences	2,063	
Change in accrued interest on bonds and capital leases payable	<u>8,737</u>	<u>(301,699)</u>

Change in net position of governmental activities		<u>\$ 1,471,459</u>
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CITY OF EASLEY, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2014

	<u>STORM WATER FUND</u>
ASSETS	
CURRENT ASSETS:	
Accounts Receivable	\$ 1,056
Interfund Balance	296,923
TOTAL CURRENT ASSETS	<u>297,979</u>
NON-CURRENT ASSETS:	
CAPITAL ASSETS:	
Buildings and Improvements	12,469
Equipment and Vehicles	178,769
Infrastructure	936,599
Less Accumulated Depreciation	(223,259)
TOTAL NON-CURRENT ASSETS	<u>904,578</u>
TOTAL ASSETS	<u>\$ 1,202,557</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	\$ 7,349
TOTAL LIABILITIES	<u>7,349</u>
NET POSITION	
Net Investment in Capital Assets	904,578
Unrestricted	290,630
TOTAL NET POSITION	<u>\$ 1,195,208</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 POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2014

	STORM WATER FUND
OPERATING REVENUES	
Storm Water Fees	\$ 343,132
TOTAL OPERATING REVENUES	<u>343,132</u>
OPERATING EXPENSES	
Contractual Services, Materials, Supplies and Other Expenses	73,146
Depreciation Expense	49,651
TOTAL OPERATING EXPENSES	<u>122,797</u>
OPERATING INCOME (LOSS)	<u>220,335</u>
Interfund Transfers (Out)	(125,000)
CHANGE IN NET POSITION	95,335
NET POSITION, BEGINNING	<u>1,099,873</u>
NET POSITION, ENDING	<u>\$ 1,195,208</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, 2014

	STORM WATER FUND
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	
CASH FLOWS FROM OPERATIONS:	
Receipts from Customers	\$ 343,394
Payments to Suppliers	(82,194)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>261,200</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Interfund Transfers (Out)	(125,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of Capital Assets	(136,200)
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>\$ 220,335</u>
ADJUSTMENTS NOT AFFECTING CASH:	
Depreciation	49,651
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	262
(Increase) Decrease in Interfund Balances	(10,341)
Increase (Decrease) in Accounts Payable	1,293
TOTAL ADJUSTMENTS	<u>40,865</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 261,200</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, 2014

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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 governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

As required by GAAP, the financial statements must present the City's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity ("component unit") is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's financial statements to be misleading. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

Major Operations

The City's major governmental operations include: administrative and general, police, fire, streets and sanitation, recreation and parks, hospitality, and community development. In addition, the City provides stormwater services through its proprietary fund.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The government-wide financial statements are prepared using a different measurement focus from the manner in which the governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities ("GASB #65" or "Statement") in fiscal year 2014. GASB #65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. This Statement supplements and extends the reach of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which was adopted by the City in fiscal year 2013. The City's only former financial statement item that was affected by the implementation of GASB #65 was its deferred revenue liability (for unavailable – property taxes and deferred revenue – business licenses) in its statements of financial position. Under this Statement, deferred revenue that is not available or deferred revenue that is received by a government but is applicable to a future year should no longer be shown as a liability but will be reclassified and shown as a component of deferred inflows of resources.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, hospitality taxes, accommodation taxes, fire protection fees and charges for services, fines and forfeitures, business licenses, franchise fees, intergovernmental revenues, external service reimbursements and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease purchase expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources. Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the City.

Governmental Fund Types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. The governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's only governmental funds and its major funds are as follows:

The **General Fund, a major fund and a budgeted fund**, is the general operating fund of the City and accounts for all governmental revenues and expenditures of the City. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Community Development Fund, a major special revenue fund and a budgeted fund**, is used to account for and report the financial resources received and disbursed related to the lending and collecting activity related to various community development projects within the City. These funds are restricted and thus can only be spent for related expenditures.

