

CITY OF TEGA CAY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Tega Cay
Tega Cay, 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 Tega Cay, South Carolina, as of and for the year ended September 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 an opinion 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.

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



To the Honorable Mayor and Members of City Council
City of Tega Cay
April 27, 2015

Opinion

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 Tega Cay, South Carolina as of September 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 management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Tega Cay, South Carolina's basic financial statements. The supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules 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 supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McKinley, Cooper & Co., LLC

Greenville, South Carolina
April 27, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of City of Tega Cay's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$16,502,007 (*net position*). Of this amount, the unrestricted net position balance is \$2,272,584.
- The City's total net position for governmental activities increased \$706,679 over the course of this year's operations. Net position of the business-type activity, which represents the water and sewer and stormwater funds, increased by \$130,540.
- The City issued new debt during the year consisting of \$645,219 in capital lease obligations and \$7,900,000 in revenue bonds.
- The City repaid \$2,955,890 of bonds, notes and capital lease payables during the year.
- The City purchased wastewater collection, treatment, and disposal infrastructure during the year for \$5,996,110.
- During the year, the City's governmental activity expenses were \$8,467,654, program revenues were \$4,251,454 and general revenues were \$4,922,879. This resulted in an excess of revenues over expenses of \$706,679 in the governmental activities.
- In the City's business-type activities, operating revenues were \$2,888,461 while expenses were \$2,258,164. This resulted in an operating gain of \$630,297.
- The City's governmental capital assets, net of depreciation at September 30, 2014, totaled \$17,166,547 while business-type capital assets, net of depreciation, totaled \$13,885,379. The City's governmental capital assets decreased by \$156,263 during the year and the business-type capital assets increased by \$5,622,660 during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,466,229, an increase of \$516,343 from the prior year. Approximately 72 percent of this total amount, \$2,478,930 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,410,909 or 30 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

- o *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *supplementary information* that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of City of Tega Cay’s Government-wide and Fund Financial Statements

| | Government-wide Statements | Fund Statements | |
|--|--|--|--|
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire City government (except Fiduciary funds) | The activities of the City that are not proprietary or fiduciary | Activities the City operates similar to private businesses |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenses, and changes in fund | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health, or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The government-wide financial statements of the City are divided into two categories:

- *Governmental activities* - Most of the City's basic services are included here, such as the police, fire, public works, parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes, bond revenue, contributions and grants.

The City has two kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

GOVERNMENT- WIDE FINANCIAL ANALYSIS

Net Position

The City's combined net position increased \$837,219 or 4.1 percent between fiscal years 2014 and 2013. (See Table A-1.) The largest portion of the City's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tega Cay's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
City of Tega Cay's Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other | \$ 4,635,036 | \$ 4,127,829 | \$ 957,682 | \$ 282,934 | \$ 5,592,718 | \$ 4,410,763 |
| Capital assets | 17,166,547 | 17,322,810 | 13,885,379 | 8,262,719 | 31,051,926 | 25,585,529 |
| Total assets | <u>21,801,583</u> | <u>21,450,639</u> | <u>14,843,061</u> | <u>8,545,653</u> | <u>36,644,644</u> | <u>29,996,292</u> |
| Deferred outflows of resources | 71,895 | - | - | - | 71,895 | - |
| Total deferred outflows of resources | <u>71,895</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>71,895</u> | <u>-</u> |
| Long-term debt | 9,213,190 | 8,705,453 | 9,697,237 | 3,382,736 | 18,910,427 | 12,088,189 |
| Other liabilities | 1,092,466 | 1,682,140 | 247,219 | 359,272 | 1,339,685 | 2,041,412 |
| Total liabilities | <u>10,305,656</u> | <u>10,387,593</u> | <u>9,944,456</u> | <u>3,742,008</u> | <u>20,250,112</u> | <u>14,129,601</u> |
| Net position | | | | | | |
| Invested in capital assets, net of related debt | 8,502,745 | 8,246,809 | 5,474,183 | 6,374,372 | 13,976,928 | 14,621,181 |
| Restricted | - | 103,426 | 252,495 | 106,484 | 252,495 | 209,910 |
| Unrestricted (deficit) | 3,065,077 | 2,712,811 | (792,493) | (1,677,211) | 2,272,584 | 1,035,600 |
| Total net position | <u>\$ 11,567,822</u> | <u>\$ 11,063,046</u> | <u>\$ 4,934,185</u> | <u>\$ 4,803,645</u> | <u>\$ 16,502,007</u> | <u>\$ 15,866,691</u> |

Changes in Net Position. The City's total reported revenues increased by \$1.5 million to \$12 million. (See Table A-2.) Revenues relating to the City of Tega Cay Golf Course of \$1,197,457 were reported in the City's activities for the year ended September 30, 2014. Other increases for the year ended September 30, 2014, include an increase in court fines, inspection fees, business licenses, and a gain on the sale of capital assets. About 35 percent of the City's revenue comes from property taxes. Fees charged for services account for about 59 percent.

The total cost of all programs and services increased approximately \$1.4 million. The City's expenses cover a range of services, with about 8 percent related to public safety and 25 percent related to enterprise fund operations.

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

- Property tax revenues increased approximately \$154 thousand from the prior year primarily due to a growing community.
- Charges for services were \$547 thousand higher than prior year due to a growing community.

Business-Type Activities

Revenues of the City's business-type activities increased 1.47 percent to \$2.88 million, while expenses increased 1.5 percent to \$2.7 million. (Refer to Table A-2.) Factors contributing to these results included:

- Revenues and expenses increased primarily due to the addition of a new utility system.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$3,466,229, an increase of \$516,343 over the prior year. The primary reason for the governmental fund's change is an increase in inspection fees, business licenses, and permits collected of \$636 thousand.

General Fund Budgetary Highlights

Actual general fund expenditures were \$663 thousand above budgeted amounts. This is primarily due to capital outlay expenditures.

Resources available for appropriation were \$174 thousand above the budgeted amount. The increases were due primarily to grants received in excess of budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the City had invested \$31 million in a broad range of capital assets, net of depreciation. (See Table A-3.) This amount represents a net increase (including additions and deductions) of \$5.5 million, or 25 percent, above last year.

Table A-3
City of Tega Cay's Capital Assets
(net of depreciation, in thousands of dollars)

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|----------------------------|-------------------------|------------------|--------------------------|-----------------|------------------|------------------|-------------------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014-2013 |
| Land | \$ 5,836 | \$ 5,836 | \$ - | \$ - | \$ 5,836 | \$ 5,836 | 0.00% |
| Buildings and improvements | 10,313 | 10,196 | - | - | 10,313 | 10,196 | 1.15% |
| Infrastructure | 3,279 | 3,279 | 16,569 | 10,575 | 19,848 | 13,854 | 43.27% |
| Machinery and equipment | 4,295 | 3,945 | 895 | 781 | 5,190 | 4,726 | 9.82% |
| Accumulated depreciation | (6,557) | (5,933) | (3,579) | (3,093) | (10,136) | (9,026) | 12.30% |
| | <u>\$ 17,166</u> | <u>\$ 17,323</u> | <u>\$ 13,885</u> | <u>\$ 8,263</u> | <u>\$ 31,051</u> | <u>\$ 25,586</u> | |

This year's major capital asset additions included:

- Purchase of utility system for \$5,996,110.

More detailed information about the City's capital assets is presented in Notes 1 and 6 to the financial statements.

Long-term Debt

At year end, the City had \$18.3 million in bonds, notes payable, and capital lease obligations outstanding as shown in Table A-4. The City repaid principal of \$2.9 million on bonds, notes and capital leases payable during the year. The City also issued new capital leases totaling \$645 thousand and new Revenue Bonds totaling \$7.9 million.

More detailed information about the City's long-term debt is presented in Note 8 to the financial statements.

Table A-4
City of Tega Cay's Outstanding Debt
(in thousands of dollars)

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|---------------------------|-------------------------|-----------------|--------------------------|-----------------|------------------|------------------|-------------------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014-2013 |
| Revenue bonds | \$ - | \$ - | \$ 7,900 | \$ 1,372 | \$ 7,900 | \$ 1,372 | 475.80% |
| Due to developers | - | - | 1,116 | 1,620 | 1,116 | 1,620 | -31.11% |
| Notes payable | - | - | 174 | 187 | 174 | 187 | -6.95% |
| General obligation bonds | 7,969 | 8,421 | 91 | 109 | 8,060 | 8,530 | -5.51% |
| Capital lease obligations | 695 | 655 | 337 | 329 | 1,032 | 984 | 4.88% |
| | <u>\$ 8,664</u> | <u>\$ 9,076</u> | <u>\$ 9,618</u> | <u>\$ 3,617</u> | <u>\$ 18,282</u> | <u>\$ 12,693</u> | 44.03% |

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the finance department for information, at the City of Tega Cay, P.O. Box 3399, Tega Cay, South Carolina 29708.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF TEGA CAY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 3,740,762 | \$ 433,111 | \$ 4,173,873 |
| Cash and cash equivalents, restricted | 176,503 | 252,495 | 428,998 |
| Receivables (net of allowances for uncollectibles) | | | |
| Taxes | 133,680 | - | 133,680 |
| Water and sewer | - | 416,236 | 416,236 |
| Stormwater | - | 984 | 984 |
| Intergovernmental | 55,591 | - | 55,591 |
| Other | 332,106 | - | 332,106 |
| Prepays | 52,678 | 10,220 | 62,898 |
| Inventory | 23,932 | - | 23,932 |
| Internal balances | 119,784 | (119,784) | - |
| Capital assets | | | |
| Non-depreciable | 5,836,220 | - | 5,836,220 |
| Depreciable, net | 11,330,327 | 13,885,379 | 25,215,706 |
| Total Assets | <u>21,801,583</u> | <u>14,878,641</u> | <u>36,680,224</u> |
| Deferred Outflows of Resources | | | |
| Deferred charge on refunding | 71,895 | - | 71,895 |
| Total deferred outflows of resources | <u>71,895</u> | <u>-</u> | <u>71,895</u> |
| Liabilities | | | |
| Accounts payable and other current liabilities | 848,762 | 247,219 | 1,095,981 |
| Customer water deposits | - | 67,568 | 67,568 |
| Bail bonds | 3,385 | - | 3,385 |
| Due to developers | 176,503 | - | 176,503 |
| Unearned revenues | 59,395 | - | 59,395 |
| Long-term liabilities | | | |
| Due within one year | | | |
| General obligation bonds | 470,256 | 21,744 | 492,000 |
| Revenue bonds | - | 53,000 | 53,000 |
| Capital leases | 183,318 | 119,087 | 302,405 |
| Installment loans | - | 13,466 | 13,466 |
| Compensated absences | 196,075 | 4,550 | 200,625 |
| Due in more than one year | | | |
| Due to other governmental units | 4,421 | - | 4,421 |
| Due to developers | - | 1,116,177 | 1,116,177 |
| General obligation bonds | 7,498,469 | 69,531 | 7,568,000 |
| Revenue bonds | - | 7,847,000 | 7,847,000 |
| Capital leases | 511,759 | 217,868 | 729,627 |
| Installment loans | - | 160,775 | 160,775 |
| Unamortized bond premium | 353,313 | 6,471 | 359,784 |
| Total Liabilities | <u>10,305,656</u> | <u>9,944,456</u> | <u>20,250,112</u> |
| Net Position | | | |
| Investment in capital assets, net of related debt | 8,502,745 | 5,474,183 | 13,976,928 |
| Restricted for | | | |
| Debt service | - | 252,495 | 252,495 |
| Unrestricted | 3,065,077 | (792,493) | 2,272,584 |
| Total Net Position | <u>\$ 11,567,822</u> | <u>\$ 4,934,185</u> | <u>\$ 16,502,007</u> |

