



**CITY OF NORTH AUGUSTA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Year Ended December 31, 2013

CITY OF NORTH AUGUSTA

SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2013



Prepared by
Department of Finance

John P. Potter, Jr.
Director of Finance

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

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North
Augusta 

South Carolina's Riverfront

INTRODUCTORY SECTION

HISTORY OF NORTH AUGUSTA, SOUTH CAROLINA

The City of North Augusta, South Carolina was officially incorporated on April 11, 1906.

The City of North Augusta is strategically centered in the Augusta-Aiken metropolitan area and conveniently located along the South Carolina bank of the Savannah River. The City is approximately 70 miles west of the South Carolina capital, Columbia, and 150 miles east of the Georgia capital, Atlanta. The City's nearest neighbor is Augusta, Georgia, located just across the Savannah River. North Augusta offers the best of both worlds - an idyllic, small-town lifestyle amid all the benefits of big city living.

North Augusta was preceded by three other towns that were located in the general area of North Augusta. The first, Savannah Town, also known as Fort Moore, was among the earliest white settlements at the head of navigation on the Savannah River. Savannah Town was located on a bluff overlooking the river near the present site of the Fifth Street Bridge. In 1716 it was one of the most important trading centers in South Carolina. It flourished as a trading post until the founding of Augusta in 1735, just across the river on the Georgia side.

Campbell Town, was founded by John Hammond over 200 years ago. It was established as a trading center for furs, tobacco, and other goods. In addition to the Indian and tobacco trade, there were, between Campbell Town and the nearby mouth of Steven's Creek, extensive and profitable shad fisheries which added to the commercial importance of the town. Campbell Town prospered for about 60 years before the lucrative tobacco market started to slip to the Georgia side of the river due to increasing competition between tobacco warehouse owners.

Hamburg, South Carolina was founded by Henry Shultz in the early 1800's when the cotton and tobacco trade was booming. Hamburg soon became the home dock of a thriving steamboat business shipping goods to Charleston. This success led to the development of the Charleston and Hamburg Railroad in 1833, which, at 136 miles, was then the longest railroad in America. Hamburg continued to thrive as the railroad's western terminus until the construction of a trestle bridge over the Savannah River into Augusta in 1853.

In 1890, Augusta native James U. Jackson organized the North Augusta Land Company and purchased more than 5,000 acres of rolling farm and woodland across the Savannah River from Augusta, Georgia. In 1891, a bridge was built from Augusta, followed closely by a trolley line. Then, in 1902, Jackson and his associates built the Hampton Terrace, a world-class, five-story hotel 540 feet above sea level overlooking the Savannah River, Augusta, and the surrounding countryside. The Hampton Terrace raised North Augusta to the rank of one of the leading winter resorts in the country and played gracious host to many of the country's elite including President William Howard Taft, John D. Rockefeller, Harvey Firestone, and Marshal Field. Unfortunately, the hotel was destroyed by fire in 1916.

The Hampton Terrace was never rebuilt and North Augusta remained a small residential town until the 1950s, when the Savannah River Plant was built by the Atomic Energy Commission. The town tripled in size and, over the next sixty years, grew into today's thriving community of nearly 22,000 citizens.

Because of the varying terrain in and around North Augusta, the distribution system is divided into two service levels to control pressure. The lower level, which serves the older portion of town as well as the developed area outside the eastern boundary, has a storage capacity of 1,250,000 gallons for water pumped directly from the existing 150,000 gallon clearwell and the newly constructed 500,000 clearwell located at the filter plant. A 1,000,000 gallon underground storage tank is centrally located on Hampton Avenue. A 250,000 gallon elevated storage tank located on State Route 125 provides storage for the water main on that same highway which serves the industrial park located near the intersection of SR125 and U. S. Highway 1.

The upper level system receives its supply from a pumping station located adjacent to the 1,000,000 gallon underground tank on the lower level system and the older pumping station on Butler Avenue. The 1,000,000 gallon storage for the upper level system consists of a 500,000 gallon elevated storage tank located at Interstate 20 and Five Notch Road, and two 250,000 gallon elevated storage tanks, one centrally located on Sidereal Avenue and the other located in the northern section in the Smithfield Subdivision on Wells Road.

In 2012, construction of a 1,000,000 gallon elevated storage tank and a related expansion of the distribution system was completed. This system expansion will create a third service level and allow the City to supply water to areas north of I-20 that are within its water service boundary. This system will be supplied from the "Powerhouse" booster station.

Wastewater System

The City of North Augusta provides for the collection of wastewater to all areas within the City limits and some areas outside the City limits. Wastewater treatment for the City of North Augusta is provided by the Horse Creek Wastewater Treatment Facility owned by Aiken County, of which the City of North Augusta is a major customer. The Horse Creek Wastewater Treatment Facility has major interceptor lines to which the City's collection system discharges. Charges to the City are based on the actual flow delivered to the regional facility.

Collection System: The main collection system of the City consists of more than 228 miles of sewer pipe varying in size from 6 inches to 36 inches, and 18 pumping stations. Pumping stations have been constructed in parts of the City which are beyond the limits of the gravity system.

Major collection system expansions were constructed in the 1960's, 1970's and 1980's with continuing improvements made in intervening years. The City has no combined wastewater and storm sewers in its wastewater system. The wastewater collection system is maintained by the Public Utilities Department and is presently in good condition. Due to its age the system does experience moderate infiltration and inflow during periods of high rainfall.

Horse Creek Wastewater Treatment Facility: The City of North Augusta, together with the City of Aiken, South Carolina, Graniteville Manufacturing Company, and United Merchants and Manufacturing Company contracted with the Aiken County Public Service Authority (the "Authority"), an agency of Aiken County, to construct and operate the wastewater treatment facility known as the Horse Creek Wastewater Treatment Facility. The Horse Creek Facility is a

20 MGD regional wastewater treatment facility located at the confluence of Horse Creek and the Savannah River. The primary purpose of the facility is to provide wastewater treatment for the Horse Creek Basin in Aiken County. In June of 1976 and February of 1977, the City sold revenue bonds for water and wastewater improvements which included the City's proportionate share of the Authority's wastewater treatment plant. The Horse Creek Wastewater Treatment Facility was placed into full operation in 1979.

The Horse Creek Wastewater Treatment Facility provides wastewater treatment for its customers on a wholesale basis only; it has no retail customers. The Authority collects and treats wastewater discharged by its customers as per the terms of the respective service contracts between each customer and the Authority. Each customer pays its pro rata share of the operation and maintenance costs based on volume of flow. In 2012, the City purchased an additional 3.828 MGD capacity from the Authority. With this additional capacity purchase, the City of North Augusta's present allocation of capacity is 8.672 MGD. The Horse Creek Wastewater Treatment Facility has adequate reserve and expansion capacity.

The City of North Augusta pays for the use, maintenance and depreciation of the regional facility based on the total cost of the facility's operational and debt retirement divided among all users on the basis of total gallons contributed. As the table indicates, the City of North Augusta has ample reserve capacity at the present time. If future needs dictate, the City of North Augusta may draw on the unallocated reserve as needed. The sewer trunk lines of the Authority are sized to accommodate anticipated wastewater flows from the service area in the year 2025. Additionally, the treatment facility is designed so that it can be expanded to a 40 MGD facility.

Horse Creek Valley 20.0 MGD Facility - Capacities by User
As of June 30, 2013

	Present Allocation	Present Use
City of North Augusta	8.672 MGD	4.49769 MGD
City of Aiken	7.134 MGD	4.50251 MGD
Aiken County	1.760 MGD	0.00000 MGD
Breezy Hill.	.927 MGD	0.27584 MGD
Cytec Industries, Inc.	.900 MGD	0.06209 MGD
VPSA	.167 MGD	0.27259 MGD
Kimberly Clark	.150 MGD	0.03904 MGD
Bath	.070 MGD	0.03395 MGD
Beech Island W & S	.060 MGD	0.00178 MGD
Langley	.060 MGD	0.03392 MGD
Clearwater	.050 MGD	0.05913 MGD
PACTIV	<u>.050 MGD</u>	<u>0.02106 MGD</u>
 TOTAL	 <u>20.000 MGD</u>	 <u>9.79960 MGD</u>

conjunction with it. The City of North Augusta's MD&A can be found immediately following the report of the independent auditors.

In accordance with GASB Statement 14, The Financial Reporting Entity, the reporting entity of the City of North Augusta includes all the funds relevant to the operations of the City. The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operation or financial relationships. The criteria for including such organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of North Augusta has no component units.

The Aiken County School District, the Aiken County Government, to include the Aiken County Public Service Authority, the Valley Public Service Authority, and the Edgefield County Water and Sewer Authority, are independent entities and are not included in this report. Financial statements can be obtained from the respective entities.

The City of North Augusta provides a full range of municipal services which include:

Finance and Information Services:

- Budgetary and General Accounting
- Information Technology
- Treasury Services
- Human Resources and Payroll
- Cash Collections
- Purchasing
- Utility, Tax and Business License Billing

Recreation, Parks and Leisure Services:

- Recreation Programs
- Park Maintenance
- Beautification and Property Maintenance
- Concessions
- Special Events Planning
- Athletics
- Cultural Arts

Public Safety:

- Administrative and Support Services
- Police Services
- Fire Suppression Services
- Investigations and Special Operations
- School Resource
- Safety Management
- Animal Control

Planning and Development:

- Comprehensive Planning Services
- Development Regulations
- Development Review
- Zoning Administration
- Codes Enforcement
- Subdivision Services
- Business Development

Public Works:

- Engineering Services
- Sanitation and Recycling Services
- Equipment Maintenance
- Stormwater Management
- Building Standards
- Facilities Management

Public Utilities:

- Utilities Administration
- Water Production
- Utility Operations
- Utility Construction
- Wastewater Collection
- Meter Reading

ECONOMIC CONDITION AND OUTLOOK

In spite of the national recession beginning in 2008 the overall economy of the greater North Augusta area is strong and getting stronger. The City is fortunate that the economic downturn has affected the Central Savannah River Area and North Augusta to a lesser degree than most major metropolitan areas in the country.

The 2010 Decennial Census showed that North Augusta had grown to a population of 21,348 from 17,574 in 2000, an increase of more than 21.5% and an average annual increase of approximately 2%. The City's Planning and Development Department estimates the City population to be 21,885 for 2013.