The **Hospitality Tax Fund, a major special revenue fund and a budgeted fund**, is used to account for and report the financial resources received and disbursed related to the City's 2% fee imposed on prepared food and beverage sales within the City. These funds are restricted and thus can only be spent for tourism related expenditures.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

Proprietary Fund Types are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has one enterprise fund.

A proprietary fund distinguishes 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 enterprise funds are primarily charges for services and fees. Operating expenses for the enterprise fund includes the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting these general definitions are reported as non-operating revenues and expenses. The City's only proprietary fund is as follows:

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 costs (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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following enterprise fund:

The **Storm Water Fund, a major fund and budgeted fund**, is used to account for the City's storm water operations.

C. Cash

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

D. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts (if material). Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, and other fees and charges.

E. Inventories and Prepaid Items

Inventories of materials, supplies, and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

F. 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

G. 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.

H. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. The portion applicable to the proprietary fund is also recorded in the proprietary fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, or capital leases issued is reported as other financing sources. Premiums received on issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from the governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, capital leases, compensated absences, and other related long-term liabilities that will eventually be paid from the governmental funds are not reported as a liability in the fund financial statements until due and payable.

I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any deferred outflows of resources.

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

I. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of deferred inflow of resources, *Deferred Gain on Refunding Bond (Net)*, arising only under the full accrual basis of accounting. This item is deferred and recognized as an inflow of resources (revenue) in the period for which it was intended to finance.

J. 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.

K. Fund Balance

In accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB #54"), the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and for which such assignments are made before the report issuance date. City Council formally granted the City Administrator the right to make assignments of fund balance for the City.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

L. Net Position

Net position represents the difference between assets and deferred outflows (if any) and liabilities and deferred inflows (if any) in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

M. Property Tax

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes, less an allowance for amounts estimated to be uncollectible (if material). All property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Pickens County ("County"). The County generally levies its real property taxes in October based upon assessed valuations on January 1st of each year. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January	3%
February 2nd	an additional 7%
March 17th	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October.

Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

N. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the governmental funds during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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

O. Accounting 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.

NOTE 2 – DEPOSITS AND INVESTMENTS:

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 (A) and (B) 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, 2014, the carrying amount of the City's deposits was \$4,452,403 and the bank balance was \$5,290,076.

Custodial credit risk for deposits - 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.

Custodial credit risk for investments - As of June 30, 2014, the City did not hold any investments

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, 2014

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Interfund Receivables and Payables

Interfund balances at June 30, 2014, consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year):

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
By Fund:		
Accommodations Tax Fund	\$ -	\$ 634
Capital Projects Fund	-	863
Community Development Fund	-	1,399,622
Firemen's Fund	49,684	-
General Fund	2,023,570	1,346,180
Hospitality Tax Fund	853,973	-
Law Enforcement Fund	-	68,200
Local Accommodations Tax Fund	42,910	-
Recreation Fund	-	170,144
Storm Water Fund	296,923	-
TIF Special Revenue Fund	-	384,107
Victims Rights Fund	<u>102,690</u>	<u>-</u>
Total Primary Government	<u>\$ 3,369,750</u>	<u>\$ 3,369,750</u>

Transfers to/from the City's funds for the year consisted of the following:

\$ 699,234	From the general fund to the debt service fund to pay current year debt service obligations.
\$ 27,423	From the accommodations tax fund to the general fund for allocation of accommodation tax revenue.
\$ 2,979	From the general fund to the victims rights fund.
\$ 125,000	From the storm water fund to the general fund.
\$ 103,150	From the TIF fund to the general fund.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the City’s governmental activities for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,877,474	\$ 427,719	\$ -	\$ 4,305,193
Infrastructure Land Rights and Other Cost	707,169	-	-	707,169
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciated	<u>4,584,643</u>	<u>427,719</u>	<u>-</u>	<u>5,012,362</u>
Capital Assets being Depreciated:				
Buildings and Improvements	17,533,372	424,300	-	17,957,672
Equipment and Vehicles	8,891,909	244,677	-	9,136,586
Infrastructure - Roads	2,597,008	74,475	-	2,671,483
Total Capital Assets being Depreciated	<u>29,022,289</u>	<u>743,452</u>	<u>-</u>	<u>29,765,741</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,158,106)	(477,714)	-	(6,635,820)
Equipment and Vehicles	(6,581,628)	(473,117)	-	(7,054,745)
Infrastructure - Roads	(522,191)	(104,701)	-	(626,892)
Total Accumulated Depreciation	<u>(13,261,925)</u>	<u>(1,055,532)</u>	<u>-</u>	<u>(14,317,457)</u>
Total Capital Assets being Depreciated, Net	<u>15,760,364</u>	<u>(312,080)</u>	<u>-</u>	<u>15,448,284</u>
Governmental Activities Capital Assets, net	<u>\$ 20,345,007</u>	<u>\$ 115,639</u>	<u>\$ -</u>	<u>\$ 20,460,646</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 69,961
Judicial Services	25,665
Public Safety	308,183
Public Works	196,925
Recreation and Tourism	417,895
Community Development	36,903
Total Depreciation Expense	<u>\$ 1,055,532</u>

CITY OF EASLEY, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2014

NOTE 4 – CAPITAL ASSETS (CONTINUED):

Capital asset activity for the City’s business-type activities for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
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	60,140	-	178,769
Infrastructure - Stormwater	860,539	76,060	-	936,599
Total Capital Assets being Depreciated	<u>991,637</u>	<u>136,200</u>	<u>-</u>	<u>1,127,837</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,077)	(499)	-	(3,576)
Equipment and Vehicles	(65,035)	(20,467)	-	(85,502)
Infrastructure - Roads	(105,496)	(28,685)	-	(134,181)
Total Accumulated Depreciation	<u>(173,608)</u>	<u>(49,651)</u>	<u>-</u>	<u>(223,259)</u>
Total Capital Assets being Depreciated, Net	<u>818,029</u>	<u>86,549</u>	<u>-</u>	<u>904,578</u>
Business-Type Activities Capital Assets, net	<u>\$ 818,029</u>	<u>\$ 86,549</u>	<u>\$ -</u>	<u>\$ 904,578</u>

Capital asset depreciation expense for business-type activities were charged to functions/programs as follows:

Stormwater	\$ 49,651
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CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

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 Position.

Summarized below are the City’s individual bond issues which are outstanding at June 30, 2014:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Governmental Activities:					
General Obligation Refunding Bonds, Series 2005	Finance Construction of Recreation Complex	\$ 2,135,000	\$ 535,000	3.698%	\$ 286,000
General Obligation Bonds, Series 2010	Finance Construction of Law Enforcement Center	3,000,000	815,000	2.230%	284,310
General Obligation Bonds, Series 2009	Finance Improvements to Easley Town Center	1,830,000	1,540,000	4.720%	163,956
Capital Lease Payable	Acquire Fire Truck	549,865	214,846	3.660%	46,792
Capital Lease Payable	Construct Recreation Complex	4,455,000	2,885,000	4.040%	550,194
Tax Increment Bond, Series 2010	Finance Construction of Downtown Improvements	1,203,000	635,000	2.630%	174,471
Total Governmental Activities		<u>\$ 13,172,865</u>	<u>\$ 6,624,846</u>		

Presented below is a summary of changes in long-term obligations for the City’s governmental activities for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds and Capital Leases Payable:					
General Obligation and Other Bonds	\$ 2,630,000	\$ -	\$ 645,000	\$ 1,985,000	\$ 670,000
Capital Leases Payable	5,207,273	-	567,427	4,639,846	560,540
Total Bonds and Capital Leases Payable	<u>7,837,273</u>	<u>-</u>	<u>1,212,427</u>	<u>6,624,846</u>	<u>1,230,540</u>
Other Liabilities:					
Net OPEB Liability	1,602,395	316,136	-	1,918,531	-
Compensated Absences	250,350	15,734	17,797	248,287	24,829
Governmental Activities Long-term Liabilities	<u>\$ 9,690,018</u>	<u>\$ 331,870</u>	<u>\$ 1,230,224</u>	<u>\$ 8,791,664</u>	<u>\$ 1,255,369</u>