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

CITY OF TEGA CAY
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|---|----------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-type Activities | |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 859,322 | \$ 1,128,553 | \$ - | \$ - | \$ 269,231 | \$ - | \$ 269,231 |
| Developmental services | 407,842 | 927,808 | - | - | 519,966 | - | 519,966 |
| Public works | 701,481 | 940 | 380,920 | - | (319,621) | - | (319,621) |
| Police | 1,877,206 | 105,815 | - | - | (1,771,391) | - | (1,771,391) |
| Fire services | 849,426 | - | - | - | (849,426) | - | (849,426) |
| Community events and services | 81,600 | 35,617 | - | - | (45,983) | - | (45,983) |
| Parks and recreation | 417,402 | 267,496 | - | 6,685 | (143,221) | - | (143,221) |
| Non-departmental | 1,668,690 | - | - | - | (1,668,690) | - | (1,668,690) |
| Memorial | 5,261 | - | - | - | (5,261) | - | (5,261) |
| Beach and swim club | 228,766 | 200,163 | - | - | (28,603) | - | (28,603) |
| Golf course | 1,126,110 | 1,197,457 | - | - | 71,347 | - | 71,347 |
| Interest and fiscal charges | 244,548 | - | - | - | (244,548) | - | (244,548) |
| Total Governmental Activities | 8,467,654 | 3,863,849 | 380,920 | 6,685 | (4,216,200) | - | (4,216,200) |
| Business-type Activities: | | | | | | | |
| Water and sewer | 2,439,302 | 2,489,277 | - | - | - | 49,975 | 49,975 |
| Stormwater | 318,665 | 399,184 | - | - | - | 80,519 | 80,519 |
| Total Business-type Activities | 2,757,967 | 2,888,461 | - | - | - | 130,494 | 130,494 |
| Total Primary Government | \$ 11,225,621 | \$ 6,752,310 | \$ 380,920 | \$ 6,685 | (4,216,200) | 130,494 | (4,085,706) |
| General Revenues | | | | | | | |
| Taxes | | | | | | | |
| Property taxes | | | | | 4,241,721 | - | 4,241,721 |
| Local hospitality taxes | | | | | 126,823 | - | 126,823 |
| Franchise taxes | | | | | 418,091 | - | 418,091 |
| Miscellaneous | | | | | 48,022 | - | 48,022 |
| Intergovernmental revenue | | | | | 186,142 | - | 186,142 |
| Interest revenue | | | | | 4,386 | 46 | 4,432 |
| Loss on disposal of capital assets | | | | | (102,306) | - | (102,306) |
| Total General Revenues | | | | | 4,922,879 | 46 | 4,922,925 |
| Change in Net Position | | | | | 706,679 | 130,540 | 837,219 |
| Net Position, beginning | | | | | 11,063,046 | 4,803,645 | 15,866,691 |
| Restatement of beginning balance | | | | | (201,903) | - | (201,903) |
| Net Position, ending | | | | | \$ 11,567,822 | \$ 4,934,185 | \$ 16,502,007 |

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

FUND FINANCIAL STATEMENTS

CITY OF TEGA CAY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

| | <u>General</u> | <u>Other Governmental</u> | <u>Totals</u> |
|--|---------------------|-------------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 2,652,304 | \$ 1,088,458 | \$ 3,740,762 |
| Cash and cash equivalents, restricted | 176,503 | - | 176,503 |
| Receivables (net of allowances for uncollectibles) | | | |
| Taxes | 133,680 | - | 133,680 |
| Intergovernmental | 55,591 | - | 55,591 |
| Other | 306,577 | 25,529 | 332,106 |
| Due from other funds | 120,084 | - | 120,084 |
| Prepays | 22,368 | 30,310 | 52,678 |
| Inventory | - | 23,932 | 23,932 |
| Total Assets | <u>\$ 3,467,107</u> | <u>\$ 1,168,229</u> | <u>\$ 4,635,336</u> |
| Liabilities | | | |
| Accounts payable | \$ 474,976 | \$ 71,039 | \$ 546,015 |
| Other accrued liabilities | 268,717 | 26,246 | 294,963 |
| Bail bonds | 3,385 | - | 3,385 |
| Due to other funds | - | 300 | 300 |
| Due to other governmental units | 4,421 | - | 4,421 |
| Due to developers | 176,503 | - | 176,503 |
| Unearned revenue | - | 59,395 | 59,395 |
| Total Liabilities | <u>928,002</u> | <u>156,980</u> | <u>1,084,982</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - property taxes | 84,125 | - | 84,125 |
| Total Deferred Inflows of Resources | <u>84,125</u> | <u>-</u> | <u>84,125</u> |
| Fund Balances | | | |
| Nonspendable | 22,367 | 54,242 | 76,609 |
| Restricted | 21,704 | 820,311 | 842,015 |
| Committed | - | 68,675 | 68,675 |
| Unassigned | 2,410,909 | 68,021 | 2,478,930 |
| Total Fund Balances | <u>2,454,980</u> | <u>1,011,249</u> | <u>3,466,229</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 3,467,107</u> | <u>\$ 1,168,229</u> | <u>\$ 4,635,336</u> |

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

CITY OF TEGA CAY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE
SHEET WITH THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

Fund Balance - Governmental Funds \$ 3,466,229

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the

| | | |
|-------------------------------|--------------------|------------|
| The cost of capital assets is | 23,724,053 | |
| Accumulated depreciation is | <u>(6,557,506)</u> | 17,166,547 |

| | |
|---|-----------|
| Bond premiums and deferred costs incurred in governmental activities are recognized as other financing sources in the year they | (281,418) |
|---|-----------|

| | |
|---|---------|
| Accrued interest on bonds in governmental accounting was not due and payable in the current period and, therefore, has not been reported as a liability in the funds. | (7,784) |
|---|---------|

Long-term liabilities, including bonds payable and capital lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:

| | | |
|------------------------------|------------------|-------------|
| Bonds payable | (7,968,725) | |
| Capital lease obligations | (695,077) | |
| Compensated absences payable | <u>(196,075)</u> | (8,859,877) |

| | |
|---|---------------|
| Deferred revenue related to property tax is not a liability in governmental activities. | <u>84,125</u> |
|---|---------------|

Total Net Position - Governmental Activities \$ 11,567,822

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

CITY OF TEGA CAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| Taxes | \$ 4,240,248 | \$ 126,823 | \$ 4,367,071 |
| Fines, fees, licenses and permits | 2,761,935 | - | 2,761,935 |
| Intergovernmental | 186,142 | - | 186,142 |
| Golf | - | 1,224,947 | 1,224,947 |
| Event fees | - | 7,677 | 7,677 |
| Grants | 6,685 | - | 6,685 |
| Contingent | 380,920 | - | 380,920 |
| Contributions | - | 495 | 495 |
| Sponsorships | 10,820 | - | 10,820 |
| Membership dues | - | 164,341 | 164,341 |
| Rentals | 82,397 | 4,820 | 87,217 |
| Interest | 3,917 | 469 | 4,386 |
| Drug seizures | - | 4,371 | 4,371 |
| Other | 37,157 | 31,002 | 68,159 |
| Total Revenues | 7,710,221 | 1,564,945 | 9,275,166 |
| Expenditures | | | |
| General government | 641,347 | - | 641,347 |
| Developmental services | 402,950 | - | 402,950 |
| Public works | 571,445 | - | 571,445 |
| Police | 1,744,094 | 3,204 | 1,747,298 |
| Fire services | 754,716 | - | 754,716 |
| Community events and services | - | 81,600 | 81,600 |
| Parks and recreation | 359,929 | - | 359,929 |
| Non-departmental | 1,668,689 | - | 1,668,689 |
| Memorial | - | 2,057 | 2,057 |
| Beach and swim club | - | 196,352 | 196,352 |
| Golf club management | - | 970,112 | 970,112 |
| Capital outlay | 863,563 | 6,394 | 869,957 |
| Debt service | | | |
| Principal | 722,336 | 222,082 | 944,418 |
| Interest | 254,678 | 7,143 | 261,821 |
| Total Expenditures | 7,983,747 | 1,488,944 | 9,472,691 |
| Excess (Deficiency) of Revenues Over Expenditures | (273,526) | 76,001 | (197,525) |
| Other Financing Sources (Uses) | | | |
| Lease proceeds | 532,219 | - | 532,219 |
| Gain on disposal of general capital assets | 47,281 | 134,368 | 181,649 |
| Transfers in/(out) | | | |
| Beach and Swim Club Fund | 7,116 | (7,116) | - |
| Total Other Financing Sources (Uses) | 586,616 | 127,252 | 713,868 |
| Net Change in Fund Balances | 313,090 | 203,253 | 516,343 |
| Fund Balances, beginning | 2,141,890 | 807,996 | 2,949,886 |
| Fund Balances, ending | \$ 2,454,980 | \$ 1,011,249 | \$ 3,466,229 |

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

CITY OF TEGA CAY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED SEPTEMBER 30, 2014

| | | |
|---|------------------|-------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$ 516,343 |
| <p>Amounts reported for Governmental Activities in the Statement of Activities are different because (see Note 1, also)</p> <p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over the estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation in the period.</p> | | |
| Capital outlay | 869,957 | |
| Depreciation expense | <u>(876,633)</u> | (6,676) |
| <p>The net effect of sales and other transactions involving capital assets.</p> | | |
| | | (149,587) |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> | | |
| | | 944,418 |
| <p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This is the change in compensated absences.</p> | | |
| | | (84,346) |
| <p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p> | | |
| | | 67 |
| <p>Governmental funds report the effects of issuance costs, premiums, discounts, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | | |
| | | 17,206 |
| <p>Deferred revenue is recorded in governmental funds as a reduction in revenue. Deferred revenue related to property tax is not recorded in the Statement of Activities.</p> | | |
| | | 1,473 |
| <p>Issuance of long-term debt is reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Also, governmental funds report the effect of issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the</p> | | |
| Issuance of capital leases | | <u>(532,219)</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 706,679</u> |

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

CITY OF TEGA CAY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 4,111,549 | \$ 4,218,742 | \$ 4,240,248 | \$ 21,506 |
| Fines, fees, licenses and permits | 2,102,537 | 2,675,804 | 2,761,935 | 86,131 |
| Intergovernmental | 148,932 | 165,722 | 186,142 | 20,420 |
| Other | 120,274 | 475,280 | 521,896 | 46,616 |
| Total Revenues | <u>6,483,292</u> | <u>7,535,548</u> | <u>7,710,221</u> | <u>174,673</u> |
| Expenditures | | | | |
| General government | 627,375 | 633,326 | 641,347 | (8,021) |
| Development services | 398,141 | 397,248 | 402,950 | (5,702) |
| Public works | 531,410 | 543,754 | 571,445 | (27,691) |
| Police | 1,745,901 | 1,737,782 | 1,744,094 | (6,312) |
| Fire services | 746,017 | 752,182 | 754,716 | (2,534) |
| Parks and recreation | 262,444 | 332,254 | 359,929 | (27,675) |
| Non-departmental | 1,022,204 | 1,531,936 | 1,668,689 | (136,753) |
| Capital outlay | 198,609 | 483,781 | 863,563 | (379,782) |
| Debt service | | | | |
| Principal | 669,000 | 709,000 | 722,336 | (13,336) |
| Interest | 130,791 | 199,008 | 254,678 | (55,670) |
| Total Expenditures | <u>6,331,892</u> | <u>7,320,271</u> | <u>7,983,747</u> | <u>(663,476)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>151,400</u> | <u>215,277</u> | <u>(273,526)</u> | <u>(488,803)</u> |
| Other Financing Sources | | | | |
| Proceeds from capital leases | - | - | 532,219 | 532,219 |
| Sale of general capital assets | - | 40,930 | 47,281 | 6,351 |
| Transfers in/(out) | | | | |
| Beach and Swim Club fund | 7,116 | 7,116 | 7,116 | - |
| Utility Fund | 40,000 | 40,000 | - | (40,000) |
| Total Other Financing Sources | <u>47,116</u> | <u>88,046</u> | <u>586,616</u> | <u>498,570</u> |
| Net Change in Fund Balances | 198,516 | 303,323 | 313,090 | 9,767 |
| Fund Balances, beginning | <u>2,141,890</u> | <u>2,141,890</u> | <u>2,141,890</u> | <u>-</u> |
| Fund Balances, ending | <u>\$ 2,340,406</u> | <u>\$ 2,445,213</u> | <u>\$ 2,454,980</u> | <u>\$ 9,767</u> |