Despite the decline in employment at the Savannah River Site due to the change in the Department of Energy's mission for the Site, employment county-wide is holding steady. The continued development of Aiken County's Sage Mill Industrial Park will create additional jobs with anticipated future announcements for expansion of existing industries as well as new industries locating within the park. Additionally, we anticipate continued growth from other industrial areas located in Aiken and Edgefield Counties. In December 2013, the United States Army announced that the Cyber Command Headquarters will be located at Fort Gordon. Since it was established in 2010, Army Cyber has been split between several government buildings and leased spaces across the National Capital Region. Locating to Fort Gordon consolidates Army cyber and network operations for the first time under a single commander. While Fort Gordon is located in Richmond County, Georgia, its close proximity to North Augusta will provide spill over commercial and residential growth to our community.

Residential building activity in North Augusta continues at a moderate pace due to the economy. Subdivision infrastructure and single-family construction in Mossy Oak, RiverNorth, Bentley Place, Whatley Place, The Village at Bergen Place, Bergen West, Wando Woodlands, Woodstone, Knollwood, and Hammond's Ferry continues and is expected to increase to previous levels over the next year. Several of these developers are also working on plans for additional phases that will increase the number of lots for sale in the City-wide inventory.

The City has also approved three large planned developments. Hamrick Farms, a mixed use development totaling 179 acres, is located near the I-20 Exit 1 Interchange. Development plans include approximately 250 single-family units, 350 multi-family units and 300,000 square feet of commercial/retail. Sweetwater Junction is a 277.5± acre planned development located on the east side of US 25 approximately one mile north of I-20. The development plan includes 96 acres of commercial development totaling approximately 300,000 square feet and 181 acres of residential development, including 516 multi-family, townhouse and single-family units. Development of Sweetwater Junction began in 2013 with the construction of a second Wal-Mart store in the City and a commercial strip building. The Springs is a 1,513.8± acre planned development located east of US 25 and south of Ascauga Lake Road. The development plan consists of approximately 50 acres of commercial and civic development, a 307-acre golf course, and 1,200 acres of mixed residential development totaling more than 3,500 units. Other areas will consist of public lands, parks, and buffers.

The redevelopment of commercial properties located near the I-20 Exit 5 Interchange over the past eighteen months has spurred additional development of the surrounding vacant lands. SRP Federal Credit Union has now occupied its new 130,000 square foot headquarters facility and branch office on US 25 at Walnut Lane. New restaurants including a second Zaxby's, McDonald's, Waffle House, and a stand-alone Bojangles have all been developed recently. The completion of the Wal-Mart store in 2014 will spur other commercial development near this Interchange.

Also, the City, partnering with the South Carolina Department of Transportation, is constructing a Park and Ride Facility near the I-20 Exit 5 Interchange to further promote carpooling to nearby industrial and manufacturing operations, saving fuel and reducing carbon emissions in the region.

The City's efforts to redevelop vacant property on the Savannah River made considerable progress in 2013. Early in 2013, a developer approached the City and proposed a public/private partnership to jointly develop approximately 30 acres within Phase B of the Hammond's Ferry Development. Known as Project Jackson, the proposal calls for the City to construct a multi-purpose stadium to host a Class A minor league baseball team, a 17,000 square foot conference center, and associated structured parking facilities for the stadium and hotel. Cost of the public improvements is estimated at \$50,000,000. While the funding mechanism for the public projects has not been finalized, it is anticipated that several revenue streams including tax increment financing, local hospitality and accommodations taxes, parking revenues, and stadium naming rights will be used. Private development projects, estimated to cost over \$110,000,000, include a 175 room upper-tier hotel, 20 townhomes, 275 luxury apartments, 60,000 square feet of retail space, 60,000 square feet of office space and a Family Y facility. Presently the private developer is working on a master development plan which should be completed in the summer of 2014.

The Local Hospitality and Accommodations taxes levied by the City initially in 1998 continued as an excellent revenue stream in 2013. In the November 2000 election, Aiken County voters approved a County-wide One-Cent Capital Projects Sales Tax. The tax went into effect May 1, 2001. On the same day the City reduced the Local Hospitality Tax from two-cents to one-cent. The reduction in the Local Hospitality Tax revenues was more than offset by the \$8,908,107 the City received from the One-Cent Capital Projects Sales Tax. A vote on the continuation of the Aiken County One-Cent Capital Projects Sales Tax beyond 2006 was held in the November 2004 general election and passed by a significant margin. The City received \$20,068,139 over the seven year life of Phase II of the sales tax. A third round of the Aiken County One-Cent Capital Projects Sales Tax was passed in November 2010. Preliminary estimates are that the Phase III sales tax will generate approximately \$23,600,000 for the City over seven years beginning in 2013. The City's share of the One-Cent Capital Projects Sales Tax from all three phases has been earmarked for a variety of projects including street reconstruction and repaving, sidewalk construction, drainage improvements, park improvements including scoring tower demolition and re-construction, gym construction, public safety improvements including mobile data terminals for public safety vehicles, and construction of a new fire substation and headquarters.

In summary, the economic outlook for the City of North Augusta offers a great deal of promise.

FINANCIAL INFORMATION

Management of the City of North Augusta is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity of generally accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting and Budgeting Controls. The annual budget serves as the foundation for the City of North Augusta's financial planning and control. All Department Directors of the City are required to submit requests for appropriation to the City Administrator the first week of September each year. The City Administrator uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed balanced budget to City Council for review the first week of October. Following review of the proposed budget, City Council holds a public hearing and as soon thereafter as possible, adopts the budget and passes a budget ordinance, tax levy ordinance and other such ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures or expenses. Detail is provided for accounting and budgetary control.

Formal budgetary integration is employed as a management control device. A budget is legally adopted annually for the General Fund on a basis consistent with generally accepted accounting principles. Budgets for Special Revenue Funds or Capital Projects Fund are adopted on a project or activity basis instead of an annual operating cycle basis. Budgets for the enterprise funds are adopted annually on a basis consistent with generally accepted accounting principles except that depreciation is not a budgeted item. The transfer of budgeted amounts between functional areas must be approved by City Council; however, the City Administrator can amend the budget at the line item or department level, within a functional area, not to exceed \$5,000. Management can also over-expend appropriations, with the City Administrator's approval, at the line item and department level, as long as the total expenditures or expenses do not exceed appropriations of the functional area.

Long-Term Financial Planning. Each spring the City Council and staff meet in an intense planning environment lasting two complete days. The major focus of this Council/staff seminar, known as North Augusta Forward, is to identify the best possible future for North Augusta and to chart a course to make that future a reality. The success of this seminar can be easily measured by the many changes that have taken place in North Augusta, many of which were in the planning stages for several years. Future projects requiring significant financial planning and resources have been identified as follows: (1) Greenway/bikeway extensions, (2) regional/district/community recreational parks, (3) aquatic/senior adult facility, (4) conference center, (5) public safety fire sub-stations and appropriate fire apparatus, (6) transportation improvements, (7) road and intersection improvements, and (8) sidewalk additions. These

facilities, estimated to cost in excess of \$75,000,000 in today's dollars, are excellent candidates for future rounds of sales tax funding.

Relevant Financial Policies. The City's financial policies adopted by City Council in 1987 require that the General Fund unreserved fund balance at the end of each fiscal year be transferred to the Capital Projects Fund in the following fiscal year. These funds are used for one-time capital expenditures, thereby reducing the need to incur additional debt for capital expenditures/facilities. The unreserved fund balance in the General Fund at December 31, 2012 of \$1,005,084 was transferred to the Capital Projects Fund on May 13, 2013. The unreserved fund balance in the General Fund at December 31, 2013 of \$834,918 will be transferred to the Capital Projects Fund in May of 2014.

Cash Management Policies and Practices. The Department of Finance has undertaken an active cash management program to ensure the most efficient and profitable use of the City's cash resources. The City of North Augusta takes full advantage of investment opportunities of all temporarily idle funds. The cash available for investment as of December 31, 2013 was invested in the South Carolina Local Government Investment Pool, collateralized deposits, and repurchase agreements. The average yield on investments during 2013 was 0.36% which is in line with 2012 but significantly less than in previous years. It is anticipated that the investment yield will stabilize somewhat before increasing slightly in the future. Additional information concerning cash and investments can be found in Note 2 in the notes to the financial statements.

Risk Management. The City provides a comprehensive risk management program. This program has two main objectives. The first of these objectives is to ensure a safe environment for City employees and for members of the public who utilize the services and programs provided by the City. The second objective is to develop an effective safety or accident prevention program, thereby reducing the costs of both accidents and insurance. The City has an active Safety Committee whose top priority is to reduce and hopefully eliminate all accidents and incidents involving the City's workforce. Insurance coverage is provided through the South Carolina Municipal Association in the form of a public entity risk pool that operates as a common risk management and insurance program. Additional information concerning the risk pools and coverage amounts can be found in Note 9 in the notes to the financial statements.

Pension Plans. All City employees, excluding public safety officers, are members of the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer PERS. Public safety officers are members of the South Carolina Police Officers' Retirement System (SCPORS), a cost-sharing, multiple-employer PERS. The City has no responsibility to either of the retirement systems other than to make the periodic payments required by state statute. The administration of each of these retirement systems is vested in the South Carolina Budget and Control Board. Data is not kept by individual municipalities or units; therefore, all necessary disclosures that relate to the City of North Augusta cannot be made. Note 7 in the notes to the financial statements provides additional information regarding employee and employer contribution rates and employer contributions for the last three fiscal years.

Debt Administration. As of December 31, 2013, the City of North Augusta has one active Revenue Bond issue, dated 2002. During 2013, the City defeased all of its outstanding Series 2006 General Obligation Bonds (GOB) by depositing \$3,351,320 in an irrevocable trust with an escrow agent. For financial reporting purposes, the GOB debt has been removed as a liability from the financial statements. The City of North Augusta has also entered into several long-term lease agreements for machinery and equipment, furniture and fixtures, and vehicles. Additionally, in December 2007, the City entered into a \$6,350,000 lease for financing a portion of the new Municipal Center. The revenue stream for this lease is the City's local hospitality and accommodations tax. For more information on the outstanding debt of the City, please see Notes 4 and 5 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of North Augusta, South Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the thirty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR, whose contents conform to program standards. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis could not be accomplished without the dedicated endeavors of the Finance and Administrative Departments. We would like to express our appreciation to each employee who assisted and contributed to its preparation. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of North Augusta's finances.