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED):

Presented below is a summary of debt service requirements to maturity by year for the City’s governmental and business-type activities as of June 30, 2014:

Fiscal Year	Governmental Activities			Total
	Principal	Interest	Total	Primary Government
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	660,469	85,517	745,986	745,986
2020-2024	1,145,000	208,478	1,353,478	1,353,478
2025-2029	440,000	42,244	482,244	482,244
Total	\$ 6,624,846	\$ 973,256	\$ 7,598,102	\$ 7,598,102

NOTE 6 – PENSION PLAN:

The City contributes to the South Carolina Retirement Systems (SCRS), Police Officers Retirement System (PORS), cost-sharing and multiple-employer defined benefit pension plans administered by the State Budget and Control Board of South Carolina. SCRS and PORS provide retirement, disability and death benefits as well as cost-of-living adjustments to plan members and beneficiaries.

The SCRS and PORS (collectively the “Plans”) provisions are established under Title 9 of the South Carolina Code of Laws and were originally administered by the South Carolina Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the Plans to the newly created South Carolina Public Employee Benefit Authority (“PEBA”). The PEBA has the authority to establish and amend benefits and funding policy. A comprehensive annual financial report containing financial statements and required supplementary information for the retirement benefits is issued and publicly available by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

SCRS and PORS members are required to contribute 7.5% and 7.84% 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 12.84%, respectively, of annual covered payroll. These percentages include amounts for group life and accidental death coverage. The contribution requirements of plan members and the City are established and may be amended by the SCRS and PORS. The Town’s contributions to SCRS and PORS for the years ended June 30, 2014, 2013 and 2012 were as follows:

	SCRS	PORS
2014	\$ 264,539	\$ 317,054
2013	\$ 279,373	\$ 331,021
2012	\$ 241,900	\$ 302,490

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 7 – 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 8 – REHABILITATION LOANS:

The City has \$1,217,385 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.

NOTE 9 – PENDING IMPLEMENTATION OF GASB STATEMENT ON PENSIONS

GASB Statement No. 68, “Accounting and Financial Reporting for Pensions” (“Statement”), was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB’s intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City’s financial obligations to current and former employees for past services rendered.

In particular, the City will be required to report a net pension liability for its participation in the SCRS and SCPORS on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it will not have a significant impact on the City’s governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City’s unrestricted net position. This Statement is required to be implemented by the City no later than the fiscal year ending June 30, 2016.

NOTE 10 – 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, 2014, there were 12 retirees out of 168 total employees who were covered under the City’s group insurance plan at a cost of \$67,652.

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.

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

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, 2014. 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

For year ended June 30, 2014, 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	\$ 408,794
(b) Valuation Discount Rate	4.00%
(c) Interest on Net OPEB Obligation: (b) * (i)	64,096
(d) Amortization Factor	17.9837
(e) Adjustment to Annual Required Contribution: (i) / (d)	89,103
(f) Annual OPEB Cost: (a) + (c) - (e)	<u>383,788</u>
(g) Employer Contributions made for Fiscal Year	<u>67,652</u>
(h) Increase (Decrease) in Net OPEB Obligation: (f) - (g)	316,136
(i) Net OPEB Obligation Beginning of Fiscal Year	<u>1,602,395</u>
(j) Net OPEB Obligation Ending of Fiscal Year	<u><u>\$ 1,918,531</u></u>

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

CITY OF EASLEY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 10 – POST EMPLOYMENT HEALTH CARE BENEFITS OTHER THAN PENSIONS (CONTINUED):