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

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

| Assets | Business-type Activities | | | Total Enterprise Funds |
|--|--------------------------|------------------|-------------------|------------------------|
| | Utility Fund 1 | Utility Fund 2 | Stormwater Fund | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 74,683 | 197,493 | \$ 160,935 | \$ 433,111 |
| Receivables (net of allowance for doubtful accounts) | | | | |
| Water and sewer | 133,243 | 282,993 | - | 416,236 |
| Stormwater | - | - | 984 | 984 |
| Due from other funds | - | 862 | - | 862 |
| Prepaid expenses | 3,880 | 5,497 | 843 | 10,220 |
| Total Current Assets | 211,806 | 486,845 | 162,762 | 861,413 |
| Noncurrent Assets | | | | |
| Restricted cash | 252,495 | - | - | 252,495 |
| Capital assets | | | | |
| Depreciable, net | 7,532,843 | 6,036,591 | 315,945 | 13,885,379 |
| Total Noncurrent Assets | 7,785,338 | 6,036,591 | 315,945 | 14,137,874 |
| Total Assets | 7,997,144 | 6,523,436 | 478,707 | 14,999,287 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable and accrued expenses | 69,197 | 97,377 | 8,342 | 174,916 |
| Accrued interest payable | 8,132 | 61,767 | 2,404 | 72,303 |
| Compensated absences | 3,864 | - | 686 | 4,550 |
| Customer deposits | 39,950 | 27,618 | - | 67,568 |
| Due to general fund | 113,365 | 6,419 | - | 119,784 |
| Due to other funds | 862 | - | - | 862 |
| Installment loans - current | 13,466 | - | - | 13,466 |
| Capital leases - current | 32,968 | 27,655 | 58,464 | 119,087 |
| Revenue bonds - current | 53,000 | - | - | 53,000 |
| General obligation bonds - current | - | - | 21,744 | 21,744 |
| Total Current Liabilities | 334,804 | 220,836 | 91,640 | 647,280 |
| Noncurrent Liabilities | | | | |
| Due to developers | 1,116,177 | - | - | 1,116,177 |
| Installment loans - noncurrent | 160,775 | - | - | 160,775 |
| Capital leases - noncurrent | 33,416 | 85,345 | 99,107 | 217,868 |
| Revenue bonds - noncurrent | 1,395,000 | 6,452,000 | - | 7,847,000 |
| General obligation bonds - noncurrent | - | - | 69,531 | 69,531 |
| Unamortized bond premium | - | - | 6,471 | 6,471 |
| Total Noncurrent Liabilities | 2,705,368 | 6,537,345 | 175,109 | 9,417,822 |
| Total Liabilities | 3,040,172 | 6,758,181 | 266,749 | 10,065,102 |
| Net Position | | | | |
| Investment in capital assets, net of related debt | 5,844,218 | (528,409) | 158,374 | 5,474,183 |
| Restricted for debt service | 252,495 | - | - | 252,495 |
| Unrestricted (deficit) | (1,139,741) | 293,664 | 53,584 | (792,493) |
| Total Net Position | \$ 4,956,972 | (234,745) | \$ 211,958 | \$ 4,934,185 |

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

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION
 YEAR ENDED SEPTEMBER 30, 2014

| | Business-type Activities | | | Total Enterprise Funds |
|---------------------------------|-----------------------------|----------------|-----------------|------------------------------|
| | Utility Fund 1 | Utility Fund 2 | Stormwater Fund | |
| Operating Revenues | | | | |
| Stormwater compliance fees | \$ - | \$ - | \$ 399,044 | \$ 399,044 |
| Tap fees | 561,098 | - | - | 561,098 |
| Irrigation tap | 13,750 | - | - | 13,750 |
| Water fees | 738,987 | 251,724 | - | 990,711 |
| Sewer fees | 574,193 | 318,811 | - | 893,004 |
| Water activation fees | 14,200 | 3,050 | - | 17,250 |
| Reconnect fees | 4,500 | - | - | 4,500 |
| Penalties | 600 | 588 | - | 1,188 |
| Other | 7,656 | 120 | 140 | 7,916 |
| Total Operating Revenues | 1,914,984 | 574,293 | 399,184 | 2,888,461 |
| Operating Expenses | | | | |
| Salaries | 230,461 | 57,625 | 128,362 | 416,448 |
| Employee benefits | 65,742 | 13,195 | 35,976 | 114,913 |
| Water purchased | 265,565 | 54,038 | - | 319,603 |
| Sewer treatment fees | 260,122 | - | - | 260,122 |
| Sewer clean-out | 11,703 | 24,834 | - | 36,537 |
| Water testing | 2,507 | 1,437 | - | 3,944 |
| Permits | - | - | 2,000 | 2,000 |
| Legal and professional services | 25,255 | 36,088 | - | 61,343 |
| Meters and supplies | 72,901 | 30,346 | - | 103,247 |
| Administration expense | 10,804 | 3,769 | - | 14,573 |
| Supplies | - | - | 204 | 204 |
| Training and education | 2,277 | 310 | - | 2,587 |
| Auto expense | 8,297 | 2,035 | 24,823 | 35,155 |
| Cell phone | 1,954 | 678 | - | 2,632 |
| Small tools | - | - | 349 | 349 |
| Chemicals | - | 11,789 | - | 11,789 |
| Sludge hauling | - | 12,557 | - | 12,557 |
| Meter reading | - | 3,003 | - | 3,003 |
| Treatment plant maintenance | - | 23,865 | - | 23,865 |
| Tank maintenance | - | 83,411 | - | 83,411 |
| Miscellaneous | - | 8,370 | 2,080 | 10,450 |
| Depreciation | 391,470 | 55,454 | 39,022 | 485,946 |
| Utilities | 46,038 | 15,787 | - | 61,825 |
| Office supplies | 4,908 | 140 | - | 5,048 |
| Lift station maintenance | 29,039 | 17,426 | - | 46,465 |
| Postage | 8,213 | - | - | 8,213 |
| Vehicle maintenance | 3,434 | 247 | 18,138 | 21,819 |
| Software maintenance | 8,526 | 1,737 | 4,032 | 14,295 |
| Dues and subscriptions | 442 | - | 175 | 617 |
| SDW act | 9,283 | 9,001 | - | 18,284 |
| Contracted services | - | - | 40,962 | 40,962 |
| Drainage maintenance materials | - | - | 11,864 | 11,864 |
| Insurance | 3,324 | - | 2,669 | 5,993 |
| Bad debt expense | 18,101 | - | - | 18,101 |
| Total Operating Expenses | 1,480,366 | 467,142 | 310,656 | 2,258,164 |
| Operating Income | 434,618 | 107,151 | 88,528 | 630,297 |

(continued)

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET POSITION (continued)
 YEAR ENDED SEPTEMBER 30, 2014

| | Business-type Activities | | | Total Enterprise Funds |
|---|-----------------------------|----------------|-----------------|------------------------------|
| | Utility Fund 1 | Utility Fund 2 | Stormwater Fund | |
| Nonoperating Revenues (Expenses) | | | | |
| Interest revenue | \$ 44 | \$ 2 | \$ - | \$ 46 |
| Interest expense and fiscal charges | (149,896) | (341,898) | (8,009) | (499,803) |
| Total Nonoperating Revenues (Expenses) | (149,852) | (341,896) | (8,009) | (499,757) |
| Income/Expense before Transfers | 284,766 | (234,745) | 80,519 | 130,540 |
| Change in Net Position | 284,766 | (234,745) | 80,519 | 130,540 |
| Net Position, beginning | 4,672,206 | - | 131,439 | 4,803,645 |
| Net Position, ending | \$ 4,956,972 | \$ (234,745) | \$ 211,958 | \$ 4,934,185 |

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

CITY OF TEGA CAY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2014

| | Business-type Activities | | | Total Enterprise Funds |
|--|-----------------------------|-------------------|-------------------|------------------------------|
| | Utility Fund 1 | Utility Fund 2 | Stormwater Fund | |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 1,919,871 | \$ 318,918 | \$ 399,525 | \$ 2,638,314 |
| Payments to suppliers | (888,795) | (243,431) | (121,050) | (1,253,276) |
| Payments to employees | (296,203) | (70,820) | (164,338) | (531,361) |
| Net Cash Provided by Operating Activities | <u>734,873</u> | <u>4,667</u> | <u>114,137</u> | <u>853,677</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Acquisition and construction of capital assets | (16,561) | (5,979,045) | - | (5,995,606) |
| Bond proceeds | 1,448,000 | 6,452,000 | - | 7,900,000 |
| Principal payments on bonds | (1,371,711) | - | (17,445) | (1,389,156) |
| Principal payments on notes | (12,980) | - | - | (12,980) |
| Principal payments on leases | (32,524) | - | (72,934) | (105,458) |
| Principal payments on developer advances | (503,878) | - | - | (503,878) |
| Interest and fiscal charges paid | (110,277) | (280,131) | (5,093) | (395,501) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(599,931)</u> | <u>192,824</u> | <u>(95,472)</u> | <u>(502,579)</u> |
| Cash Flows from Investing Activities | | | | |
| Interest on investments | 44 | 2 | - | 46 |
| Net Cash Provided by Investing Activities | <u>44</u> | <u>2</u> | <u>-</u> | <u>46</u> |
| Net Increase in Cash | 134,986 | 197,493 | 18,665 | 351,144 |
| Cash and Cash Investments, Beginning | <u>192,192</u> | <u>-</u> | <u>142,270</u> | <u>334,462</u> |
| Cash and Cash Investments, Ending | <u>\$ 327,178</u> | <u>\$ 197,493</u> | <u>\$ 160,935</u> | <u>\$ 685,606</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | | | |
| Operating income | \$ 434,618 | 107,151 | \$ 88,528 | \$ 630,297 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation expense | 391,470 | 55,454 | 39,022 | 485,946 |
| Changes in assets and liabilities | | | | |
| Receivables, net | 4,887 | (282,993) | 341 | (277,765) |
| Prepaid expenses | 113 | (5,497) | (843) | (6,227) |
| Accounts payable and accrued expenses | 18,227 | 97,377 | (7,997) | 107,607 |
| Compensated absences | (4,640) | - | (4,318) | (8,958) |
| Customer deposits | 9,100 | 27,618 | - | 36,718 |
| Due to other funds | (118,902) | 5,557 | (596) | (113,941) |
| Net Cash Provided by Operating Activities | <u>\$ 734,873</u> | <u>\$ 4,667</u> | <u>\$ 114,137</u> | <u>\$ 853,677</u> |
| Noncash Investing, Capital and Financing Activities | | | | |
| Capital assets acquired under capital leases | \$ - | \$ 113,000 | \$ - | \$ 113,000 |

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

CITY OF TEGA CAY

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tega Cay (the "City") is a municipal corporation of the state of South Carolina located in York County, and as such possesses all the general powers granted by the Constitution and laws of South Carolina to municipal corporations.

The financial statements of the City of Tega Cay, South Carolina, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity are set forth in Government Accounting Standards Board Statement No. 14. The criteria include whether: the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City and there is fiscal dependency by the organization on the City. Based in these criteria, the City of Tega Cay has no component units.

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the City, except for any fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to the external parties for goods and services.

The statement of activities presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect cost. *Program revenues* include charges paid by the recipients of goods or services offered by the program and 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 reported as *general revenues*.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The funds of the City are described below:

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The General Fund is the City's only major governmental fund.

General Fund

The General Fund accounts for and reports all financial resources of the general government except those required to be accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report specific revenue sources that are restricted or committed to expenditures for specified current purposes other than debt service and capital projects. The City has seven Special Revenue Funds as described below:

Memorial Fund - The Memorial Fund is used to account for the receipt of memorial gifts and expenditures relating to planting of trees and beautification projects on city property.

Police Fund - The Police Fund is used to account for receipts relating to drug seizures.

Beach and Swim Club Fund - The Beach and Swim Club Fund is used to account for the membership dues and expenditures relating to the beach and swim club.

Golf Club Fund - The Golf Club Fund is used to account for the revenues and expenditures of the Tega Cay Golf and Conference Center.

Hospitality Tax Fund - The Hospitality Tax Fund is used to account for receipts from the hospitality tax collected from local businesses and expenditures relating to tourism promotion.

Events and Tourism Fund - The Events and Tourism Fund was established for purposes of providing for orderly administration and funding of Community Events and allocation of hospitality funds collected for tourism and related functions.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the City's proprietary fund:

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on the net income measurement similar to the private sector. The City has two Enterprise Funds as described below:

Utility Funds - The Utility Funds are used to account for the financial transactions related to the water and sewer service provided to the residents of the City.

Stormwater Fund - The Stormwater Fund is used to account for the financial transactions related to the stormwater services provided to the residents of the City.

Measurement Focus and Basis of Accounting

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of *economic resources measurement focus*. All assets and liabilities associated with the operation of the City are included on the statement of net position.

Fund Financial Statements

All governmental fund financial statements are accounted for using the *current financial resources measurement focus*. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases and decreases in total net position. The statement of cash flows reflects how the City finances and meets the cash flow of its proprietary fund.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred

or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after yearend. Items such as property taxes, business licenses, franchise fees, grants, and state-shared revenue are considered to be susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for the general obligation bond principal and interest which are reported when due.

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.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits, and restricted cash and short-term investments with original maturities of three months or less.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for Investment Pools. Investment policies of the City must operate within existing state statutes of the State of South Carolina, which authorizes what the City may and may not invest in.

Receivables

In the government-wide statements, receivables consist of all revenues earned at yearend and not yet received. Allowances for uncollectible taxes receivable are based upon historical trends and the aging of taxes receivable.

Nonexchange transactions collectible but not available such as property taxes are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the fund financial balance sheet. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of governmental and business-type activities revenue bonds, as well as certain resources set aside for their repayment and maintenance of capital assets, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are reported at their estimated fair value at the date of donation. Estimated historical cost was used to value many of the assets acquired prior to October 1, 2003. The City maintains a capitalization policy of \$5,000 for its capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during construction is not capitalized for general capital assets.