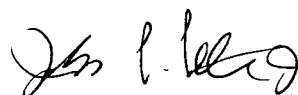
While we recognize that the contents of the financial statements contained herein are the City's, it would be inappropriate not to mention the assistance of our independent auditors in the preparation of these statements.

Respectfully submitted,



B. Todd Glover
City Administrator

Respectfully submitted,



John P. Potter, Jr.
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of North Augusta
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

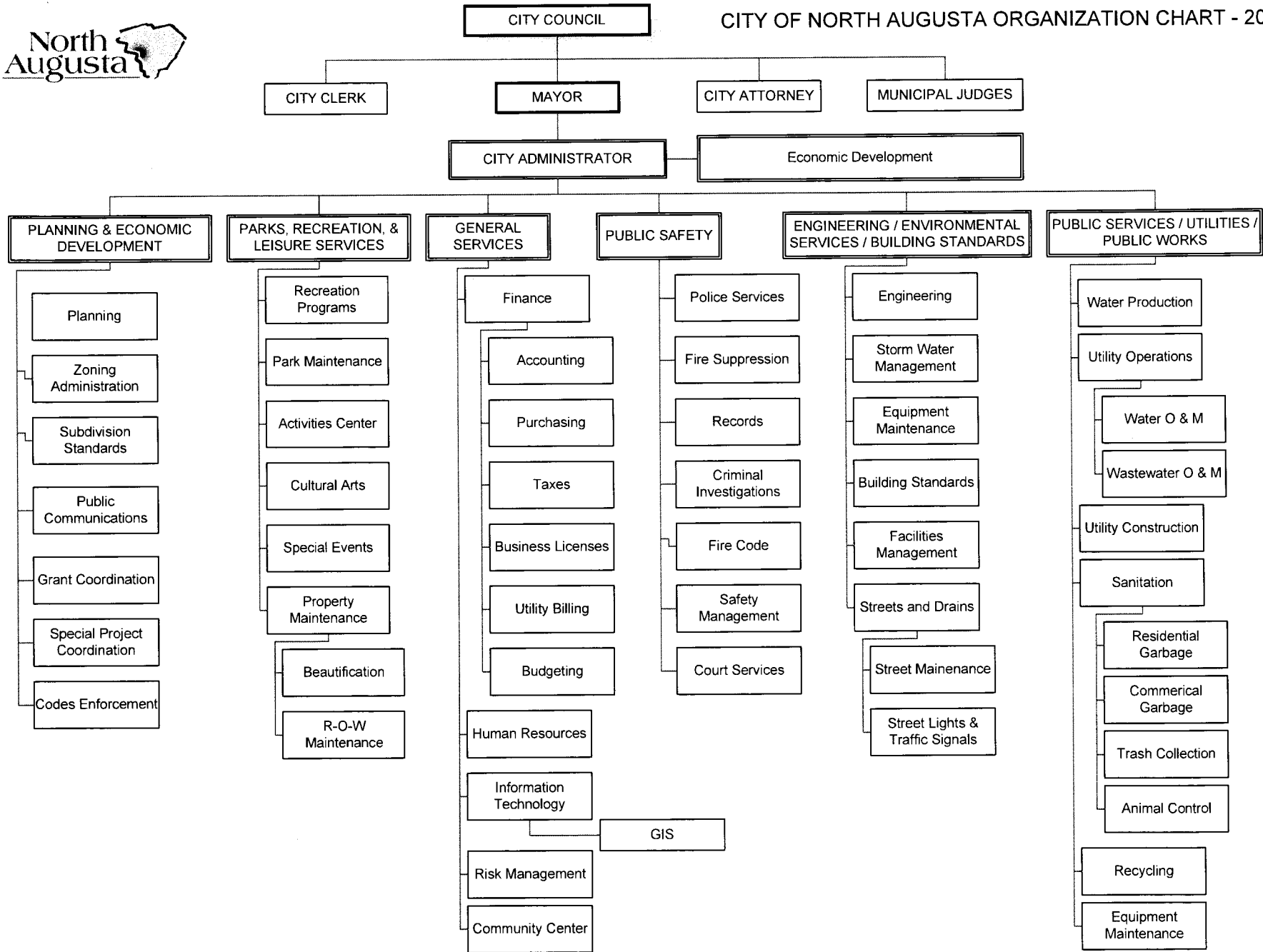
December 31, 2012

Executive Director/CEO

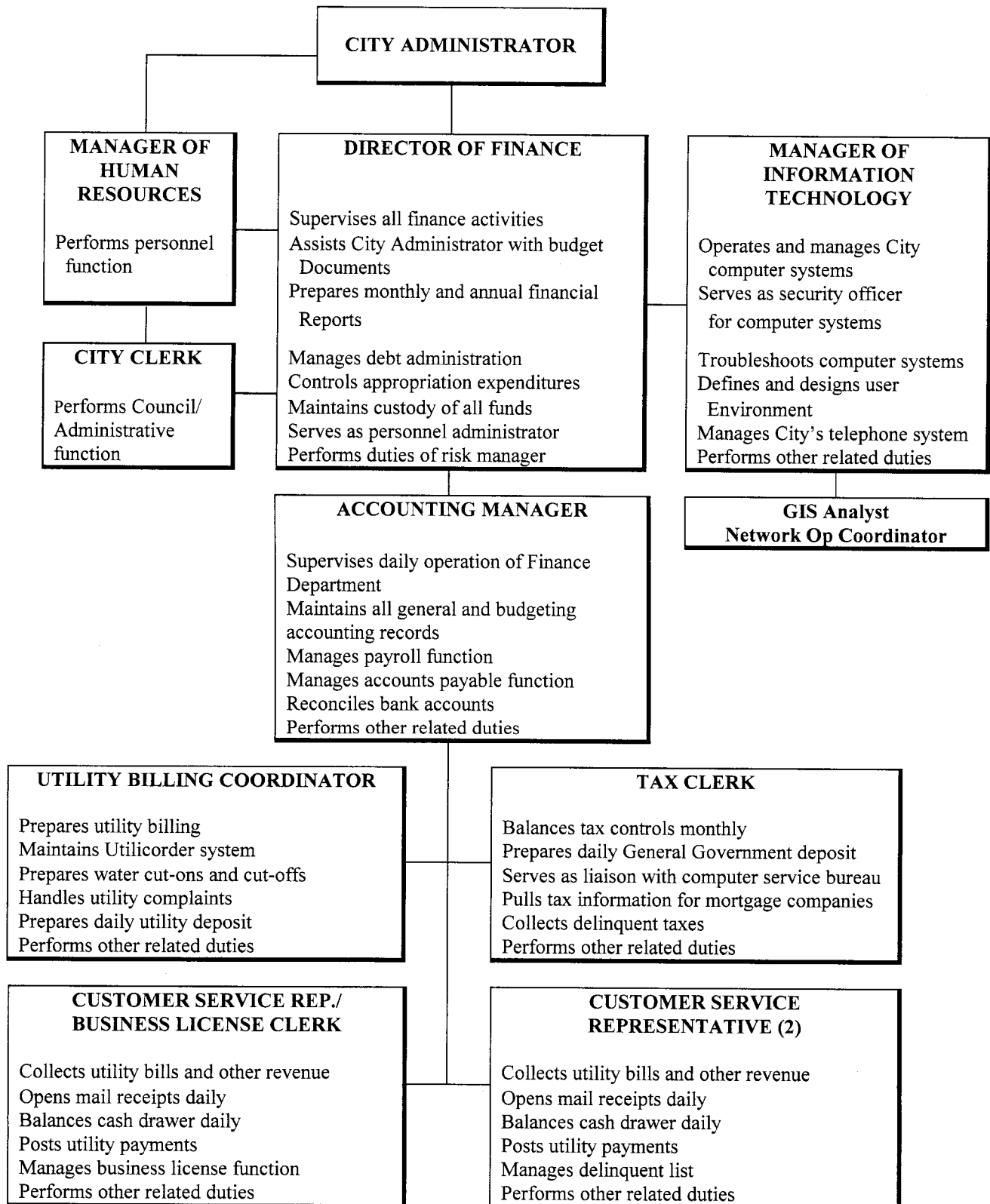


CITY OF NORTH AUGUSTA ORGANIZATION CHART - 2013

XXX



**FINANCE DEPARTMENT
ORGANIZATIONAL CHART - 2013**



CITY OF NORTH AUGUSTA, SOUTH CAROLINA

PRINCIPAL OFFICIALS

CITY COUNCIL

Lark W. Jones, Mayor
(5-97 to 5-17)

Carolyn C. Baggott, Councilwoman
(5-91 to 5-15)

Pat C. Carpenter, Councilwoman
(5-93 to 5-13)

Kenneth J. McDowell, Councilman
(11-98 to 5-15)

James M. Adams, Jr., Councilman
(11-02 to 5-15)

Fletcher L. Dickert, Councilman
(05-13 to 5-17)

David W. McGhee, Councilman
(05-13 to 5-17)

CITY ADMINISTRATOR

B. Todd Glover

CITY CLERK

Donna B. Young

DEPARTMENT DIRECTORS

Richard L. Meyer, Director of Parks, Recreation & Leisure Services

John P. Potter, Jr., Director of Finance

Scott L. Sterling, Interim Director of Planning & Development

James E. Sutton, Director of Public Services

John C. Thomas, Director of Public Safety

Thomas C. Zeaser, Director of Engineering & Public Works

North
Augusta 
South Carolina's Riverfront

**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of City Council
and City Administrator
City of North Augusta, South Carolina

Report on the Financial Statements

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 North Augusta, South Carolina, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Augusta, South Carolina, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparisons for the General Fund 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 on pages 5 through 14 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 which 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Augusta, South Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, schedule of expenditures of federal awards and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, schedule of expenditures of federal awards and statistical tables listed in the table of contents 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 introductory section, combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, schedule of expenditures of federal awards and statistical tables listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, combining and individual fund financial statements, budget and actual, nonmajor special revenue fund statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund, schedule of expenditures of federal awards and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2014 on our consideration of the City of North Augusta, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of North Augusta, South Carolina's internal control over financial reporting and compliance.

Serotta Maddocks Evans & Co.

SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia

April 17, 2014

North
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South Carolina's Riverfront

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of North Augusta, South Carolina's (the "City") annual financial report presents our discussion and analysis of the City's financial performance for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

Per the Government-Wide Statement of Net Position, the assets of the City at the close of the most recent fiscal year exceeded its liabilities and deferred inflows of resources by \$132,685,681 (*net position*). Of this amount, \$13,244,222 was unrestricted and available for spending at the government's discretion.

Per the Government-Wide Statement of Activities, the City's total net position increased by \$2,577,984 for the year ended December 31, 2013. The governmental activities contributed \$1,334,644 and the business-type activities contributed \$1,243,340 of the net change in net position.

At the close of the fiscal year ended December 31, 2013, the City's governmental funds reported combined ending fund balances of \$13,836,024, a decrease of \$1,266,575 from the prior year.

At the close of the fiscal year ended December 31, 2013, the fund balance in the General Fund was \$1,000,521. Per the City's financial policies the portion of fund balance committed for capital projects, \$834,918, will be transferred to the Capital Projects Fund in 2014.

Capital Projects Sales Tax III was approved by referendum in November 2010. The first quarter of revenue from Capital Projects Sales Tax III was received in November of 2013. City projects for Sales Tax III, totaling \$23,575,000 over seven years, will begin in the first quarter of 2014. These projects include road, sidewalk and Greenway improvements, new park development, new gymnasiums at Riverview Park, and a new Public Safety headquarters and substation along with the necessary fire equipment.

The City's total long-term debt, excluding compensated absences and unearned revenue, decreased from \$12,992,548 to \$7,567,449 or \$5,425,099 during 2013. During 2013, the City defeased all of its outstanding Series 2006 General Obligation Bonds by depositing \$3,351,320 in an irrevocable trust with an escrow agent. For financial reporting purposes, the GOB debt has been removed as a liability from the financial statements. Additionally, the City paid the remaining balance of the payable to the Aiken County Public Service Authority for the additional capacity purchased in the Horse Creek Wastewater Treatment Facility in 2012.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to the City's basic financial statements. Those financial statements comprise three components: (1) Government-Wide financial statements, (2) Fund financial statements, and (3) Notes to the financial

statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Letter of Transmittal and the Statistical Section of the Comprehensive Annual Financial Report (CAFR), of which this discussion is a component thereof, contains much of the data and analysis usually included in a MD&A and therefore it is not duplicated herein.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported on the accrual basis as soon as the underlying event giving rise to the change occurs, *regardless of the time of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and recreation and parks. The business-type activities of the City include water and wastewater utility, sanitation services, and stormwater enterprise.

The government-wide financial statements can be found immediately following this Management's Discussion and Analysis.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City does not have a fiduciary fund.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered a major fund. Information is also presented separately for the Capital Projects Fund, which meets the criteria for a major fund and the Sales Tax III Fund, which the City elects to present as a Major fund. Information from the other eight governmental funds (five Capital Projects Funds and three Special Revenue Funds) is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 82-85 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18-19 of this report.

Proprietary funds – *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater, sanitation, and stormwater enterprises. These three funds are considered major enterprise funds. A fourth enterprise fund, a nonmajor fund, entitled the Savannah Bluff Lock and Dam Fund was created in 2007 for the purpose of maintaining the Augusta pool on the Savannah River. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found immediately following the “Governmental Fund” financial statements.

With the exception of the Savannah Bluff Lock and Dam Fund, the City adopts an annual appropriated budget for each enterprise fund. A budgetary comparison statement has been provided for each enterprise fund to demonstrate compliance with the budget.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-51 of this report.

Other Financial Information – In addition to the basic financial statements, the accompanying notes and the required supplementary information, this report presents certain financial data of individual fund statements and schedules.

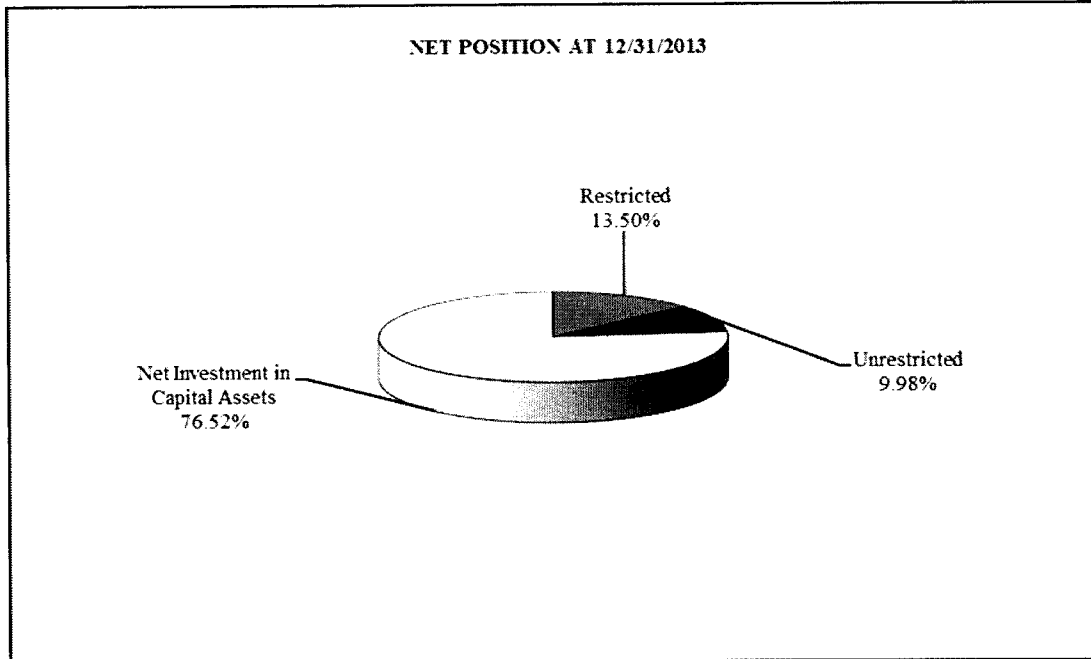
Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$132,685,561 at the close of the most recent fiscal year.

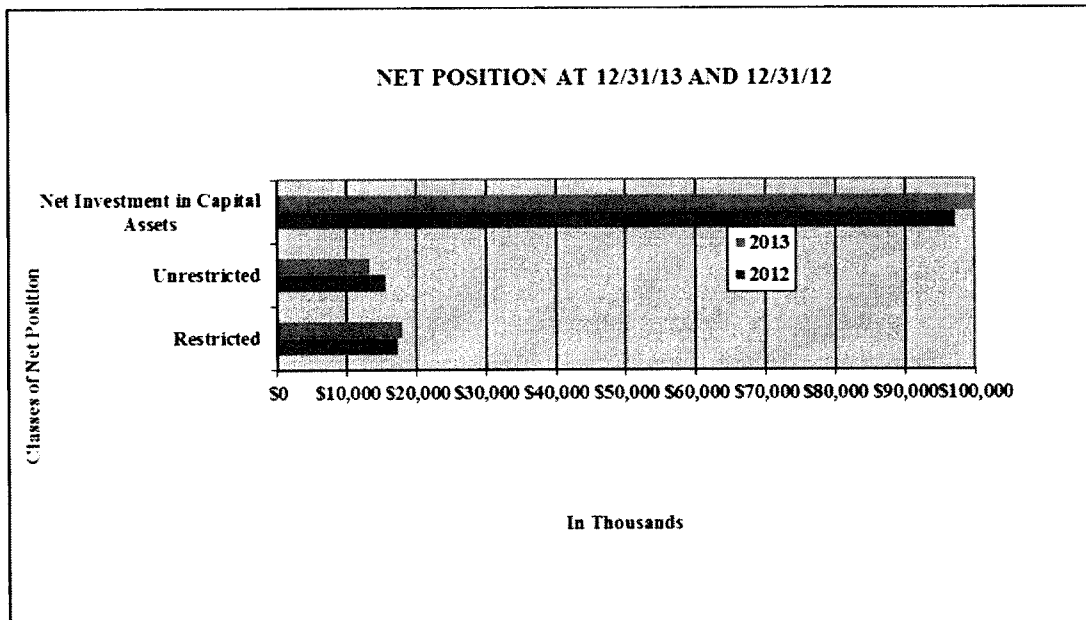
By far, the largest portion of the City’s net position (\$101,526,206, or 76.52%) reflects its investment in capital assets (e.g., land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, PSA capital, and construction in progress), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently these assets are *not* available for future spending. Although the City’s investments 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.

CITY OF NORTH AUGUSTA'S NET POSITION						
	Governmental activities		Business-type activities		Total	
	2012	2013	2012	2013	2012	2013
Assets:						
Cash/Investments-Unrestricted	\$8,815,883	\$7,297,188	\$7,808,921	\$7,452,657	\$16,624,804	\$14,749,845
Other Current Assets	385,025	399,385	1,679,007	1,603,644	2,064,032	2,003,029
Cash/Investments-Restricted	6,909,735	7,235,047	10,603,413	10,601,182	17,513,148	17,836,229
Capital assets, net of accumulated depreciation	60,396,785	59,195,928	49,799,305	49,897,728	110,196,090	109,093,656
Service rights, net of accumulated depreciation	-	-	38,494	35,994	38,494	35,994
Deferred charges, net of accumulated depreciation	-	-	11,878	9,501	11,878	9,501
TOTAL ASSETS	\$76,507,428	\$74,127,548	\$69,941,018	\$69,600,706	\$146,448,446	\$143,728,254
Liabilities:						
Current liabilities	\$971,716	\$1,039,234	\$945,416	\$988,161	\$1,917,132	\$2,027,395
Noncurrent liabilities	9,801,284	5,933,547	4,622,453	2,996,056	14,423,737	8,929,603
TOTAL LIABILITIES	\$10,773,000	\$6,972,781	\$5,567,869	\$3,984,217	\$16,340,869	\$10,956,998
Deferred Inflows from Resources:	\$ -	\$ 85,695	\$ -	\$ -	\$ -	\$ 85,695
Net Position:						
Net investment in capital assets	\$51,180,628	\$53,791,597	\$46,022,914	\$47,734,609	\$97,203,542	\$101,526,206
Restricted	7,210,998	7,810,702	10,116,845	10,104,431	17,327,843	17,915,133
Unrestricted	7,342,802	5,466,773	8,233,390	7,777,449	15,576,192	13,244,222
TOTAL NET POSITION	\$65,734,428	\$67,069,072	\$64,373,149	\$65,616,489	\$130,107,577	\$132,685,561

An additional portion of the City’s net position (\$17,915,133 or 13.50%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$13,244,222 or 9.98%) may be used to meet the government’s ongoing obligations to citizens and creditors.