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 2014 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
July 1, 2012	\$383,788	\$67,652	17.63%	\$1,918,531	June 30, 2014

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:

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%

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 5, 2014, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS

CITY OF EASLEY, SOUTH CAROLINA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 2,683,879	\$ 2,683,879	\$ 2,310,243	\$ (373,636)
Intergovernmental Revenues	2,642,000	2,642,000	2,801,228	159,228
Licenses, Permits and Fees	3,288,450	3,288,450	3,494,589	206,139
Fines and Forfeitures	925,000	925,000	947,873	22,873
Miscellaneous and Other	121,000	121,000	165,307	44,307
Payments in Lieu of Taxes and Franchise Fees	2,148,600	2,148,600	2,644,709	496,109
Interest Income	7,500	7,500	1,277	(6,223)
TOTAL REVENUES	11,816,429	11,816,429	12,365,226	548,797
EXPENDITURES				
CURRENT OPERATING:				
GENERAL GOVERNMENT:				
General Government	417,000	417,000	387,286	29,714
Council	97,150	97,150	96,498	652
Finance	474,635	474,635	536,784	(62,149)
Building Official	199,102	199,102	220,313	(21,211)
JUDICIAL SERVICES:				
Court	880,382	880,382	857,630	22,752
PUBLIC SAFETY:				
Police	3,330,275	3,330,275	3,371,707	(41,432)
Fire	2,085,525	2,085,525	1,938,147	147,378
PUBLIC WORKS:				
Streets	1,480,719	1,480,719	1,453,260	27,459
Sanitation	1,167,516	1,167,516	1,138,411	29,105
Cemetery	38,999	38,999	35,806	3,193
RECREATION AND TOURISM:				
Recreation	929,726	929,726	1,049,126	(119,400)
Capital Expenditures	109,500	109,500	244,230	(134,730)
DEBT SERVICE:				
Principal Retirement	39,080	39,080	67,428	(28,348)
Interest and Fiscal Charges	7,720	7,720	7,720	-
TOTAL EXPENDITURES	11,257,329	11,257,329	11,404,346	(147,017)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	559,100	559,100	960,880	401,780
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	150,000	150,000	-	(150,000)
Interfund Transfers (Out)	(709,100)	(709,100)	(446,640)	262,460
Sale of Fixed Assets	-	-	-	-
Insurance Proceeds	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	514,240	514,240
FUND BALANCES, BEGINNING	4,055,960	4,055,960	4,055,960	-
FUND BALANCES, ENDING	\$ 4,055,960	\$ 4,055,960	\$ 4,570,200	\$ 514,240

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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental Revenues	\$ -	\$ -	\$ 26,410	\$ 26,410
Miscellaneous and Other	100,000	100,000	129,141	29,141
Interest Income	-	-	14,876	14,876
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>170,427</u>	<u>70,427</u>
EXPENDITURES				
CURRENT OPERATING:				
Community Development	99,765	99,765	190,575	(90,810)
Capital Expenditures	-	-	92,567	(92,567)
TOTAL EXPENDITURES	<u>99,765</u>	<u>99,765</u>	<u>283,142</u>	<u>(183,377)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	235	235	(112,715)	(112,950)
OTHER FINANCING SOURCES AND (USES)				
Interfund Transfers Out	(25,000)	(25,000)	-	25,000
NET CHANGE IN FUND BALANCES	(24,765)	(24,765)	(112,715)	(87,950)
FUND BALANCES, BEGINNING	<u>748,242</u>	<u>748,242</u>	<u>748,242</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 723,477</u>	<u>\$ 723,477</u>	<u>\$ 635,527</u>	<u>\$ (87,950)</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, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Hospitality Tax	\$ 1,410,000	\$ 1,410,000	\$ 1,514,178	\$ 104,178
Miscellaneous and Other	-	-	7,741	7,741
TOTAL REVENUES	<u>1,410,000</u>	<u>1,410,000</u>	<u>1,521,919</u>	<u>111,919</u>
EXPENDITURES				
CURRENT OPERATING:				
Recreation and Tourism	487,000	487,000	477,975	9,025
Capital Expenditures	407,750	407,750	834,373	(426,623)
DEBT SERVICE:				
Principal Retirement	415,000	415,000	415,000	-
Interest and Fiscal Charges	93,720	93,720	81,251	12,469
TOTAL EXPENDITURES	<u>1,403,470</u>	<u>1,403,470</u>	<u>1,808,599</u>	<u>(405,129)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,530	6,530	(286,680)	(293,210)
OTHER FINANCING SOURCES AND (USES)				
Capital Contributions	-	-	108,161	108,161
NET CHANGE IN FUND BALANCES	<u>6,530</u>	<u>6,530</u>	<u>(178,519)</u>	<u>(185,049)</u>
FUND BALANCES, BEGINNING	<u>1,146,302</u>	<u>1,146,302</u>	<u>1,146,302</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,152,832</u>	<u>\$ 1,152,832</u>	<u>\$ 967,783</u>	<u>\$ (185,049)</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, 2014