Prior to October 1, 2003, governmental funds' infrastructure were not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|-------------------------|-------------|
| Buildings | 25-50 years |
| Improvements | 10-50 years |
| Water and sewer system | 40 years |
| Furniture and equipment | 5-10 years |
| Vehicles | 10 years |
| Infrastructure | 40 years |

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

The City of Tega Cay reports Compensated Absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences." The City's policies regarding vacation and sick leave permit employees to accumulate earned but unused vacation leave. Upon termination of employment, an employee is reimbursed for accumulated vacation days. Employees, upon termination of employment, do not receive compensation for accumulated and unused sick leave.

The entire compensated absence liability is reported on the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. For the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are classified as unrestricted.

Fund Equity

The City reports fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The City classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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 City Council, which is the highest level of decision making authority, 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 nor committed; in addition, such assignments are made by City Council or by the City Manager.

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.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Interfund Transactions

Transactions between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and nonoperating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Bond issuance costs and bond premiums are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Amortization of bond issuance costs and premiums are included in interest expense. The long-term debt consists primarily of bonds payable, capital leases, installment loans and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the City's management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Deferred Revenue

Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Federal, state and private program revenues received and not yet expended by the City are recorded as deferred revenue.

In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the program proceeds, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Restricted assets in the General Fund include funds set aside for the construction of a community center; and in the Utility Fund, primarily, include reserves for repaying long-term debt and water meter deposits.

Statement of Cash Flows

For purposes of the statement of cash flows, the City's Proprietary Fund type considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current years presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to October 1 each year the City Council adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, certain Special Revenue Funds, and the Proprietary Fund. Annual budgets are not adopted for the Memorial and Police funds. There is also no operating budget adopted for the Capital Projects Fund, as funds are budgeted on a total project basis.

The City Manager is authorized to transfer budgeted amounts within any fund as necessary to achieve the goals of the budget provided, however, that no such transfers shall be used to increase the total

appropriation of any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are reported as originally adopted and as amended by the City Council.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results of operations. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

NOTE 3 – DEPOSITS AND INVESTMENTS

The State of South Carolina General Statutes permits the City to invest in certain types of financial instruments. In addition, the State has a Local Government Investment Pool (where the fair value of the position in the pool is the same as the value of the pool shares) which invests in the types of instruments allowed under state laws.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

As of September 30, 2014, the City had deposits and investments as follows:

| | |
|--------------------------------------|---------------------|
| Deposits with financial institutions | <u>\$ 4,719,450</u> |
|--------------------------------------|---------------------|

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting its investments to the State’s investment pools which do not normally have maturity dates and can be withdrawn on demand.

Concentration of credit risk. The City’s investment policy currently does not involve investment in any individual issuers.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name. As of September 30, 2014, deposits are fully collateralized.

NOTE 4 – PROPERTY TAXES

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

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the York County Auditor and the assessment for City tax purposes is the same as that levied by the County Auditor. Taxes are payable between September 30 and January 15 following their assessment. Unpaid amounts after January 15 are considered to be delinquent and are subject to penalties for late payment. New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Highway Department, and payment is due before the end of the month of the scheduled renewal.

The millage rate was 89.0 for the 2013 tax year and the assessed valuation of real property was \$41,524,042. The purpose of the levies was for current expenditures and to defray public expenditures of the City as well as to meet current indebtedness contracted by the City for general corporate purposes.

NOTE 5 – RECEIVABLES

Property tax receivables and other receivables at September 30, 2014, consist of the following:

| | <u>General Fund</u> |
|------------------------------------|---------------------|
| Property Tax Receivables: | |
| Real property | \$ 92,833 |
| Vehicle | 47,847 |
| Less: allowance for uncollectibles | <u>(7,000)</u> |
| Total Property Tax Receivables | <u>\$ 133,680</u> |
| Other Receivables: | |
| Franchise fees | \$ 102,485 |
| York County C Funds | 200,936 |
| Miscellaneous | <u>28,685</u> |
| Total Other Receivables | <u>\$ 332,106</u> |

In the fund statements, property taxes have been recorded as an asset, offset by deferred revenues for the amount of delinquent property taxes, which were not collected within 60 days after the fiscal yearend. The modified accrual method of accounting is used and does not recognize revenue, which is not measurable and available to finance expenditures of the fiscal period.

NOTE 6 – CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------------|---------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 5,836,220 | \$ - | \$ - | \$ 5,836,220 |
| Total Capital Assets, Not Being Depreciated | <u>5,836,220</u> | <u>-</u> | <u>-</u> | <u>5,836,220</u> |
| Capital assets, being depreciated | | | | |
| Buildings, improvements and fixed structures | 10,195,629 | 117,751 | - | 10,313,380 |
| Infrastructure | 3,279,333 | - | - | 3,279,333 |
| Furniture and equipment | 1,907,822 | 545,705 | (341,460) | 2,112,067 |
| Vehicles | 2,036,602 | 206,501 | (60,050) | 2,183,053 |
| Total Capital Assets, Being Depreciated | <u>17,419,386</u> | <u>869,957</u> | <u>(401,510)</u> | <u>17,887,833</u> |
| Less: accumulated depreciation | | | | |
| Buildings, improvements and fixed structures | (2,887,117) | (408,692) | - | (3,295,809) |
| Infrastructure | (495,457) | (81,983) | - | (577,440) |
| Furniture and equipment | (1,389,063) | (202,666) | 210,567 | (1,381,162) |
| Vehicles | (1,161,159) | (183,292) | 41,356 | (1,303,095) |
| Total Accumulated Depreciation | <u>(5,932,796)</u> | <u>(876,633)</u> | <u>251,923</u> | <u>(6,557,506)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>11,486,590</u> | <u>(6,676)</u> | <u>(149,587)</u> | <u>11,330,327</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 17,322,810</u> | <u>\$ (6,676)</u> | <u>\$ (149,587)</u> | <u>\$ 17,166,547</u> |

Depreciation expense to governmental activities was charged to functions as follows:

| | |
|------------------------|-------------------|
| General government | \$ 196,888 |
| Developmental services | 4,892 |
| Public works | 108,950 |
| Fire services | 94,710 |
| Police | 90,939 |
| Parks and recreation | 57,474 |
| Beach and swim | 32,414 |
| Golf course | 290,366 |
| Total depreciation | <u>\$ 876,633</u> |

In June 2014, the City acquired ownership of water storage, transmission and distribution infrastructure, and wastewater collection, treatment and disposal infrastructure that provides water and sewer services to an area within the City’s municipal limits. The system, purchased from Tega Cay Water Service, Inc., was not in compliance with EPA and SCDHEC regulations. As part of the acquisition, the City entered into a consent decree with EPA and SCDHEC, which was based upon a plan of necessary corrective actions. At the acquisition date, the service territory included 1754 water customers and 1754 sewer customers. The gross purchase price of \$5,850,000 included a credit for the assumed customer deposit liability of approximately \$23,500.

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| Business-Type Activities | | | | |
| Capital assets, being depreciated | | | | |
| Water system | \$ 10,404,234 | \$ 5,996,110 | \$ - | \$ 16,400,344 |
| Legal and engineering fees | 150,289 | - | - | 150,289 |
| Vehicles and equipment | 746,035 | 112,496 | - | 858,531 |
| Construction interest | 19,544 | - | - | 19,544 |
| Software | 35,699 | - | - | 35,699 |
| Total Capital Assets, Being Depreciated | 11,355,801 | 6,108,606 | - | 17,464,407 |
| Less: accumulated depreciation | | | | |
| Water system | (2,660,529) | (411,809) | - | (3,072,338) |
| Legal and engineering fees | (65,125) | (5,009) | - | (70,134) |
| Vehicles and equipment | (314,996) | (66,316) | - | (381,312) |
| Construction interest | (19,544) | - | - | (19,544) |
| Software | (32,888) | (2,812) | - | (35,700) |
| Total Accumulated Depreciation | (3,093,082) | (485,946) | - | (3,579,028) |
| Total Capital Assets, Being Depreciated, Net | 8,262,719 | 5,622,660 | - | 13,885,379 |
| Business-Type Activities Capital Assets, Net | \$ 8,262,719 | \$ 5,622,660 | \$ - | \$ 13,885,379 |

NOTE 7 – LONG-TERM DEBT

The City issues bonds and notes to provide funds for the acquisition and construction of major capital facilities. The City uses capital leases to provide funds for the purchase vehicles and equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Revenue bonds are obligations of the City that are secured by revenue from the water and sewer funds. Notes payable to other governments are obligations of the City to the Town of Fort Mill (the “Town”) for the City’s share of the improvements, upgrades and expansion of the waterline owned by the Town in return for capacity.

In March 2013, the City issued its General Obligation Refunding Bonds Series 2013 in the amount of \$7,180,000, with interest rates ranging between 2.00% and 3.00%, to provide resources to currently refund the outstanding General Obligation Bonds Series 2009, General Obligation Bonds Series 2008 and General Obligation Bonds Series 2006 in the amount of \$316,871, \$224,760 and \$407,141, respectively, and to advance refund a portion of the outstanding General Obligation Bonds Series 2005 in the amount of \$5,820,000. The City deposited \$6,382,178 of the net proceeds in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for all future debt service on the refunded portion of the Series 2005 Bonds.

As a result, the Series 2009, 2008, and 2006 Bonds were redeemed in March 2013. The refunded portion of the Series 2005 Bonds is considered to be defeased until redemption in April 2015. Accordingly, the liability for the refunded bonds has been removed from the governmental activities column in the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$83,957. This amount is being netted against the new debt and is being amortized over the life of the new debt, which has the same life as the old debt. This refunding was undertaken to reduce total debt service payments over the next 17 years by \$554,614 and will result in an economic gain of \$527,024 (the difference between the present values of the debt service payments on the old and new debt). The remaining outstanding balance of the debt considered defeased as of September 30, 2014 was \$5,820,000.

In June 2014, the City issued the Waterworks and Sewer System Improvement and Refunding Revenue Bond, Series 2014, in the amount of \$7,900,000 to provide resources to refund the Series 2011 Revenue Bond and to fund the purchase of an existing water and sewer infrastructure system. The City redeemed the 2011 Bond immediately upon delivery of the 2014 Bond.

General Obligation Bonds

\$7,500,000 General Obligation Bonds Series 2005 was issued in October 2005 to provide funds to pay off the principal and interest on the 2004 bond anticipation note, to purchase a fire truck, to finance the purchase of golf course property, and to finance the construction of a community and conference center. Proceeds from the General Obligation Refunding Bonds Series 2013 were used to advance refund \$5,820,000 of the bonds. The remaining principal portion of the Series 2005 Bonds is due in annual installments ranging from \$265,000 to \$280,000 each April 1 and semi-annual interest payments are due April 1, and October 1. The remaining bonds range in maturity dates from 2014 to 2015.

Principal
Outstanding at
Year End

\$ 280,000

\$850,000 General Obligation Bonds Series 2012 was issued in June 2012 to provide funds to finance the purchase of the new City Hall. Principal payments are due in annual installments ranging from \$45,000 to \$70,000 each June 1. The interest rate of the Series 2012 Bonds is 3.04% and is payable semi-annually on each June 1 and December 1. The bonds range in maturity dates from 2013 to 2027.

760,000

\$7,180,000 General Obligation Refunding Bonds Series 2013, issued in March 2013, refunded the Series 2006, 2008 and 2008 General Obligation Bonds and partially refunded the Series 2005 General Obligation Bonds. Principal payments are due in annual installments ranging from \$160,000 to \$495,000 each April 1. The interest rates range from 2.0% to 3.0% and are payable semi-annually on each April 1 and October 1. The bonds range in maturity dates from 2014 to 2030.

7,020,000

Revenue Bonds

\$7,900,000 Revenue Refunding Bond Series 2014, issued in June 2014, used to refund the Series 2011 Revenue Bonds in the amount of \$1,448,000, with remaining proceeds funding the purchase of a water and sewer infrastructure system. The bonds are payable from revenues of the purchased system operations. Principal payments are due in annual installments ranging from \$53,000 to \$543,000 through June 2034 with interest at 3.16%.

7,900,000

Installment Loan

In May 2003, the City entered into an agreement with the Town of Fort Mill to provide water capacity to the City. The original note balance of \$259,518 is due in annual installments of principal and interest payments beginning in August 2004 in the following amounts: \$12,000 for the first 5 years, \$20,000 for the next 10 years, and \$26,040 for the remaining 5 years, including interest at 3.75%.

174,241

Total

\$ 16,134,241

Due to Developers

During the years ending September 30, 2007 and 2008, the City was advanced funds from two developers for the construction of a sewer interceptor line. Serenity Point, Inc. and Lake Ridge (formally known as Cornerstone Development of the Carolinas, Inc.) agreed to advance \$415,000 and \$2,500,000, respectively, for the construction of the interceptor line.