At the end of the current fiscal year, the City is able to report “positive” balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.



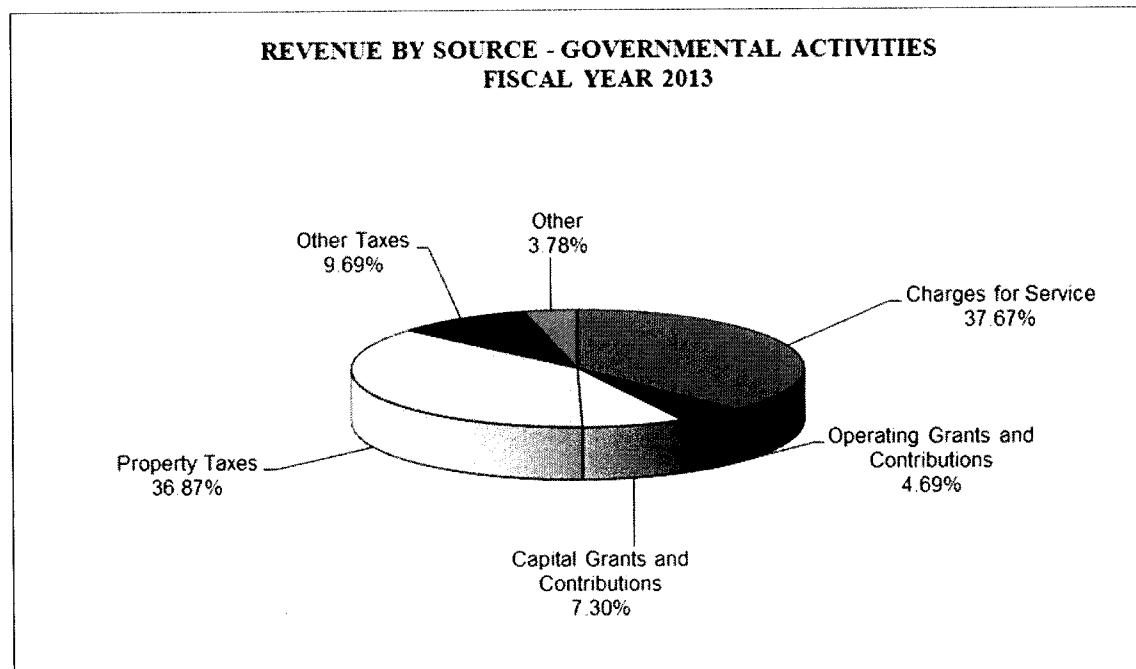
Governmental Activities

Governmental activities increased the City's net position by \$1,334,644, thereby accounting for 51.77% of the total growth in net position. Governmental expenditures are funded by fees for services, grants and contributions, and general revenues. The Statement of Activities details this activity for the City. The following chart summarizes this data for governmental and business-type activities.

CITY OF NORTH AUGUSTA'S CHANGES IN NET POSITION						
	Governmental activities		Business-type activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program revenues:						
Charges for services	\$6,823,946	\$7,006,168	\$12,351,270	\$12,787,275	\$19,175,216	\$19,793,443
Operating grants and contributions	848,298	872,295	-	-	848,298	872,295
Capital grants and contributions	1,619,796	1,357,083	206,463	220,936	1,826,259	1,578,019
General revenues:						
Property taxes	6,780,783	6,858,860	-	-	6,780,783	6,858,860
Other taxes	2,445,904	1,803,482	-	-	2,445,904	1,803,482
Other	668,776	702,430	414,967	610,196	1,083,743	1,312,626
TOTAL REVENUES	\$19,187,503	\$18,600,318	\$12,972,700	\$13,618,407	\$32,160,203	\$32,218,725
Expenses:						
General government	\$3,574,637	\$3,893,288	-	-	\$3,574,637	\$3,893,288
Public safety	6,975,047	6,615,699	-	-	6,975,047	6,615,699
Public works	2,980,032	2,609,477	-	-	2,980,032	2,609,477
Recreation and parks	4,053,013	4,212,673	-	-	4,053,013	4,212,673
Interest and bank fees	340,610	313,866	-	-	340,610	313,866
Loss on debt defeasance	-	277,682	-	-	-	277,682
Water and sewer	-	-	\$6,958,202	\$7,491,321	6,958,202	7,491,321
Sanitation	-	-	3,160,647	3,376,614	3,160,647	3,376,614
Stormwater	-	-	568,984	826,121	568,984	826,121
Savannah Bluff Lock and Dam	-	-	24,000	24,000	24,000	24,000
TOTAL EXPENSES	\$17,923,339	\$17,922,685	\$10,711,833	\$11,718,056	\$28,635,172	\$29,640,741
Increase in net position before transfers	\$1,264,164	\$677,633	\$2,260,867	\$1,900,351	\$3,525,031	\$2,577,984
Transfers	542,241	657,011	(542,241)	(657,011)	-	-
Increase in net position	1,806,405	1,334,644	1,718,626	1,243,340	3,525,031	2,577,984
Net position - Beginning of year	63,928,023	65,734,428	62,654,523	64,373,149	126,582,546	130,107,577
Net position - End of year	\$65,734,428	\$67,069,072	\$64,373,149	\$65,616,489	\$130,107,577	\$132,685,561

Governmental activities revenues decreased from \$19,187,503 to \$18,600,318 in 2013. Charges for services (\$7,006,168) include business license revenues, franchise fees, construction permits and public safety fines and represent 37.67% of total governmental revenues. These revenues are predominantly elastic in nature and vary with economic trends and are evidence of a slowly recovering economy, increasing slightly from 2012. During 2013 operating grants and contributions increased slightly by \$23,997 while capital grants and contributions decreased by \$262,713. Property taxes increased by \$78,077 or 1.16% during the year. Other taxes consisting of the One-cent Capital Projects Sales Tax III and the City's Local Hospitality and

Accommodations Tax decreased by \$642,422 due primarily to the culmination of Sales Tax II. Other revenue including investment income increased by \$33,654 from 2012.



In 2013, governmental activities expenditures decreased by \$654 from \$17,923,339 to \$17,922,685. Fuel prices and health insurance premiums, two cost items that had been increasing at an alarming pace over the past two years, finally flattened out somewhat. Additionally, several significant one-time projects were completed in 2012. General government expenditures increased by \$318,651 or 8.91%, primarily due to bond counsel fees and financial advisor fees associated with a potential public/private development known as Project Jackson. Expenditures in public safety for 2013 decreased by \$359,348 from \$6,975,047 to \$6,615,699 or 5.16%, primarily due to the substantial completion of a public safety software upgrade in 2012. Public works expenditures decreased by \$370,555 or 12.44% from \$2,980,032 to \$2,609,477 in 2013, primarily due to the completion of resurfacing projects funded from Sales Tax II. Expenditures in recreation and parks increased by \$159,660 or 3.94% in 2013, primarily due to an increase in capital equipment purchases for the property maintenance department.

Business-type Activities

The City operates four enterprises that comprise its business-type activities. The Water and Wastewater System, Sanitation Services Funds, and Stormwater Fund are classified as major funds. The Savannah Bluff Lock and Dam Fund, a nonmajor fund, was created on January 1, 2007 for the ultimate purpose of maintaining the Augusta pool on the Savannah River. The City of North Augusta entered into an agreement with the City of Augusta, the County of Aiken and four industrial stakeholders for the future operations and maintenance of the Savannah Bluff Lock and Dam. The agreement is contingent based on future upgrades to the Savannah Bluff Lock and Dam by the United States Corps of Engineers. The agreement calls for the establishment of an escrow account in the amount of \$1,000,000 to be established over a three-year period. Funding for the escrow account was completed in 2009.

Business-type activities increased the City's net position by \$1,243,340, accounting for 48.23% of the total growth in net position. Charges for services increased by \$436,005 or 3.53%, from \$12,351,270 in 2012 to \$12,787,275 in 2013. This increase is attributed to an increase in wastewater sales and other income in the Water and Wastewater Fund coupled with an increase in revenue from tipping fees and recyclables sales in the Sanitation Services Fund. Water sales held steady, down slightly by \$6,633 from \$3,428,162 in 2012 to \$3,421,529 in 2013. Wastewater charges, driven by additional flow from the City's wholesale customer, increased by \$163,892 from \$4,852,228 in 2012 to \$5,016,120 in 2013. Recyclables sales and tipping fees in the Sanitation Services Fund increased by \$246,139 or 29.13% from 2012. Charges for services in the Stormwater Utility Fund remained relatively constant from 2012.

Expenses for the Water and Wastewater System increased by \$533,119 or 7.66%, from \$6,958,202 in 2012 to \$7,491,321 in 2013. The increase is due almost solely to the increased wastewater flow to the Aiken County Public Service Authority for treatment.

In 2013 the expenses for the Sanitation Services Fund increased by \$215,967 or 6.83% (from \$3,160,647 to \$3,376,614). An increase in the waste stream and the resulting cost of disposal of the waste from two new private haulers accounted for this cost escalation.

The expenses in the Stormwater Utility Fund increased by \$257,137 or 45.19% (from \$568,984 in 2012 to \$826,121 in 2013). This increase is attributed to the completion of a major storm drainage project in 2013.

A total of \$24,000 was expended from the Savannah Bluff Lock and Dam Fund. This expense for consulting services was intended to gain the necessary Congressional approvals to expedite the funding for the improvements to the lock and dam.

General Fund

The General Fund is the primary operating fund of the City. The fund balance of the General Fund at December 31, 2013 was \$1,000,521. Per the City's financial policies, the portion of this fund balance committed for capital projects in the amount of \$834,918 will be transferred to the Capital Projects Fund in 2014. The General Fund had a slight decrease in fund balance from 2012 of \$147,505. While the fund balance did decrease from 2012, we believe the size of the 2013 fund balance still reflects an improving economy.