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	\$ 474,635	\$ 536,784	\$ (62,149)
Building Official	199,102	220,313	(21,211)
Police	3,330,275	3,371,707	(41,432)
Recreation	929,726	1,049,126	(119,400)

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 Required Contribution	\$ 408,794
(b) Valuation Discount Rate	4.00%
(c) Interest on Net OPEB Obligation: (b) * (i)	64,096
(d) Amortization Factor	17.9837
(e) Adjustment to Annual Required Contribution: (i) / (d)	89,103
(f) Annual OPEB Cost: (a) + (c) - (e)	383,788
(g) Employer Contributions made for Fiscal Year	67,652
(h) Increase (Decrease) in Net OPEB Obligation: (f) - (g)	316,136
(i) Net OPEB Obligation Beginning of Fiscal Year	1,602,395
(j) Net OPEB Obligation Ending of Fiscal Year	<u>\$ 1,918,531</u>

CITY OF EASLEY, SOUTH CAROLINA

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2014

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, 2014

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash and Other Cash Deposits	\$ -	\$ -	\$ -
Restricted Assets - Cash and Other Cash Deposits	778,519	-	778,519
Accounts Receivable	27,636	-	27,636
Interfund Balances	195,284	-	195,284
TOTAL ASSETS	<u>\$ 1,001,439</u>	<u>\$ -</u>	<u>\$ 1,001,439</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable	\$ 12,827	\$ -	\$ 12,827
Interfund Balances	623,948	-	623,948
TOTAL LIABILITIES	<u>636,775</u>	<u>-</u>	<u>636,775</u>
FUND BALANCES:			
RESTRICTED FOR:			
Downtown Development	213,749	-	213,749
Judicial Services	102,690	-	102,690
Public Safety	161,692	-	161,692
Recreation and Tourism	39,793	-	39,793
UNASSIGNED:	<u>(153,260)</u>	<u>-</u>	<u>(153,260)</u>
TOTAL FUND BALANCES	<u>364,664</u>	<u>-</u>	<u>364,664</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,001,439</u>	<u>\$ -</u>	<u>\$ 1,001,439</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, 2014