The advances from the developers are to be repaid as follows:

The \$415,000 loan from Serenity Point, Inc. for its portion of the interceptor line construction cost will be repaid by the City with 100% of proceeds from all sewer and water tap fees that are paid to the City from all homes in the Serenity Point subdivision as well as other sources that the City elects. The note is payable in full within three years from the time the planned development district (PDD) has been approved by City Council. During the year ended September 30, 2014, the City collected and reimbursed the developer \$3,878. The balance outstanding at September 30, 2014 is \$184,522.

The \$2,500,000 loan from Lake Ridge for its portion of the interceptor line construction cost plus carrying cost for a total of \$2,695,000 is to be reimbursed by the City with the first six hundred ninety-five (695) tap fees collected by the City from within the Gardendale PDD. The fees are to be paid on a monthly basis as collected. During the year ended September 30, 2014, the City collected and reimbursed the developer \$539,042, which includes a portion of the carrying cost. The balance outstanding at September 30, 2014 is \$931,655.

The following is a schedule of annual debt service requirements to maturity for the City's Governmental Activities outstanding bonds:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 470,256 | \$ 233,010 | \$ 703,266 |
| 2016 | 493,256 | 213,283 | 706,539 |
| 2017 | 503,256 | 198,465 | 701,721 |
| 2018 | 521,957 | 183,348 | 705,305 |
| 2019 | 510,000 | 167,612 | 677,612 |
| 2020-2024 | 2,495,000 | 608,486 | 3,103,486 |
| 2025-2029 | 2,480,000 | 280,078 | 2,760,078 |
| 2030 | 495,000 | 14,850 | 509,850 |
| | <u>\$ 7,968,725</u> | <u>\$ 1,899,132</u> | <u>\$ 9,867,857</u> |

The following is a schedule of annual debt service requirements to maturity for the City's Business-type Activities outstanding bonds and notes payable:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|-------------------------------------|---------------------|---------------------|----------------------|
| 2015 | \$ 88,210 | \$ 250,535 | \$ 338,745 |
| 2016 | 345,715 | 256,024 | 601,739 |
| 2017 | 352,239 | 245,052 | 597,291 |
| 2018 | 364,081 | 233,870 | 597,951 |
| 2019 | 361,642 | 222,374 | 584,016 |
| 2020-2034 | 6,653,629 | 1,787,644 | 8,441,273 |
| | <u>\$ 8,165,516</u> | <u>\$ 2,995,499</u> | <u>\$ 11,161,015</u> |

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of software, golf course equipment, fire vehicles and equipment for the City's Governmental Activities. The lease agreements qualify as capital leases for accounting purposes. Amortization of assets under capital leases for the year ended September 30, 2014 was \$114,100 and is included in depreciation expense.

The assets acquired through capital leases are as follows:

| | |
|-------------------------------|-------------------|
| Building improvements | \$ 7,148 |
| Fire truck | 472,098 |
| Golf course equipment | 601,988 |
| | <u>1,081,234</u> |
| Less accumulated amortization | (409,115) |
| | <u>\$ 672,119</u> |

The future minimum lease obligations and the net present value of these lease payments as of September 30, 2014, were as follows:

| Fiscal Year Ending September 30, | General Long-term Debt |
|---|---------------------------|
| 2015 | \$ 198,432 |
| 2016 | 197,276 |
| 2017 | 149,965 |
| 2018 | 186,808 |
| Total lease payments | 732,481 |
| Less: amount representing interest | (37,404) |
| Present value of minimum lease payments | <u>\$ 695,077</u> |

The City has entered into lease agreements as lessee for financing of the proprietary funds' acquisition of vehicles and equipment. The lease agreements qualify as capital leases for accounting purposes. Amortization of assets under capital leases for the year ended September 30, 2014 was \$42,326 and is included in depreciation expense.

The assets acquired through capital leases are as follows:

| | |
|--------------------------------|-------------------|
| Utility vehicles and equipment | \$ 479,508 |
| Less accumulated amortization | <u>(59,343)</u> |
| | <u>\$ 420,165</u> |

The future minimum lease obligations and the net present value of these lease payments as of September 30, 2014, are as follows:

| Fiscal Year Ending September 30, | General Long-term Debt |
|---|---------------------------|
| 2015 | \$ 123,877 |
| 2016 | 123,877 |
| 2017 | 69,580 |
| 2018 | 29,260 |
| Total lease payments | 346,594 |
| Less: amount representing interest | (9,639) |
| Present value of minimum lease payments | <u>\$ 336,955</u> |

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term obligations for the year ended September 30, 2014:

| Long-term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| Series 2003 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Series 2005 | 545,000 | - | 265,000 | 280,000 | 280,000 |
| Series 2006 | - | - | - | - | - |
| Series 2008 | - | - | - | - | - |
| Series 2009 | - | - | - | - | - |
| Series 2012 | 805,000 | - | 45,000 | 760,000 | 47,000 |
| Series 2013 | 7,071,280 | - | 142,555 | 6,928,725 | 143,256 |
| Bond Premium | 377,757 | - | 24,444 | 353,313 | - |
| Total Bonds Payable | 8,799,037 | - | 476,999 | 8,322,038 | 470,256 |
| Other Liabilities: | | | | | |
| Capital Leases | 654,721 | 532,219 | 491,863 | 695,077 | 183,318 |
| Compensated Absences | 111,729 | 196,075 | 111,729 | 196,075 | 196,075 |
| Total Other Liabilities | 766,450 | 728,294 | 603,592 | 891,152 | 379,393 |
| | <u>\$ 9,565,487</u> | <u>\$ 728,294</u> | <u>\$ 1,080,591</u> | <u>\$ 9,213,190</u> | <u>\$ 849,649</u> |
| Business-type Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| Series 2013 | \$ 108,720 | \$ - | \$ 17,445 | \$ 91,275 | \$ 21,744 |
| Bond Premium | 6,889 | - | 418 | 6,471 | - |
| Revenue Bonds: | | | | | |
| Series 2011 | 1,371,711 | - | 1,371,711 | - | - |
| Series 2014 | - | 7,900,000 | - | 7,900,000 | 53,000 |
| Total Bonds Payable | 1,487,320 | 7,900,000 | 1,389,574 | 7,997,746 | 74,744 |
| Other Liabilities: | | | | | |
| Due to Developers | 1,620,055 | - | 503,878 | 1,116,177 | - |
| Installment Loan | 187,221 | - | 12,980 | 174,241 | 13,466 |
| Capital Leases | 329,413 | 113,000 | 105,458 | 336,955 | 119,087 |
| Compensated Absences | 13,508 | 4,550 | 13,508 | 4,550 | 4,550 |
| Total Other Liabilities | 2,150,197 | 117,550 | 635,824 | 1,631,923 | 137,103 |
| | <u>\$ 3,637,517</u> | <u>\$ 8,017,550</u> | <u>\$ 2,025,398</u> | <u>\$ 9,629,669</u> | <u>\$ 211,847</u> |

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at September 30, 2014, all of which are expected to be received or paid within one year, consisted of the following individual fund receivables and payables:

| | Due From Other Funds | Due To Other Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund | \$ 120,084 | \$ - |
| Special Revenue Funds | | |
| Events and Tourism | - | 300 |
| Utility Fund | - | 119,784 |
| Total | <u>\$ 120,084</u> | <u>\$ 120,084</u> |

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended September 30, 2014 were as follows:

| | <u>Transfers in</u> | <u>Transfers out</u> |
|---------------------|---------------------|----------------------|
| General Fund | \$ 7,116 | \$ - |
| Beach and Swim Club | - | 7,116 |
| Hospitality Tax | - | 15,000 |
| Events and Tourism | 15,000 | - |
| | <u>\$ 22,116</u> | <u>\$ 22,116</u> |

Transfers are used to (1) move unrestricted general fund revenues to finance various programs that the government accounts for in other funds, (2) move revenues from the utility system to the general government to forestall need for tax increases and to finance various programs benefiting the utility system that the government accounts for in other funds, and (3) move other unrestricted revenues to the general fund.

NOTE 10 – EMPLOYEE RETIREMENT SYSTEMS

The City provides pension benefits for all full-time employees through the South Carolina Retirement Systems, a cost-sharing multiple-employer defined benefit pension plan. The City participates in the following plans:

South Carolina Retirement System (SCRS) membership is composed of full-time general employees who do not belong to the other retirement plans.

Police Officer Retirement System (PORS) membership is composed of full-time employees whose principal duties are the preservation of public order, protection or prevention and control of property destruction by fire.

The employees of the City of Tega Cay are members of either the SCRS or the PORS.

The South Carolina Retirement System (SCRS) and the Police Officers Retirement System (PORS) are cost sharing, multi-employer defined benefit pension plans administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to certain state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The SC PEBA assumes no liability for State ORP benefits, as they are the liability of the investment providers and are governed by the terms of contracts issued by them.

Both the SCRS and PORS offer retirement, disability, survivor, and group life insurance benefits to eligible member or beneficiaries. The Plans' provisions are established under Title 9 of the SC Code of Laws. Group life insurance benefits are also available to active State ORP participants. Provided that the actuarial assumed rate of investment return adopted by the Budget and Control Board is at or above 8 percent, each July 1, eligible retired members of the SCRS and the PORS receive an automatic cost-of-living adjustment (COLA) of up to 2 percent if the Consumer Price Index (CPI) as of the previous December 31 is at least 2%. If the CPI increase is less than 2%, the COLA will equal the actual increase in the CPI. The State Budget and Control Board, as trustees of the state's pension trust funds, may approve an additional ad hoc COLA, up to a total COLA of 4%, only if certain funding guidelines have been met. The Plans' provisions are established under Title 9 of the SC Code of Laws which requires both employees and employers to contribute to the Plans. The base contributions rates are set by statute, but are required to be increased by the trustees on the basis of the annual actuarial valuation, if necessary, to maintain a thirty-year amortization period for the Plans' unfunded liabilities.

The SCRS plan members are required to contribute 8.0% of their earnable compensation to the plan. The City is required to contribute 10.75% of participant salary to provide retirement benefits. The PORS plan members are required to contribute 8.41% of their earnable compensation to the plan. The City is required to contribute 13.01% of participant salary to provide retirement benefits.

Total employee salaries for the City for the year ended September 30, 2014 were \$2,753,000 of which \$1,367,972 and \$1,385,036 were for employees covered by SCRS and PORS, respectively.

The City's contributions to SCRS for employer and employee portions for the year ended September 30, 2014 were \$144,036 and \$104,336, respectively. The contributions to the PORS for the employer and employee portions were \$174,117 and \$110,405, respectively.

The required contributions and percentages of amounts contributed for the three latest available years were as follows:

| Fiscal Period | SCRS | | PORS | |
|---------------|------------|---------------------|------------|---------------------|
| | Required | Percent Contributed | Required | Percent Contributed |
| 2014 | \$ 144,036 | 100% | \$ 174,117 | 100% |
| 2013 | 120,238 | 100% | 140,637 | 100% |
| 2012 | 105,913 | 100% | 106,347 | 100% |

Other Post-Employment Benefits

At September 30, 2014, the City does not provide employees with any post-employment benefits other than retirement.

A Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the SCRS and PORS is publicly available on the South Carolina Retirement System's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

New Pronouncements

The GASB (Government Accounting Standards Board) issued Statement No. 68, *"Accounting and Financial Reporting for Pensions"* in June, 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governmental entities for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

For those member employers participating in the South Carolina Retirement System or Police Officers Retirement System, financial reporting will require determining each member's proportionate share of the SCRS/PORS pension liability. The liability will be determined and reported to participating members of SCRS/PORS.

Statement No. 68 is effective for the City for fiscal years beginning after June 15, 2014.

The reporting and disclosure requirements of GASB Statement No. 68 are a significant departure from the current accounting standards of GASB Statement No. 27, as each member's liability will be reported directly in the financial statements of the member. The potential impact to financial accounting and reporting of the City cannot be determined at this time. Also, no assurance can be made that state law applicable to funding of the Plans will not be amended in the future.

NOTE 11 – DEFERRED COMPENSATION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all City employees, permits them to defer a portion of their salary until future years. The employer's plan, created under Internal Revenue Code Section 401(k) is administered by a third party and is included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k) plan is placed in trust for the contributing employee. Employees may also withdraw the current value of their contributions prior to termination if they meet requirements specified by the applicable plan. The City has no liability for losses under the plans.

NOTE 12 – RISK MANAGEMENT AND RETENTION

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. These risks are covered through participation in an insurance purchasing public entity risk pool sponsored by the South Carolina Municipal Association. The City pays an annual premium to the pool and may be subject to supplemental premium assessment should pool claims exceed certain levels. Pool claims have not exceeded those levels in any of the past four years.

There have been no significant reductions in insurance coverage during the fiscal year ended September 30, 2014.