General Fund Budgetary Highlights

For the fiscal year 2013 the City adopted a balanced budget in the General Fund. The General Fund budgeted revenues amounted to \$13,968,226 including operating transfers in of \$555,068 from the major enterprise funds. The City does not budget proceeds from capital lease obligations, which amounted to \$309,494 in 2013. For 2013 actual General Fund revenues exceeded budgeted revenues by \$335,472. Current taxes in the General Fund grew slightly by \$88,232 or 1.65%. Revenues from business licenses increased by \$156,250 or 3.41% from \$4,582,285 in 2012 to \$4,738,535 in 2013. Building related permits, reflecting a moderate recovery in the building sector, increased by \$24,223 from \$129,414 in 2012 to \$153,637 in

2013. Revenue from public safety fines continues to decrease, this year by \$42,054 or 4.13%, from \$1,017,985 in 2012 to \$975,931 in 2013. This decrease in collected fines is due primarily to the “time payment” option offered to offenders who appear in court and request a payment plan. Charges for services increased by \$39,836 or 3.68% from \$1,083,121 in 2012 to \$1,122,957 in 2013. Intergovernmental revenue decreased by \$148,767, or 18.69%, from \$795,921 in 2012 to \$647,154 in 2013. This decrease was due to the expiration in 2012 of two public safety related federal grants. We remain very concerned about the City’s future stream of state shared revenue as the State of South Carolina struggles to balance their budget. Miscellaneous revenue remained relatively constant, increasing only \$325, from \$588,733 in 2012 to \$589,058 in 2013.

Budget Amendments – There were no budget amendments in any fund for fiscal year 2013.

Capital Asset and Debt Administration

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$109,093,656 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, infrastructure, system improvements, PSA capital, and construction in progress.

CITY OF NORTH AUGUSTA'S CAPITAL ASSETS (net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$8,193,328	\$8,193,328	\$823,628	\$823,628	\$9,016,956	\$9,016,956
Land improvements	7,225,473	7,396,992	-	-	7,225,473	7,396,992
Right-of-way and easements	2,677,047	2,764,810	62,760	62,760	2,739,807	2,827,570
Buildings	24,908,528	24,205,991	2,562,041	2,463,774	27,470,569	26,669,765
Machinery and equipment	620,583	508,802	580,935	545,737	1,201,518	1,054,539
Furniture and fixtures	926,920	801,796	-	-	926,920	801,796
Vehicles	2,404,182	2,767,576	1,664,515	1,473,473	4,068,697	4,241,049
Infrastructure	12,682,253	12,373,454	-	-	12,682,253	12,373,454
System improvements	-	-	41,188,516	40,695,121	41,188,516	40,695,121
PSA capital	-	-	2,548,807	2,432,122	2,548,807	2,432,122
Construction in progress	758,471	183,179	368,103	1,401,113	1,126,574	1,584,292
TOTAL CAPITAL ASSETS	\$60,396,785	\$59,195,928	\$49,799,305	\$49,897,728	\$110,196,090	\$109,093,656

The City has committed \$203,950 to the design of Public Safety Station 3, \$1,529,170 to a building and recycling equipment in the Sanitation Services Fund, and \$2,329,700 to the design of water system improvements in the Water and Wastewater System. Construction of these projects will commence in 2014 with completions dates into 2015. No additional financing will be required for the design of the improvements. Additional information on the City’s capital assets can be found in *Note 3* on pages 39-42 of this report.

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,121,081. Revenue Bonds outstanding (net of deferred refunding) comprise 100.00% of the total amount of the City’s outstanding bonded debt.

CITY OF NORTH AUGUSTA'S OUTSTANDING BONDED DEBT						
	Governmental activities		Business-type activities		Total	
	2012	2013	2012	2013	2012	2013
General Obligation Bonds (GOB)	\$3,393,638	\$ -	\$ -	\$ -	\$3,393,638	\$ -
Revenue Bonds, net of deferred refunding	-	-	1,371,083	1,121,081	\$1,371,083	1,121,081
TOTAL DEBT	\$3,393,638	\$ -	\$1,371,083	\$1,121,081	\$4,764,721	\$1,121,081

The City’s total bonded debt outstanding decreased by \$3,643,640 during the current fiscal year. This decrease was attributed to the defeasance of the City’s General Obligation Bond, Series 2006.

The City’s 2002 Revenue Bond, its only revenue bond outstanding, was a private issue and therefore not rated. The City’s debt coverage requirement, remaining very strong, decreased slightly from 8.87 to 8.43. The City’s bond covenants require coverage of 1.25 to issue additional bonds. Please refer to Table XVI on page 143 for additional information regarding the City’s revenue bond coverage.

During 2013, the City defeased all of its outstanding General Obligation Bonds, Series 2006 by depositing sufficient funds in an irrevocable trust with an escrow agent. For financial reporting purposes, the GOB debt has been removed as a liability from the financial statements.

Other long-term debt at the end of the current fiscal year included \$1,912,903 in capital leases for furniture, equipment, and machinery, \$4,533,466 in a capital lease (Municipal Center Lease, 2007) designated for the City’s new Municipal Center, and long-term debt related to compensated absences amounting to \$529,217. Additionally, in 2013, the City paid the remaining balance of the payable to the Aiken County Public Service Authority for the additional capacity purchased in the Horse Creek Wastewater Treatment Facility.

Additional information regarding the City’s capitalized lease obligations and long-term debt can be found in *Notes 4* and *5* on pages 42-46 of this report.

Request for Information

The financial report is designed to provide a general overview of the City’s finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of North Augusta, P.O. Box 6400, North Augusta, SC 29861-6400.

BASIC FINANCIAL STATEMENTS

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash	\$ 4,984,541	\$ 3,969,412	\$ 8,953,953
Investments	2,312,647	3,483,245	5,795,892
Receivables:			
Taxes	154,320	-	154,320
Customers, net	-	1,363,573	1,363,573
Grants	243,435	-	243,435
Inventory	1,630	240,071	241,701
Current restricted assets (cash and investments)	-	1,881,495	1,881,495
Noncurrent assets:			
Restricted assets (cash and investments)	7,235,047	8,719,687	15,954,734
Capital assets, net:			
Non-depreciable	11,141,317	2,287,501	13,428,818
Depreciable	48,054,611	47,610,227	95,664,838
Service rights, net	-	35,994	35,994
Prepaid bond insurance	-	9,501	9,501
TOTAL ASSETS	<u>\$ 74,127,548</u>	<u>\$ 69,600,706</u>	<u>\$ 143,728,254</u>
LIABILITIES			
Accounts payable	\$ 378,849	\$ 350,133	\$ 728,982
Accrued salaries, wages, and employee benefits	562,716	131,198	693,914
Municipal court liability	63,838	-	63,838
Accrued interest payable	29,333	10,079	39,412
Payable from restricted resources:			
Accounts payable	-	1,024	1,024
Accrued bond interest	-	24,014	24,014
Customer deposits	-	471,713	471,713
Liabilities payable from restricted assets	4,498	-	4,498
Noncurrent liabilities:			
Due within one year:			
Capital leases	682,937	440,035	1,122,972
Unearned revenue	-	23,515	23,515
Revenue bonds	-	261,570	261,570
Accrued vacation	346,217	252,088	598,305
Due in more than one year:			
Capital leases	4,721,393	602,003	5,323,396
Unearned revenue	-	557,334	557,334
Revenue bonds	-	859,511	859,511
Long-term portion of accrued vacation	183,000	-	183,000
TOTAL LIABILITIES	<u>6,972,781</u>	<u>3,984,217</u>	<u>10,956,998</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred assessment fees	<u>85,695</u>	<u>-</u>	<u>85,695</u>
NET POSITION			
Net investment in capital assets	53,791,597	47,734,609	101,526,206
Restricted for:			
Debt service	712,270	-	712,270
Bond indentures	-	9,157,727	9,157,727
Operating agreement - Savannah Bluff Lock and Dam	-	946,704	946,704
Victims assistance - per state regulations	32,841	-	32,841
Public safety - fire division - per state regulations	96,946	-	96,946
Capital projects - sales tax fund per state regulations	6,968,645	-	6,968,645
Unrestricted	5,466,773	7,777,449	13,244,222
TOTAL NET POSITION	<u>67,069,072</u>	<u>65,616,489</u>	<u>132,685,561</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 74,127,548</u>	<u>\$ 69,600,706</u>	<u>\$ 143,728,254</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 3,893,288	\$ 4,892,172	\$ 591,086	\$ -	\$ 1,589,970	\$ -	\$ 1,589,970
Public safety	6,615,699	1,055,155	225,141	494,000	(4,841,403)	-	(4,841,403)
Public works	2,609,477	-	56,068	638,558	(1,914,851)	-	(1,914,851)
Recreation and parks	4,212,673	1,058,841	-	224,525	(2,929,307)	-	(2,929,307)
Interest and fiscal charges on debt service	313,866	-	-	-	(313,866)	-	(313,866)
Loss on debt defeasance	277,682	-	-	-	(277,682)	-	(277,682)
Total governmental activities	<u>17,922,685</u>	<u>7,006,168</u>	<u>872,295</u>	<u>1,357,083</u>	<u>(8,687,139)</u>	<u>-</u>	<u>(8,687,139)</u>
Business-type activities:							
Water and wastewater	7,491,321	8,564,524	-	220,936	-	1,294,139	1,294,139
Sanitation	3,376,614	3,647,518	-	-	-	270,904	270,904
Stormwater utility	826,121	575,233	-	-	-	(250,888)	(250,888)
Savannah Bluff Lock and Dam	24,000	-	-	-	-	(24,000)	(24,000)
Total business-type activities	<u>11,718,056</u>	<u>12,787,275</u>	<u>-</u>	<u>220,936</u>	<u>-</u>	<u>1,290,155</u>	<u>1,290,155</u>
Total	<u>\$ 29,640,741</u>	<u>\$ 19,793,443</u>	<u>\$ 872,295</u>	<u>\$ 1,578,019</u>	<u>(8,687,139)</u>	<u>1,290,155</u>	<u>(7,396,984)</u>
General revenues:							
Ad valorem property taxes					6,858,860	-	6,858,860
Local hospitality and accommodation taxes					622,971	-	622,971
Capital projects sales taxes					1,180,511	-	1,180,511
Interest on investments					70,768	48,450	119,218
Miscellaneous					631,662	561,746	1,193,408
Transfers					657,011	(657,011)	-
Total general revenues and transfers					<u>10,021,783</u>	<u>(46,815)</u>	<u>9,974,968</u>
Change in net position					1,334,644	1,243,340	2,577,984
Net position - beginning of year					65,734,428	64,373,149	130,107,577
Net position - end of year					<u>\$ 67,069,072</u>	<u>\$ 65,616,489</u>	<u>\$ 132,685,561</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	GENERAL FUND	SALES TAX III FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Equity in pooled cash	\$ 1,126,726	\$ -	\$ 549,172	\$ 3,308,643	\$ 4,984,541
Investments	491,114	-	-	1,821,533	2,312,647
Receivables:					
Taxes	154,320	-	-	-	154,320
Grants	28,797	-	-	214,638	243,435
Inventory	1,630	-	-	-	1,630
Due from other funds	-	-	-	1,268	1,268
Restricted assets (cash and investments)	37,339	445,666	2,107,710	4,644,332	7,235,047
TOTAL ASSETS	\$ 1,839,926	\$ 445,666	\$ 2,656,882	\$ 9,990,414	\$ 14,932,888
LIABILITIES					
Accounts payable	\$ 207,085	\$ -	\$ 7,710	\$ 164,054	\$ 378,849
Due to other funds	1,268	-	-	-	1,268
Accrued salaries, wages, and employee benefits	562,716	-	-	-	562,716
Municipal court liability	63,838	-	-	-	63,838
Liabilities payable from restricted assets	4,498	-	-	-	4,498
TOTAL LIABILITIES	839,405	-	7,710	164,054	1,011,169
DEFERRED INFLOWS OF RESOURCES					
Deferred assessment fees	-	-	-	85,695	85,695
FUND BALANCES					
Nonspendable					
Inventory	1,630	-	-	-	1,630
Restricted for:					
Capital projects	-	445,666	2,100,000	4,422,979	6,968,645
Victim's assistance	32,841	-	-	-	32,841
Fire departments	-	-	-	96,946	96,946
Committed for:					
Capital projects	834,918	-	337,282	1,197,701	2,369,901
Housing and development	131,132	-	-	-	131,132
Assigned for:					
Capital projects	-	-	211,890	3,984,003	4,195,893
Recreation and parks	-	-	-	39,036	39,036
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	1,000,521	445,666	2,649,172	9,740,665	13,836,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,839,926	\$ 445,666	\$ 2,656,882	\$ 9,990,414	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,195,928
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital leases	(5,404,330)
Accrued vacation	(529,217)
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported in the funds.	(29,333)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 67,069,072