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 464,637	\$ -	\$ 464,637
Intergovernmental Revenues	192,886	-	192,886
Licenses, Permits and Fees	370,652	-	370,652
Fines and Forfeitures	43,068	-	43,068
Miscellaneous and Other	-	-	-
Interest Income	1,248	-	1,248
TOTAL REVENUES	1,072,491	-	1,072,491
EXPENDITURES			
CURRENT OPERATING:			
Judicial Services	43,152	-	43,152
Public Safety	60,986	-	60,986
Public Works	63,399	-	63,399
Recreation and Tourism	384,628	-	384,628
Capital Expenditures	-	-	-
DEBT SERVICE:			
Principal Retirement	150,000	580,000	730,000
Interest and Fiscal Changes	20,646	119,234	139,880
TOTAL EXPENDITURES	722,811	699,234	1,422,045
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	349,680	(699,234)	(349,554)
OTHER FINANCING SOURCES AND (USES)			
Interfund Transfers In	2,979	699,234	702,213
Interfund Transfers (Out)	(130,573)	-	(130,573)
NET CHANGE IN FUND BALANCES	222,086	-	222,086
FUND BALANCES, BEGINNING	142,578	-	142,578
FUND BALANCES, ENDING	\$ 364,664	\$ -	\$ 364,664

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2014

	TIF FUND	ACCOMMODATIONS TAX	VICTIMS RIGHTS	LOCAL ACCOMMODATIONS TAX
ASSETS				
Restricted Assets - Cash and Other Cash Deposits	\$ 597,634	\$ -	\$ -	\$ -
Accounts Receivable	222	22,116	-	5,298
Interfund Balances	-	-	102,690	42,910
TOTAL ASSETS	\$ 597,856	\$ 22,116	\$ 102,690	\$ 48,208
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 8,415
Interfund Balances	384,107	634	-	-
TOTAL LIABILITIES	384,107	634	-	8,415
FUND BALANCES:				
RESTRICTED FOR:				
Downtown Development	213,749	-	-	-
Judicial Services	-	-	102,690	-
Public Safety	-	-	-	-
Recreation and Tourism	-	-	-	39,793
UNASSIGNED:	-	21,482	-	-
TOTAL FUND BALANCES	213,749	21,482	102,690	39,793
TOTAL LIABILITIES AND FUND BALANCES	\$ 597,856	\$ 22,116	\$ 102,690	\$ 48,208

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

COMBINING AND INDIVIDUAL BALANCE SHEET - NONMAJORSPECIAL REVENUE FUNDS

JUNE 30, 2014

	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	\$ 180,317	\$ -	\$ 568	\$ -	\$ 778,519
Accounts Receivable	-	-	-	-	27,636
Interfund Balances	-	49,684	-	-	195,284
TOTAL ASSETS	\$ 180,317	\$ 49,684	\$ 568	\$ -	\$ 1,001,439
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts Payable	\$ -	\$ 109	\$ -	\$ 4,303	\$ 12,827
Interfund Balances	68,200	-	863	170,144	623,948
TOTAL LIABILITIES	68,200	109	863	174,447	636,775
FUND BALANCES:					
RESTRICTED FOR:					
Downtown Development	-	-	-	-	213,749
Judicial Services	-	-	-	-	102,690
Public Safety	112,117	49,575	-	-	161,692
Recreation and Tourism	-	-	-	-	39,793
UNASSIGNED:	-	-	(295)	(174,447)	(153,260)
TOTAL FUND BALANCES	112,117	49,575	(295)	(174,447)	364,664
TOTAL LIABILITIES AND FUND BALANCES	\$ 180,317	\$ 49,684	\$ 568	\$ -	\$ 1,001,439