NOTE 13 – FUND BALANCE CLASSIFICATIONS

| | <u>Special Revenue Funds</u> | | | | | | | <u>Total Governmental Funds</u> |
|---------------------|------------------------------|------------------------|------------------------|--------------------------------|----------------------------|--------------------------|-------------------------------|---|
| | <u>General Fund</u> | <u>Memorial</u> | <u>Police</u> | <u>Beach and Swim Club</u> | <u>Hospitality Tax</u> | <u>Golf Club</u> | <u>Events and Tourism</u> | |
| Fund Balances | | | | | | | | |
| Nonspendable | | | | | | | | |
| Prepaid | \$ 22,367 | \$ - | \$ - | \$ 880 | \$ - | \$ 9,432 | \$ - | \$ 32,679 |
| Inventory | - | - | - | - | - | 43,930 | - | 43,930 |
| Restricted | | | | | | | | |
| In accordance with | | | | | | | | |
| donor stipulations | - | 7,805 | - | - | - | - | - | 7,805 |
| Victims' rights | 21,704 | - | - | - | - | - | - | 21,704 |
| Hospitality | - | - | - | - | 482,586 | - | 329,920 | 812,506 |
| Committed | | | | | | | | |
| Police | - | - | 5,531 | - | - | - | - | 5,531 |
| Beach and Swim | - | - | - | 63,144 | - | - | - | 63,144 |
| Unassigned | 2,410,909 | - | - | - | - | 68,021 | - | 2,478,930 |
| Total | <u>\$ 2,454,980</u> | <u>\$ 7,805</u> | <u>\$ 5,531</u> | <u>\$ 64,024</u> | <u>\$ 482,586</u> | <u>\$ 121,383</u> | <u>\$ 329,920</u> | <u>\$ 3,466,229</u> |

NOTE 14 – GOLF COURSE MANAGEMENT AGREEMENT

In July, 2010, the City of Tega Cay (Owner) amended its existing management agreement dated October 29, 2007 as previously amended with Tega Cay Management Group, LLC (Operator) to manage and operate the golf course and all related facilities including clubhouse, restaurant and bar, outdoor pavilion, tennis courts and a community center. The amended term of the lease shall begin on November 1, 2010 and shall terminate on October 31, 2011. The term will automatically extend for an additional twelve months, November 1, 2011 through October 31, 2012, unless the City, in its sole discretion, notifies the Operator in writing, prior to, or on, July 31, 2011 that the City elects not to extend the term. If extended, the term will automatically terminate on October 31, 2012. The Operator shall be paid a fixed management fee of \$86,000 per annum, paid in equal monthly installments of \$7,167, effective July 2010, and continuing until the changeover date, November 1, 2010. Upon the changeover date, the fixed management fee is reduced to \$72,000 per annum, paid in equal monthly installments of \$6,000. In addition to the fixed management fee, the Operator shall be paid an incentive fee based on gross revenue of the operation. The incentive fee shall not exceed the fixed management fee. The management agreement contains additional provisions governing the services to be performed by the Operator, deposit of gross revenues and initial owner advance and operational funding.

Subsequent to yearend, the City of Tega Cay (Owner) renewed its existing management agreement dated July 1, 2010 as previously amended with Tega Cay Management Group, LLC (Operator) to manage and operate the golf course and all related facilities including clubhouse, restaurant and bar, outdoor pavilion,

tennis courts and a community center. The terms of the agreement shall begin on November 1, 2012 and shall terminate on October 31, 2017. The term will automatically extend for an additional twelve months, November 1, 2015 through October 31, 2016, unless the City, in its sole discretion, notifies the Operator in writing, prior to, or on, July 31, 2015 that the City elects not to extend the term. The term will automatically extend for an additional twelve months, November 1, 2016 through October 31, 2017, unless the City, in its sole discretion, notifies the Operator in writing, prior to, or on, July 31, 2016 that the City elects not to extend the term. If extended, the term will automatically terminate on October 31, 2017.

The Operator shall be paid a fixed management fee of \$66,000 per annum, paid in equal monthly installments of \$5,500. In addition to the fixed management fee, the Operator shall be paid an incentive fee based on gross revenue of the operation. The incentive fee shall not exceed the fixed management fee. The management agreement contains additional provisions governing the services to be performed by the Operator, deposit of gross revenues and initial owner advance and operational funding.

NOTE 15 – COMMITMENTS

On September 21, 2012, the City entered into an agreement with the South Carolina Department of Transportation (SCDOT) and Drake Gardendale, LLC (Drake Gardendale) to construct walking trails in the Gardendale and Lake Ridge Developments and Catawaba River Park. The project construction cost is estimated to be approximately \$630,939. The City is obligated to pay SCDOT \$182,939 for construction of the walking trails and any cost overruns. SCDOT will provide a maximum of \$448,000 in federal funds for construction cost. Drake Gardendale has reimbursed the City \$182,939 for its share of the project funding and as of September 30, 2013, the City has paid SCDOT \$182,939 for construction of the walking trails.

NOTE 16– RESTATEMENT OF BEGINNING NET POSITION

The effect of adoption and implementation of GASB Statement No. 65 changes the reporting of items previously reported as assets and liabilities. At September 30, 2013, the City reported unamortized bond issuance costs of \$201,903 on the general fund. The beginning balance of net position (at October 1, 2013) was restated by this amount for the effect of the change in accounting principle. Bond issuance costs no longer meet the definition of assets under Statement No. 65.

NOTE 17– SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GENERAL FUND

The General Fund is the City's main operating fund and is used to account for all financial resources traditionally associated with government except those required to be accounted for in another fund.

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | | | | |
| Real property | \$ 3,673,707 | \$ 3,730,742 | \$ 3,732,784 | \$ 2,042 |
| Vehicle | 432,842 | 482,000 | 500,879 | 18,879 |
| Tax penalties | 5,000 | 6,000 | 6,585 | 585 |
| Totals | <u>4,111,549</u> | <u>4,218,742</u> | <u>4,240,248</u> | <u>21,506</u> |
| Fines, fees, licenses and permits | | | | |
| Court fines and forfeitures | 105,000 | 55,000 | 70,014 | 15,014 |
| Parking tickets | 2,000 | 2,000 | 2,960 | 960 |
| Franchise fees | 400,000 | 409,737 | 418,091 | 8,354 |
| Inspection and permit fees | 540,000 | 894,826 | 930,708 | 35,882 |
| Business licenses | 840,000 | 1,020,000 | 1,043,256 | 23,256 |
| Recreation fees | 190,037 | 264,771 | 267,496 | 2,725 |
| Waste management fees | 500 | 1,000 | 940 | (60) |
| Security fees | 25,000 | 28,470 | 28,470 | - |
| Totals | <u>2,102,537</u> | <u>2,675,804</u> | <u>2,761,935</u> | <u>86,131</u> |
| Intergovernmental | | | | |
| State shared | 148,932 | 165,722 | 186,142 | 20,420 |
| Totals | <u>148,932</u> | <u>165,722</u> | <u>186,142</u> | <u>20,420</u> |
| Other | | | | |
| Interest | 3,000 | 3,500 | 3,917 | 417 |
| Sponsorships | 10,000 | 10,000 | 10,820 | 820 |
| Contingent funds | - | 365,000 | 380,920 | 15,920 |
| Grants | - | - | 6,685 | 6,685 |
| Rentals | 92,274 | 86,720 | 82,397 | (4,323) |
| Other | 15,000 | 10,060 | 37,157 | 27,097 |
| Totals | <u>120,274</u> | <u>475,280</u> | <u>521,896</u> | <u>46,616</u> |
| Total Revenues | <u>\$ 6,483,292</u> | <u>\$ 7,535,548</u> | <u>\$ 7,710,221</u> | <u>\$ 174,673</u> |

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| Expenditures | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|------------------------------------|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| General Government | | | | |
| Municipal Council | | | | |
| Salaries | \$ 20,400 | \$ 20,400 | \$ 20,949 | \$ (549) |
| Employee benefits | 2,057 | 2,047 | 2,160 | (113) |
| Election expense | 4,000 | 4,270 | 4,270 | - |
| Other | 300 | 450 | 418 | 32 |
| Travel and training | 4,000 | 6,710 | 7,286 | (576) |
| Meeting expense | 2,000 | 6,925 | 8,246 | (1,321) |
| Storage and flags | 1,500 | 2,000 | 2,871 | (871) |
| Flowers | 500 | 1,100 | 1,236 | (136) |
| Dues and subscriptions | - | 100 | 100 | - |
| Total Municipal Council | 34,757 | 44,002 | 47,536 | (3,534) |
| Municipal Court | | | | |
| Salaries | 38,712 | 33,500 | 33,479 | 21 |
| Employee benefits | 7,371 | 6,689 | 6,677 | 12 |
| Additional help | 1,000 | 1,300 | 1,331 | (31) |
| Jurors | 250 | 250 | - | 250 |
| Supplies | 500 | 100 | 131 | (31) |
| Travel and training | 250 | 700 | 687 | 13 |
| Cell phone | 300 | 300 | 300 | - |
| Dues and subscriptions | 50 | 50 | - | 50 |
| Reimbursement to other governments | 63,000 | 40,000 | 41,799 | (1,799) |
| Total Municipal Court | 111,433 | 82,889 | 84,404 | (1,515) |
| Administration | | | | |
| Salaries | 275,484 | 280,000 | 279,159 | 841 |
| Employee benefits | 95,913 | 104,606 | 102,302 | 2,304 |
| Medical | - | 148 | 148 | - |
| Professional services | 27,000 | 25,950 | 28,486 | (2,536) |
| Data processing services | 11,500 | 12,200 | 12,621 | (421) |
| Codify ordinances | 3,000 | 1,534 | 1,534 | - |
| Contract services | 6,000 | 5,000 | 4,935 | 65 |
| Auto operation | 2,000 | 1,000 | 992 | 8 |
| Copier | 7,000 | 6,100 | 6,654 | (554) |
| IT expenses | 2,000 | 2,300 | 2,231 | 69 |
| Office supplies | 12,000 | 17,500 | 17,923 | (423) |
| Other | 9,000 | 14,500 | 15,058 | (558) |
| Travel and training | 5,000 | 6,500 | 7,841 | (1,341) |
| Cell phone | 3,500 | 4,500 | 4,328 | 172 |
| Postage | 2,000 | 2,800 | 3,289 | (489) |
| Repairs and maintenance | 1,200 | 1,000 | 1,152 | (152) |
| Software maintenance | 11,088 | 13,355 | 13,355 | - |
| Legal advertising | 1,500 | 750 | 607 | 143 |
| Dues and subscriptions | 6,000 | 6,692 | 6,792 | (100) |
| Total Administration | 481,185 | 506,435 | 509,407 | (2,972) |
| Total General Government | 627,375 | 633,326 | 641,347 | (8,021) |

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| Expenditures | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------------|------------------|----------------|-------------------|-------------------------------|
| | Original | Final | | |
| Developmental Services | | | | |
| Salaries | \$ 266,191 | \$ 263,000 | \$ 263,162 | \$ (162) |
| Employee benefits | 83,870 | 85,648 | 85,199 | 449 |
| Professional services | 5,000 | 6,500 | 12,418 | (5,918) |
| Comprehensive plan | 10,000 | 10,000 | 10,088 | (88) |
| Contract services | 5,000 | 2,000 | 2,164 | (164) |
| Copier | 1,380 | 1,900 | 2,005 | (105) |
| IT expenses | 6,000 | 6,000 | 5,420 | 580 |
| Software maintenance | 5,000 | 6,000 | 6,000 | - |
| Supplies | 5,500 | 5,500 | 4,689 | 811 |
| Other | 1,200 | 1,200 | 1,642 | (442) |
| Travel and training | 3,000 | 3,000 | 3,611 | (611) |
| Cell phone | 2,500 | 3,000 | 3,422 | (422) |
| Auto operation | 2,000 | 2,000 | 1,606 | 394 |
| Vehicle maintenance | 500 | 500 | 349 | 151 |
| Dues and subscriptions | 1,000 | 1,000 | 1,175 | (175) |
| Total Developmental Services | 398,141 | 397,248 | 402,950 | (5,702) |
| Public Works | | | | |
| Salaries | 224,437 | 224,000 | 226,213 | (2,213) |
| Employee benefits | 129,573 | 117,971 | 114,150 | 3,821 |
| Medical | 500 | 1,300 | 1,432 | (132) |
| Professional services | 7,000 | 14,160 | 14,827 | (667) |
| Uniforms | 5,500 | 5,000 | 5,064 | (64) |
| IT expenses | 2,000 | 2,000 | 1,341 | 659 |
| Auto operation | 15,600 | 18,500 | 18,413 | 87 |
| BCAC | 1,000 | 1,428 | 1,428 | - |
| Landfill charges | 1,000 | - | - | - |
| Small tools | 1,000 | 1,500 | 1,251 | 249 |
| Supplies | 15,000 | 17,000 | 19,471 | (2,471) |
| Travel and training | 2,000 | 2,000 | 1,710 | 290 |
| Cell phone | 7,000 | 5,000 | 4,832 | 168 |
| Repairs - equipment | 4,000 | 3,000 | 2,216 | 784 |
| Building grounds/maintenance | 1,000 | 1,000 | 1,532 | (532) |
| Vehicle maintenance | 4,000 | 4,000 | 4,827 | (827) |
| Street maintenance | 50,000 | 70,000 | 96,800 | (26,800) |
| Tree work | 17,000 | 13,810 | 14,010 | (200) |
| Monument costs | 3,000 | 3,000 | 2,329 | 671 |
| Contract lawn care | 38,800 | 38,800 | 39,315 | (515) |
| Dues and subscriptions | 2,000 | 285 | 285 | - |
| Capital outlay | 35,123 | 38,777 | 105,800 | (67,023) |
| Total Public Works | 566,533 | 582,531 | 677,246 | (94,715) |
| Police Department | | | | |
| Salaries | 1,045,641 | 1,040,641 | 1,040,926 | (285) |
| Employee benefits | 394,800 | 392,231 | 393,055 | (824) |
| Medical | 1,500 | 500 | 547 | (47) |
| Uniforms | 13,000 | 10,000 | 7,192 | 2,808 |
| Auto operation | 62,000 | 55,000 | 57,796 | (2,796) |