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	GENERAL FUND	SALES TAX III FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad valorem property taxes	\$ 5,506,250	\$ -	\$ 640,969	\$ 711,641	\$ 6,858,860
Local hospitality and accommodation taxes	-	-	-	622,971	622,971
Capital projects sales taxes	-	462,372	-	718,139	1,180,511
Licenses and permits	4,892,172	-	-	-	4,892,172
Fines and forfeitures	991,039	-	-	-	991,039
Charges for services	1,122,957	-	-	-	1,122,957
Intergovernmental	647,154	-	167,818	326,787	1,141,759
Contributions	-	-	-	1,000	1,000
Miscellaneous/interest earnings	589,058	365	59,882	47,886	697,191
TOTAL REVENUES	13,748,630	462,737	868,669	2,428,424	17,508,460
EXPENDITURES					
Current:					
General government	2,933,250	-	48,415	321,146	3,302,811
Public safety	5,979,856	-	33,224	45,426	6,058,506
Public works	1,150,821	-	-	6,847	1,157,668
Recreation and parks	3,061,811	-	80,131	-	3,141,942
Debt service:					
Principal	397,235	-	3,390,000	330,447	4,117,682
Interest and fiscal charges	17,772	-	404,283	177,046	599,101
Capital outlay:					
General government	1,296	-	105,346	51,644	158,286
Public safety	229,944	16,081	-	46,209	292,234
Public works	70,135	990	-	588,066	659,191
Recreation and parks	44,691	-	153,909	44,699	243,299
TOTAL EXPENDITURES	13,886,811	17,071	4,215,308	1,611,530	19,730,720
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(138,181)	445,666	(3,346,639)	816,894	(2,222,260)
OTHER FINANCING SOURCES (USES)					
Capital lease obligations	309,494	-	-	-	309,494
Transfers in	686,266	-	1,005,084	-	1,691,350
Transfers out	(1,005,084)	-	-	(40,075)	(1,045,159)
TOTAL OTHER FINANCING SOURCES	(9,324)	-	1,005,084	(40,075)	955,685
NET CHANGE IN FUND BALANCES	(147,505)	445,666	(2,341,555)	776,819	(1,266,575)
FUND BALANCE - BEGINNING OF YEAR	1,148,026	-	4,990,727	8,963,846	15,102,599
FUND BALANCE - END OF YEAR	\$ 1,000,521	\$ 445,666	\$ 2,649,172	\$ 9,740,665	\$ 13,836,024

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

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

Net change in fund balances - total governmental funds \$ (1,266,575)

Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increase net assets.

Capital outlay	\$ 736,042	
Contributions of assets to general government	581,738	
Depreciation on general government assets	(3,023,457)	
Contributions of asset from federal government	494,000	
Transfer of capital assets from proprietary fund	<u>20,938</u>	
		(1,190,739)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums 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 accounts.

Compensated absences	(29,785)	
Principal payments on general obligation bonds	3,671,320	
Principal payments on capital leases	727,682	
Loss on defeasance	(277,682)	
Proceeds from capital lease	(309,494)	
Amortization of premium on bond	<u>3,638</u>	
		3,785,679

In the fund financial statements, interest expense on long-term debt is reported in the period that the current financial resources are used. In the statement of activities, interest expense on long-term debt is recorded as the expense is incurred. This amount is the difference between recording interest as accrued rather than as paid.

		<u>6,279</u>
Change in net position of governmental activities	<u>\$</u>	<u><u>1,334,644</u></u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETED AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>REVENUES</u>			
Ad valorem property taxes	\$ 5,465,000	\$ 5,506,250	\$ 41,250
Licenses and permits	4,581,000	4,892,172	311,172
Fines and forfeitures	1,065,541	991,039	(74,502)
Charges for services	1,126,804	1,122,957	(3,847)
Intergovernmental	663,723	647,154	(16,569)
Miscellaneous	511,090	589,058	77,968
TOTAL REVENUES	<u>13,413,158</u>	<u>13,748,630</u>	<u>335,472</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,058,878	2,933,250	(125,628)
Public safety	6,120,483	5,979,856	(140,627)
Public works	1,170,425	1,150,821	(19,604)
Recreation and parks	3,141,569	3,061,811	(79,758)
Capital lease payments	420,471	415,007	(5,464)
Capital outlay:			
General government	1,500	1,296	(204)
Public safety	-	229,944	229,944
Public works	-	70,135	70,135
Recreation and parks	54,900	44,691	(10,209)
TOTAL EXPENDITURES	<u>13,968,226</u>	<u>13,886,811</u>	<u>(81,415)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(555,068)</u>	<u>(138,181)</u>	<u>416,887</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease obligations	-	309,494	309,494
Transfers in	555,068	686,266	131,198
Transfers out	-	(1,005,084)	(1,005,084)
TOTAL OTHER FINANCING SOURCES (USES)	<u>555,068</u>	<u>(9,324)</u>	<u>(564,392)</u>
NET CHANGE IN FUND BALANCES	-	(147,505)	(147,505)
FUND BALANCE - BEGINNING OF YEAR	-	1,148,026	1,148,026
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,000,521</u>	<u>\$ 1,000,521</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND	
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM	
<u>ASSETS</u>					
<u>CURRENT ASSETS</u>					
Equity in pooled cash	\$ 1,581,757	\$ 1,773,923	\$ 613,732	\$ -	\$ 3,969,412
Investments	1,850,711	941,958	690,576	-	3,483,245
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 in 2013 and 2012)	1,323,625	39,948	-	-	1,363,573
Inventory	240,071	-	-	-	240,071
TOTAL CURRENT ASSETS	4,996,164	2,755,829	1,304,308	-	9,056,301
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>					
Equity in pooled cash	-	-	-	27,057	27,057
Investments	-	-	-	919,647	919,647
With fiscal agents	463,078	-	-	-	463,078
Customer deposits	471,713	-	-	-	471,713
TOTAL CURRENT RESTRICTED ASSETS	934,791	-	-	946,704	1,881,495
TOTAL CURRENT ASSETS	5,930,955	2,755,829	1,304,308	946,704	10,937,796
<u>NON-CURRENT UNRESTRICTED ASSETS</u>					
Prepaid bond insurance expense	9,501	-	-	-	9,501
<u>NON-CURRENT RESTRICTED ASSETS (cash and investments)</u>					
Revenue bond improvement and extension account	1,544,459	-	-	-	1,544,459
Revenue bond depreciated or obsolete item account	406,446	-	-	-	406,446
Revenue bond construction account	6,768,782	-	-	-	6,768,782
TOTAL NON-CURRENT RESTRICTED ASSETS	8,719,687	-	-	-	8,719,687
<u>CAPITAL ASSETS, NET</u>					
Non-depreciable	1,604,633	498,322	184,546	-	2,287,501
Depreciable	44,535,121	2,358,776	716,330	-	47,610,227
TOTAL CAPITAL ASSETS	46,139,754	2,857,098	900,876	-	49,897,728
<u>SERVICE RIGHTS (net of accumulated amortization of</u>					
\$64,006 for 2013 and \$61,506 for 2012)	35,994	-	-	-	35,994
TOTAL NON-CURRENT ASSETS	54,904,936	2,857,098	900,876	-	58,662,910
TOTAL ASSETS	\$ 60,835,891	\$ 5,612,927	\$ 2,205,184	\$ 946,704	\$ 69,600,706