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, 2014

	TIF FUND	ACCOMMODATIONS TAX	VICTIMS RIGHTS	LOCAL ACCOMMODATIONS TAX
REVENUES				
Property Taxes	\$ 464,637	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	73,460	-	63,423
Licenses, Permits and Fees	-	-	62,187	-
Fines and Forfeitures	-	-	-	-
Miscellaneous and Other	-	-	-	-
Interest Income	1,000	-	-	-
TOTAL REVENUES	<u>465,637</u>	<u>73,460</u>	<u>62,187</u>	<u>63,423</u>
EXPENDITURES				
CURRENT OPERATING:				
Judicial Services	-	-	43,152	-
Public Safety	-	-	-	-
Public Works	63,399	-	-	-
Recreation and Tourism	-	28,376	-	62,106
Capital Expenditures	-	-	-	-
DEBT SERVICE:				
Principal Retirement	150,000	-	-	-
Interest and Fiscal Charges	20,646	-	-	-
TOTAL EXPENDITURES	<u>234,045</u>	<u>28,376</u>	<u>43,152</u>	<u>62,106</u>
EXCESS DEFICIENCY OF (REVENUES) OVER EXPENDITURES	231,592	45,084	19,035	1,317
OTHER FINANCING SOURCES AND (USES)				
Interfund Transfers In	-	-	2,979	-
Interfund Transfers (Out)	<u>(103,150)</u>	<u>(27,423)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	128,442	17,661	22,014	1,317
FUND BALANCES, BEGINNING	<u>85,307</u>	<u>3,821</u>	<u>80,676</u>	<u>38,476</u>
FUND BALANCES, ENDING	<u>\$ 213,749</u>	<u>\$ 21,482</u>	<u>\$ 102,690</u>	<u>\$ 39,793</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, 2014

	LAW ENFORCEMENT FUND	FIREMEN'S FUND	EASLEY TOWN CENTER CAPITAL PROJECT FUND	RECREATION FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 464,637
Intergovernmental Revenues	-	56,003	-	-	192,886
Licenses, Permits and Fees	-	-	-	308,465	370,652
Fines and Forfeitures	43,068	-	-	-	43,068
Miscellaneous and Other	-	-	-	-	-
Interest Income	248	-	-	-	1,248
TOTAL REVENUES	<u>43,316</u>	<u>56,003</u>	<u>-</u>	<u>308,465</u>	<u>1,072,491</u>
EXPENDITURES					
CURRENT OPERATING:					
Judicial Services	-	-	-	-	43,152
Public Safety	6,007	54,979	-	-	60,986
Public Works	-	-	-	-	63,399
Recreation and Tourism	-	-	-	294,146	384,628
Capital Expenditures	-	-	-	-	-
DEBT SERVICE:					
Principal Retirement	-	-	-	-	150,000
Interest and Fiscal Charges	-	-	-	-	20,646
TOTAL EXPENDITURES	<u>6,007</u>	<u>54,979</u>	<u>-</u>	<u>294,146</u>	<u>722,811</u>
EXCESS DEFICIENCY OF (REVENUES) OVER EXPENDITURES	37,309	1,024	-	14,319	349,680
OTHER FINANCING SOURCES AND (USES)					
Interfund Transfers In	-	-	-	-	2,979
Interfund Transfers (Out)	-	-	-	-	(130,573)
NET CHANGE IN FUND BALANCES	37,309	1,024	-	14,319	222,086
FUND BALANCES, BEGINNING	<u>74,808</u>	<u>48,551</u>	<u>(295)</u>	<u>(188,766)</u>	<u>142,578</u>
FUND BALANCES, ENDING	<u>\$ 112,117</u>	<u>\$ 49,575</u>	<u>\$ (295)</u>	<u>\$ (174,447)</u>	<u>\$ 364,664</u>

See independent auditor's report.

CITY OF EASLEY, SOUTH CAROLINA

SCHEDULE OF MUNICIPAL COURT FINES, ASSESSMENTS, AND SURCHARGES

YEAR ENDED JUNE 30, 2014

Court Fines and Assessments

Court Fines and Assessments Collected	\$ 768,108
Court Fines and Assessments Retained by the Town	(383,835)
Total Court Fines and Assessments Remitted to the State Treasurer	<u>\$ 384,273</u>

Court Surcharges

Court Surcharges Collected	\$ 147,655
Total Court Surcharges Remitted to State Treasurer	<u>\$ 147,655</u>

Victims Fund

Funds Available for Carryforward, Beginning of Year	\$ 80,676
Court Assessments Allocated to Victim Assistance Fund - Current Year	65,166
Victim Assistance Fund Expenditures	(43,152)
Funds Available for Carryforward, End of Year	<u>\$ 102,690</u>