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| Expenditures | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Police Department (continued) | | | | |
| Boat operations | \$ 3,000 | \$ 3,000 | \$ 2,098 | \$ 902 |
| Postage | 400 | 400 | 152 | 248 |
| NCIC | 6,000 | 4,500 | 4,557 | (57) |
| Software maintenance | 5,500 | 5,500 | 842 | 4,658 |
| Supplies | 14,000 | 18,500 | 16,808 | 1,692 |
| Office supplies | 5,000 | 5,000 | 4,785 | 215 |
| Other | 3,000 | 3,000 | 3,783 | (783) |
| Travel and training | 12,000 | 10,500 | 10,494 | 6 |
| Cell phones | 14,000 | 11,500 | 11,123 | 377 |
| Board and lodge prisoners | 8,000 | 11,000 | 13,891 | (2,891) |
| Repairs - equipment | 7,000 | 6,000 | 5,083 | 917 |
| Building/grounds maintenance | 10,000 | 22,450 | 17,214 | 5,236 |
| Repairs - vehicle | 15,000 | 11,000 | 26,712 | (15,712) |
| Dues and subscription | 500 | 500 | 361 | 139 |
| Copier | 11,000 | 12,000 | 12,679 | (679) |
| IT expenses | 8,000 | 8,000 | 7,327 | 673 |
| Dispatch services | 106,560 | 106,560 | 106,669 | (109) |
| Capital outlay | 52,900 | 174,749 | 214,737 | (39,988) |
| Total Police Department | 1,798,801 | 1,912,531 | 1,958,831 | (46,300) |
| Fire Services | | | | |
| Salaries | 427,000 | 423,000 | 427,457 | (4,457) |
| Employee benefits | 162,947 | 161,598 | 161,557 | 41 |
| Medical | 1,200 | 1,200 | 1,124 | 76 |
| Fuel | 8,508 | 11,500 | 11,180 | 320 |
| Supplies | - | - | 251 | (251) |
| Travel and training | 1,500 | 1,500 | 1,369 | 131 |
| Cell phones | 700 | 770 | 770 | - |
| Utilities | 9,248 | 10,500 | 10,939 | (439) |
| Repairs - vehicle | 8,200 | 15,000 | 13,855 | 1,145 |
| Contribution | 125,614 | 125,614 | 125,614 | - |
| Other | 1,100 | 1,500 | 600 | 900 |
| Capital outlay | - | 100,000 | 72,702 | 27,298 |
| Total Fire Services | 746,017 | 852,182 | 827,418 | 24,764 |
| Parks and Recreation | | | | |
| Salaries | 62,998 | 66,100 | 69,103 | (3,003) |
| Employee benefits | 20,491 | 20,041 | 20,481 | (440) |
| Professional services | 2,860 | 1,116 | 1,439 | (323) |
| Sports uniforms | 30,000 | 59,000 | 59,202 | (202) |
| Referees/extra help | 26,000 | 31,738 | 32,088 | (350) |
| Runde field improvements | 8,500 | 11,876 | 11,669 | 207 |
| On-line registration | 600 | 600 | 600 | - |
| Supplies | 8,000 | 3,000 | 3,400 | (400) |
| IT expenses | 2,000 | 2,000 | 283 | 1,717 |
| Travel and training | - | - | 1,724 | (1,724) |

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Expenditures | | | | |
| Parks and Recreation (continued) | | | | |
| Auto operations | \$ 2,500 | \$ 3,500 | \$ 3,595 | \$ (95) |
| Cell phones | 750 | 700 | 671 | 29 |
| Equipment repairs and maintenance | 1,000 | 1,000 | 711 | 289 |
| Contract grounds maintenance | 40,000 | 42,341 | 54,528 | (12,187) |
| Athletic field maintenance | 1,500 | 2,000 | 1,912 | 88 |
| Athletic field supplies | 1,000 | 1,500 | 1,364 | 136 |
| Recreation equipment | 8,000 | 6,000 | 7,747 | (1,747) |
| Professional insurance | 3,345 | 3,345 | 3,345 | - |
| Dues and subscriprion | 1,000 | 500 | 665 | (165) |
| Entry fees | 4,000 | 3,500 | 3,293 | 207 |
| Park maintenance | 30,000 | 43,000 | 54,862 | (11,862) |
| Trail maintenance | 5,000 | 13,000 | 10,920 | 2,080 |
| Dog run park | - | 1,307 | 1,307 | - |
| Doggie stations | 2,500 | 3,200 | 3,129 | 71 |
| Turner lights | 400 | 400 | 400 | - |
| Field usage | - | 11,490 | 11,490 | - |
| Capital outlay | 24,986 | 25,966 | 25,966 | - |
| Total Parks and Recreation | 287,430 | 358,220 | 385,894 | (27,674) |
| Non-departmental | | | | |
| Safety program | 14,000 | 14,000 | 12,740 | 1,260 |
| Committee funds | 100 | - | - | - |
| Employees program | 1,944 | 1,944 | 1,944 | - |
| Street lights | 19,500 | 21,000 | 21,584 | (584) |
| Insurance deductible | 2,500 | 3,000 | 2,802 | 198 |
| Computer repair | 45,000 | 100,000 | 136,935 | (36,935) |
| C-Fund road work | - | 365,000 | 380,920 | (15,920) |
| Legal fees | 100,000 | 139,826 | 140,044 | (218) |
| Property insurance | 50,000 | 51,006 | 51,006 | - |
| Golf and community center | 30,000 | 58,000 | 78,634 | (20,634) |
| Waste management services | 622,000 | 634,000 | 632,163 | 1,837 |
| Utilities | 110,000 | 110,000 | 107,268 | 2,732 |
| Stormwater fees | 13,440 | 13,440 | 13,440 | - |
| Web-site hosting | 3,000 | 5,000 | 4,214 | 786 |
| Glennon building expenses | - | - | 4,838 | (4,838) |
| Building and sidewalk repair | - | - | 64,770 | (64,770) |
| Boat storage cost | 10,000 | 10,000 | 9,667 | 333 |
| Newsletter | 720 | 720 | 720 | - |
| Moving expenses | - | 5,000 | 5,000 | - |
| Capital outlay | 85,600 | 144,289 | 444,358 | (300,069) |
| Total Non-departmental | 1,107,804 | 1,676,225 | 2,113,047 | (436,822) |

(continued)

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|--------------|-------------------|-------------------------------|
| | Original | Final | | |
| Expenditures | | | | |
| Debt Service | | | | |
| Principal | 669,000 | 709,000 | 722,336 | (13,336) |
| Interest and fiscal charges | 130,791 | 199,008 | 254,678 | (55,670) |
| Total Debt Service | 799,791 | 908,008 | 977,014 | (69,006) |
| Total Expenditures | 6,331,892 | 7,320,271 | 7,983,747 | (663,476) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 151,400 | 215,277 | (273,526) | (488,803) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from capital leases | | | 532,219 | 532,219 |
| Sale of general capital assets | - | 40,930 | 47,281 | 6,351 |
| Transfers in/(out) | | | | |
| Beach and Swim Club Fund | 7,116 | 7,116 | 7,116 | - |
| Utility Fund | 40,000 | 40,000 | - | (40,000) |
| Total Other Financing Sources (Uses) | 47,116 | 88,046 | 586,616 | 498,570 |
| Net Change in Fund Balance | 198,516 | 303,323 | 313,090 | 9,767 |
| Fund Balance, beginning | 2,141,890 | 2,141,890 | 2,141,890 | - |
| Fund Balance, ending | \$ 2,340,406 | \$ 2,445,213 | \$ 2,454,980 | \$ 9,767 |

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the specific revenues that are legally restricted to expenditures for particular purposes. The City of Tega Cay utilizes seven Special Revenue Funds described below:

Memorial Fund - The Memorial Fund was established to account the receipt of memorial gifts and expenditures relating to planting of trees and beautification projects on city property.

Police Fund - The Police Fund was established to account for the receipt of drug-related seizures and the expenditures of those funds, which are used for drug related crime prevention.

Beach and Swim Club Fund - The Beach and Swim Club Fund was established to account for member dues and the related expenditures associated with the operations of the club.

Golf Club Fund - The Golf Club Fund is used to account for the revenues and expenditures of Tega Cay Golf and Conference Center.

Hospitality Tax Fund - The Hospitality Tax Fund is used to account for receipts from the hospitality tax collected from local businesses and expenditures relating to tourism promotion.

Events and Tourism Fund - The Events and Tourism Fund was established for purposes of providing for orderly administration and funding of Community Events and allocation of hospitality funds collected for tourism and related functions.

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET SCHEDULE
SEPTEMBER 30, 2014

| | <u>Memorial</u> | <u>Police</u> | <u>Beach and Swim Club</u> | <u>Golf Club</u> | <u>Hospitality Tax</u> | <u>Events and Tourism</u> | <u>Total</u> |
|--|-----------------|-----------------|--------------------------------|----------------------|----------------------------|-------------------------------|---------------------|
| Assets | | | | | | | |
| Cash and cash investments | \$ 7,805 | \$ 5,531 | \$ 69,001 | \$ 204,756 | \$ 468,362 | \$ 333,003 | \$ 1,088,458 |
| Accounts receivable | - | - | - | 11,305 | 14,224 | - | 25,529 |
| Inventory | - | - | - | 23,932 | - | - | 23,932 |
| Prepaid expenses | - | - | 880 | 29,430 | - | - | 30,310 |
| Total Assets | <u>\$ 7,805</u> | <u>\$ 5,531</u> | <u>\$ 69,881</u> | <u>\$ 269,423</u> | <u>\$ 482,586</u> | <u>\$ 333,003</u> | <u>\$ 1,168,229</u> |
| Liabilities and Fund Balances | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 4,052 | \$ 64,907 | \$ - | \$ 2,080 | \$ 71,039 |
| Accrued expenses | - | - | 1,805 | 23,738 | - | 703 | 26,246 |
| Unearned revenue | - | - | - | 59,395 | - | - | 59,395 |
| Due to other funds | - | - | - | - | - | 300 | 300 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>5,857</u> | <u>148,040</u> | <u>-</u> | <u>3,083</u> | <u>156,980</u> |
| Fund Balances | | | | | | | |
| Nonspendable | - | - | 880 | 53,362 | - | - | 54,242 |
| Restricted | 7,805 | - | - | - | 482,586 | 329,920 | 820,311 |
| Committed | - | 5,531 | 63,144 | - | - | - | 68,675 |
| Unassigned | - | - | - | 68,021 | - | - | 68,021 |
| Total Fund Balances | <u>7,805</u> | <u>5,531</u> | <u>64,024</u> | <u>121,383</u> | <u>482,586</u> | <u>329,920</u> | <u>1,011,249</u> |
| Total Liabilities and Fund Balances | <u>\$ 7,805</u> | <u>\$ 5,531</u> | <u>\$ 69,881</u> | <u>\$ 269,423</u> | <u>\$ 482,586</u> | <u>\$ 333,003</u> | <u>\$ 1,168,229</u> |

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014

| | Living Memorial | Memorial | Police | Beach and Swim Club | Golf Club | Hospitality Tax | Events and Tourism | Total |
|---|--------------------|-----------------|-----------------|------------------------|-------------------|--------------------|-----------------------|---------------------|
| Revenues | | | | | | | | |
| Hospitality tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 126,823 | \$ - | \$ 126,823 |
| Event fees | - | - | - | - | - | - | 7,677 | 7,677 |
| Contributions | 495 | - | - | - | - | - | - | 495 |
| Memberships | - | - | - | 164,341 | - | - | - | 164,341 |
| Golf | - | - | - | - | 1,188,325 | - | 27,490 | 1,215,815 |
| Pool and tennis | - | - | - | - | 9,132 | - | - | 9,132 |
| Club rentals | - | - | - | 4,820 | - | - | - | 4,820 |
| Guest passes | - | - | - | 409 | - | - | - | 409 |
| Swim team | - | - | - | 24,600 | - | - | - | 24,600 |
| Drug seizures | - | - | 4,371 | - | - | - | - | 4,371 |
| Interest | - | - | - | 16 | 3 | - | 450 | 469 |
| Other | - | - | - | 5,993 | - | - | - | 5,993 |
| Total Revenues | 495 | - | 4,371 | 200,179 | 1,197,460 | 126,823 | 35,617 | 1,564,945 |
| Expenditures | | | | | | | | |
| Salaries | - | - | - | 36,785 | - | - | - | 36,785 |
| Employee benefits | - | - | - | 13,605 | - | - | - | 13,605 |
| Pool management | - | - | - | 52,540 | - | - | - | 52,540 |
| Sanitation | - | - | - | 416 | - | - | - | 416 |
| Supplies | 2,002 | - | - | 43 | - | - | - | 2,045 |
| Advertising | - | - | - | 571 | - | - | - | 571 |
| Other | 55 | - | - | 20,744 | - | 2,506 | - | 23,305 |
| Cell phone | - | - | - | 671 | - | - | - | 671 |
| Utilities | - | - | - | 20,882 | - | - | - | 20,882 |
| Permits | - | - | - | 225 | - | - | - | 225 |
| Equipment repairs and maintenance | - | - | 3,204 | 20,986 | - | - | - | 24,190 |
| Building and grounds maintenance | - | - | - | 4,266 | - | - | - | 4,266 |
| Swim team | - | - | - | 22,626 | - | - | - | 22,626 |
| Professional insurance | - | - | - | 1,992 | - | - | - | 1,992 |
| Golf club management | - | - | - | - | 970,112 | - | - | 970,112 |
| Community Events | - | - | - | - | - | 9,467 | 69,627 | 79,094 |
| Capital outlay | - | - | - | 6,394 | - | - | - | 6,394 |
| Debt service | | | | | | | | |
| Principal | - | - | - | - | 222,082 | - | - | 222,082 |
| Interest | - | - | - | - | 7,143 | - | - | 7,143 |
| Total Expenditures | 2,057 | - | 3,204 | 202,746 | 1,199,337 | 11,973 | 69,627 | 1,488,944 |
| Excess of Revenues Over (Under) Expenditures | (1,562) | - | 1,167 | (2,567) | (1,877) | 114,850 | (34,010) | 76,001 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in/(out) | | | | | | | | |
| Gain on trade of assets | - | - | - | - | 134,368 | - | - | 134,368 |
| Special revenue fund | - | - | - | (7,116) | - | (15,000) | 15,000 | (7,116) |
| Total Other Financing Sources (Uses) | - | - | - | (7,116) | 134,368 | (15,000) | 15,000 | 127,252 |
| Net Change in Fund Balances | (1,562) | - | 1,167 | (9,683) | 132,491 | 99,850 | (19,010) | 203,253 |
| Fund Balances, beginning | 1,562 | 7,805 | 4,364 | 73,707 | (11,108) | 382,736 | 348,930 | 807,996 |
| Fund Balances, ending | \$ - | \$ 7,805 | \$ 5,531 | \$ 64,024 | \$ 121,383 | \$ 482,586 | \$ 329,920 | \$ 1,011,249 |

CITY OF TEGA CAY
SPECIAL REVENUE FUNDS - GOLF CLUB
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

| | <u>Final Budgeted</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Golf | \$ 1,145,011 | \$ 1,188,325 | \$ 43,314 |
| Pool and tennis | 10,200 | 9,132 | (1,068) |
| Interest | - | 3 | 3 |
| Total Revenues | <u>1,155,211</u> | <u>1,197,460</u> | <u>42,249</u> |
| Expenditures | | | |
| Golf | 282,114 | 280,804 | 1,310 |
| Pool and tennis | 10,440 | 8,416 | 2,024 |
| Licensed department | 105,059 | 114,838 | (9,779) |
| Golf course maintenance | 465,873 | 474,424 | (8,551) |
| Property operations | 60,449 | 55,825 | 4,624 |
| Sales and marketing | 11,036 | 7,570 | 3,466 |
| General and administrative | 15,724 | 28,235 | (12,511) |
| Debt service | | | |
| Principal | - | 222,082 | (222,082) |
| Interest | - | 7,143 | (7,143) |
| Total Expenditures | <u>950,695</u> | <u>1,199,337</u> | <u>(248,642)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>204,516</u> | <u>(1,877)</u> | <u>(206,393)</u> |
| Other Financing Sources (Uses) | | | |
| Gain on trade of assets | - | 134,368 | 134,368 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>134,368</u> | <u>134,368</u> |
| Net Change in Fund Balances | 204,516 | 132,491 | (72,025) |
| Fund Balances, beginning | <u>(11,108)</u> | <u>(11,108)</u> | <u>-</u> |
| Fund Balances, ending | <u>\$ 193,408</u> | <u>\$ 121,383</u> | <u>\$ (72,025)</u> |

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The City of Tega Cay has three Enterprise Funds described below:

Utility Fund 1 - The Utility Fund 1 accounts for the revenues and expenses relating to providing water and sewer to the residents of Tega Cay.

Utility Fund 2 - The Utility Fund 2 accounts for the revenues and expenses relating to providing water and sewer to the residents of Tega Cay. Utility Fund 2 is not shown in the supplementary information.

Stormwater Fund - The Stormwater Fund accounts for the revenues and expenses relating to providing stormwater services to the residents of Tega Cay.

CITY OF TEGA CAY
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

| | Budget | Actual Amounts | Variance with Final Budget |
|----------------------------------|------------------|-------------------|-------------------------------|
| Operating Revenues | | | |
| Tap fees | \$ 21,250 | \$ 561,098 | \$ 539,848 |
| Irrigation taps | 8,800 | 13,750 | 4,950 |
| Water fees | 792,613 | 738,987 | (53,626) |
| Sewer fees | 554,410 | 574,193 | 19,783 |
| Water activation fees | 7,800 | 14,200 | 6,400 |
| Reconnect fees | 1,000 | 4,500 | 3,500 |
| Penalties | - | 600 | 600 |
| Other | 1,000 | 7,656 | 6,656 |
| Total Operating Revenues | 1,386,873 | 1,914,984 | 528,111 |
| Operating Expenses | | | |
| Salaries | 229,575 | 222,107 | 7,468 |
| Overtime | 5,000 | 8,354 | (3,354) |
| Employee benefits | 55,553 | 65,742 | (10,189) |
| Legal fees | 5,000 | 12,772 | (7,772) |
| Water purchased | 307,298 | 265,565 | 41,733 |
| Sewer treatment fees | 237,831 | 260,122 | (22,291) |
| Sewer clean-out | 12,000 | 11,703 | 297 |
| Water testing | 3,000 | 2,507 | 493 |
| Professional services | 15,000 | 12,483 | 2,517 |
| Meters and supplies | 48,000 | 72,901 | (24,901) |
| Administration expense | 7,830 | 10,804 | (2,974) |
| Training and education | 3,000 | 2,277 | 723 |
| Auto expense | 5,500 | 8,297 | (2,797) |
| Cell phone | 1,000 | 1,954 | (954) |
| Depreciation | - | 391,470 | (391,470) |
| Utilities | 40,000 | 46,038 | (6,038) |
| Office supplies | 3,300 | 4,908 | (1,608) |
| Lift station maintenance | 20,000 | 29,039 | (9,039) |
| Postage | 6,360 | 8,213 | (1,853) |
| Vehicle maintenance | 2,000 | 3,434 | (1,434) |
| Capital outlay - non-depreciable | 16,030 | - | 16,030 |
| Contingency | 62,897 | - | 62,897 |
| Software maintenance | 7,725 | 8,526 | (801) |
| Insurance | 2,100 | 3,324 | (1,224) |
| Water tower maintenance | 10,000 | - | 10,000 |
| Dues and subscriptions | 500 | 442 | 58 |
| Bad debt expense | - | 18,101 | (18,101) |
| SDW act | 9,156 | 9,283 | (127) |
| Total Operating Expenses | 1,115,655 | 1,480,366 | (364,711) |
| Operating Income | 271,218 | 434,618 | 163,400 |

(continued)

CITY OF TEGA CAY
UTILITY FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (continued)
YEAR ENDED SEPTEMBER 30, 2014

| | <u>Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------|---------------------------|---------------------------------------|
| Nonoperating Revenues (Expenses) | | | |
| Interest revenue | \$ 120 | \$ 44 | \$ (76) |
| Interest expense and fiscal charges | - | (149,896) | (149,896) |
| Total Nonoperating Revenues (Expenses) | <u>120</u> | <u>(149,852)</u> | <u>(149,972)</u> |
| Income before transfers | 271,338 | 284,766 | 13,428 |
| Transfers in/(out) | | | |
| General Fund | (40,000) | - | 40,000 |
| Change in Net Position | 231,338 | 284,766 | 53,428 |
| Net Position, beginning | <u>4,672,206</u> | <u>4,672,206</u> | <u>-</u> |
| Net Position, ending | <u>\$ 4,903,544</u> | <u>\$ 4,956,972</u> | <u>\$ 53,428</u> |

CITY OF TEGA CAY
 STORMWATER FUND
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2014

| | <u>Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------|---------------------------|---------------------------------------|
| Operating Revenues | | | |
| Stormwater compliance fees | \$ 388,333 | \$ 399,044 | \$ 10,711 |
| Other | - | 140 | 140 |
| Total Operating Revenues | <u>388,333</u> | <u>399,184</u> | <u>10,851</u> |
| Operating Expenses | | | |
| Salaries | 121,807 | 128,362 | (6,555) |
| Employee benefits | 31,722 | 35,976 | (4,254) |
| Small tools | 1,000 | 349 | 651 |
| Contracted services | 75,000 | 40,962 | 34,038 |
| Permits | 2,000 | 2,000 | - |
| Supplies | 500 | 204 | 296 |
| Miscellaneous | 500 | 2,080 | (1,580) |
| Training and education | 500 | - | 500 |
| Vehicle maintenance | 12,000 | 18,138 | (6,138) |
| Equipment repairs and maintenance | - | - | - |
| Insurance | 1,200 | 2,669 | (1,469) |
| System evaluation | 5,000 | - | 5,000 |
| Auto expense | 20,000 | 24,823 | (4,823) |
| Drainage maintenance materials | 12,000 | 11,864 | 136 |
| Dues and subscriptions | 350 | 175 | 175 |
| Contingency | 4,696 | - | 4,696 |
| Software maintenance | 3,276 | 4,032 | (756) |
| Vehicle lease | 74,630 | - | 74,630 |
| Depreciation | - | 39,022 | (39,022) |
| Total Operating Expenses | <u>366,181</u> | <u>310,656</u> | <u>55,525</u> |
| Operating Income | <u>22,152</u> | <u>88,528</u> | <u>66,376</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest expense and fiscal charges | (22,152) | (8,009) | 14,143 |
| Total Nonoperating Revenues (Expenses) | <u>(22,152)</u> | <u>(8,009)</u> | <u>14,143</u> |
| Change in Net Position | - | 80,519 | 80,519 |
| Net Position, beginning | <u>131,439</u> | <u>131,439</u> | <u>-</u> |
| Net Position, ending | <u>\$ 131,439</u> | <u>\$ 211,958</u> | <u>\$ 80,519</u> |

CITY OF TEGA CAY
GENERAL FUND
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
YEAR ENDED SEPTEMBER 30, 2014

| | |
|---|-----------|
| Assessments and Surcharges Retained by the City for Victims' Assistance | \$ 7,958 |
| Assessments and Surcharges Remitted to the State Treasurer | 32,942 |
| Total Fines, Assessments, and Surcharges Collected | \$ 40,900 |
| Municipal Court Revenue to State of South Carolina | |
| Court Assessments to the State Treasurer | \$ 16,865 |
| Municipal Conditional Discharge | 150 |
| DUI Assessments to the State Treasurer | 72 |
| DUI Surcharges to the State Treasurer | 600 |
| DUI/DPS Pullouts to the State Treasurer | 400 |
| Law Enforcement Surcharges to State Treasurer | 14,705 |
| DUI/DUAC Test Conviction Fees | 150 |
| Total Court Revenue to the State Treasurer | \$ 32,942 |
| Victims Services | |
| Court Assessments Allocated to Victim Services | \$ 2,083 |
| Court Surcharges Allocated to Victim Services | 5,875 |
| Funds Allocated to Victim Services | 7,958 |
| Victim Services Expenditures | - |
| Excess of Revenues Over Expenditures | 7,958 |
| Fund Balance, beginning | 13,746 |
| Fund Balance, ending | \$ 21,704 |