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND	
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM	
<u>LIABILITIES AND NET POSITION</u>					
<u>LIABILITIES</u>					
<u>CURRENT LIABILITIES</u>					
Accounts payable	\$ 262,968	\$ 86,786	\$ 379	\$ -	\$ 350,133
Accrued salaries, wages and employee benefits	65,911	50,975	14,312	-	131,198
Accrued vacation	117,539	104,303	30,246	-	252,088
Current portion of capital leases payable	50,017	390,018	-	-	440,035
Accrued interest payable	3,545	6,534	-	-	10,079
Unearned revenue	23,515	-	-	-	23,515
Payable from restricted assets:					
Accounts payable	1,024	-	-	-	1,024
Accrued bond interest	24,014	-	-	-	24,014
Current portion of revenue bonds payable	261,570	-	-	-	261,570
Customer deposits	471,713	-	-	-	471,713
TOTAL CURRENT LIABILITIES	<u>1,281,816</u>	<u>638,616</u>	<u>44,937</u>	<u>-</u>	<u>1,965,369</u>
<u>NON-CURRENT LIABILITIES</u>					
Capital leases payable	83,481	518,522	-	-	602,003
Revenue bonds payable, net of deferred refunding	859,511	-	-	-	859,511
Unearned revenue	557,334	-	-	-	557,334
TOTAL NON-CURRENT LIABILITIES	<u>1,500,326</u>	<u>518,522</u>	<u>-</u>	<u>-</u>	<u>2,018,848</u>
TOTAL LIABILITIES	<u>2,782,142</u>	<u>1,157,138</u>	<u>44,937</u>	<u>-</u>	<u>3,984,217</u>
<u>NET POSITION</u>					
<u>NET POSITION</u>					
Invested in capital assets net of related debt	44,885,175	1,948,558	900,876	-	47,734,609
Restricted per revenue bond indentures	9,157,727	-	-	-	9,157,727
Restricted per operating agreement	-	-	-	946,704	946,704
Unrestricted	4,010,847	2,507,231	1,259,371	-	7,777,449
TOTAL NET POSITION	<u>58,053,749</u>	<u>4,455,789</u>	<u>2,160,247</u>	<u>946,704</u>	<u>65,616,489</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 60,835,891</u>	<u>\$ 5,612,927</u>	<u>\$ 2,205,184</u>	<u>\$ 946,704</u>	<u>\$ 69,600,706</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND	
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM	
OPERATING REVENUES					
Metered water sales - net	\$ 3,421,529	\$ -	\$ -	\$ -	\$ 3,421,529
Wastewater service charges	5,016,120	-	-	-	5,016,120
Water tap fees	27,857	-	-	-	27,857
Wastewater tap fees	87,541	-	-	-	87,541
Fire protection fees	11,477	-	-	-	11,477
Sanitation service fees	-	2,556,346	-	-	2,556,346
Recycling fees	-	595,580	-	-	595,580
Sale of recyclables	-	495,592	-	-	495,592
Stormwater utility fees	-	-	575,233	-	575,233
Other	453,793	97,928	10,025	-	561,746
TOTAL OPERATING REVENUES	9,018,317	3,745,446	585,258	-	13,349,021
OPERATING EXPENSES					
Utilities Finance	614,192	-	-	-	614,192
Utilities Administration	523,846	-	-	-	523,846
Water Operations and Maintenance	618,416	-	-	-	618,416
Water Production and Treatment	1,380,813	-	-	-	1,380,813
Wastewater Operations and Maintenance	3,297,617	-	-	-	3,297,617
Sanitation Operations	-	2,073,241	-	-	2,073,241
Material Recovery Facility	-	858,456	-	-	858,456
Stormwater Utility Operations	-	-	779,024	-	779,024
Savannah Bluff Lock and Dam Operations	-	-	-	24,000	24,000
Depreciation and amortization	1,001,664	467,154	47,097	-	1,515,915
TOTAL OPERATING EXPENSES	7,436,548	3,398,851	826,121	24,000	11,685,520
OPERATING INCOME (LOSS)	1,581,769	346,595	(240,863)	(24,000)	1,663,501
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	33,977	8,885	3,532	2,056	48,450
Interest expense and fiscal charges	(59,216)	(20,665)	-	-	(79,881)
Amortization of bond issuance costs and deferred refunding	(2,377)	-	-	-	(2,377)
Gain on extinguishment of bond debt	6,820	-	-	-	6,820
Gain on sale/disposal of property, plant and equipment	-	32,082	-	-	32,082
TOTAL NONOPERATING REVENUES (EXPENSES)	(20,796)	20,302	3,532	2,056	5,094
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,560,973	366,897	(237,331)	(21,944)	1,668,595
CONTRIBUTIONS	220,936	-	-	-	220,936
TRANSFERS IN	10,679,797	-	-	-	10,679,797
TRANSFERS OUT	(11,121,010)	(190,666)	(14,312)	-	(11,325,988)
CHANGE IN NET POSITION	1,340,696	176,231	(251,643)	(21,944)	1,243,340
NET POSITION - BEGINNING OF YEAR	56,713,053	4,279,558	2,411,890	968,648	64,373,149
NET POSITION - END OF YEAR	\$ 58,053,749	\$ 4,455,789	\$ 2,160,247	\$ 946,704	\$ 65,616,489

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND	
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Cash received from customers	\$ 8,606,093	\$ 3,671,349	\$ 575,233	\$ -	\$ 12,852,675
Customer deposits	12,884	-	-	-	12,884
Cash paid to suppliers	(4,084,357)	(1,109,219)	(320,316)	(24,000)	(5,537,892)
Cash paid to employees for services	(2,318,342)	(1,804,303)	(458,846)	-	(4,581,491)
Other operating cash receipts	430,278	97,928	10,025	-	538,231
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,646,556</u>	<u>855,755</u>	<u>(193,904)</u>	<u>(24,000)</u>	<u>3,284,407</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers in from other funds	10,679,797	-	-	-	10,679,797
Transfers out to other funds	(11,121,010)	(190,666)	(14,312)	-	(11,325,988)
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	<u>(441,213)</u>	<u>(190,666)</u>	<u>(14,312)</u>	<u>-</u>	<u>(646,191)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Capital contributions received from other governments	23,515	-	-	-	23,515
Purchase and construction of capital assets	(712,970)	(422,087)	(4,687)	-	(1,139,744)
Proceeds received from sales of capital assets	6,820	42,892	-	-	49,712
Principal paid on revenue bonds	(250,002)	-	-	-	(250,002)
Principal paid on capitalized leases	(73,095)	(469,334)	-	-	(542,429)
Principal paid on PSA obligation	(1,106,332)	-	-	-	(1,106,332)
Interest paid	(59,216)	(20,665)	-	-	(79,881)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,171,280)</u>	<u>(869,194)</u>	<u>(4,687)</u>	<u>-</u>	<u>(3,045,161)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	33,977	8,885	3,532	2,056	48,450
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>33,977</u>	<u>8,885</u>	<u>3,532</u>	<u>2,056</u>	<u>48,450</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,040	(195,220)	(209,371)	(21,944)	(358,495)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	13,018,906	2,911,101	1,513,679	968,648	18,412,334
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,086,946</u>	<u>\$ 2,715,881</u>	<u>\$ 1,304,308</u>	<u>\$ 946,704</u>	<u>\$ 18,053,839</u>

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				TOTAL ENTERPRISE FUNDS
	MAJOR FUNDS			NONMAJOR FUND	
	WATER AND WASTEWATER SYSTEM	SANITATION SERVICES	STORMWATER UTILITY FUND	SAVANNAH BLUFF LOCK AND DAM	
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>					
OPERATING INCOME (LOSS)	\$ 1,581,769	\$ 346,595	\$ (240,863)	\$ (24,000)	\$ 1,663,501
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,001,664	467,154	47,097	-	1,515,915
Change in assets and liabilities:					
Decrease in accounts receivable	41,569	23,831	-	-	65,400
Increase in inventory	9,963	-	-	-	9,963
Increase (decrease) in accounts payable	9,360	7,508	(5,848)	-	11,020
Increase in customer deposits	12,884	-	-	-	12,884
Increase in accrued salaries, wages and employee benefits	8,261	7,549	3,039	-	18,849
Increase in accrued vacation	4,601	3,118	2,671	-	10,390
Decrease in unearned revenue	(23,515)	-	-	-	(23,515)
TOTAL ADJUSTMENTS	1,064,787	509,160	46,959	-	1,620,906
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,646,556</u>	<u>\$ 855,755</u>	<u>\$ (193,904)</u>	<u>\$ (24,000)</u>	<u>\$ 3,284,407</u>
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>					
Capital assets purchased with proceeds from a capital lease	\$ 42,900	\$ 242,591	\$ -	\$ -	\$ 285,491
Capital assets contributed by subdividers/developers	\$ 197,421	\$ -	\$ -	\$ -	\$ 197,421
Net capital assets transferred to governmental funds	\$ -	\$ (10,818)	\$ -	\$ -	\$ (10,818)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>					
Equity in pooled cash	\$ 1,581,757	\$ 1,773,923	\$ 613,732	\$ -	\$ 3,969,412
Investments	1,850,711	941,958	690,576	-	3,483,245
Current restricted assets	934,791	-	-	946,704	1,881,495
Non-current restricted assets	8,719,687	-	-	-	8,719,687
CASH AND CASH EQUIVALENTS	<u>\$ 13,086,946</u>	<u>\$ 2,715,881</u>	<u>\$ 1,304,308</u>	<u>\$ 946,704</u>	<u>\$ 18,053,839</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges to external customers for support.

A. Financial Reporting Entity

The reporting entity of the City, for financial purposes, includes all the funds relevant to the operations of the City of North Augusta, South Carolina (the primary government). The City is also required to include in its financial statements those separately-administered organizations (component units) with which the City has significant operation or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of North Augusta has no component units.

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

Government-Wide and Fund Financial Statements The City government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent, on fees and charges for support.

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

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

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

Sales Tax III Fund This fund is used to account for the receipt and disbursement of money from the countywide capital project sales tax.

Capital Projects Fund This fund is used to account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds.

Proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major proprietary funds:

Water and Wastewater Fund This fund is used to account for waterworks and wastewater system operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Sanitation Services Fund This fund is used to account for sanitation and recycling operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Stormwater Utility Fund This fund is used to account for improvements to stormwater runoff infrastructure that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund receivables and payables from balances have been eliminated in the preparation of the Statement of Net Position. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgets and Budgetary Accounting

1. The City follows these procedures in establishing the budgetary data reflected in the financial statements.
 - a. Prior to October 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and expenses and the means of financing them.
 - b. Public hearings are conducted to obtain taxpayer comments.
 - c. Prior to January 1, the budget is legally enacted through passage of an ordinance.
 - d. Transfer of budgeted amounts between functional areas must be approved by the City Council. However, the City Administrator can amend the budget at the line item or department level, within a functional area, not to exceed \$5,000. Management can also over-expend appropriations, with the City Administrator's approval, at the line item and department level, as long as the total expenditures or expenses do not exceed appropriations of the functional area.
 - e. Formal budgetary integration is employed as a management control device. A budget is legally adopted annually for the General Fund on a basis consistent with generally accepted accounting principles. Annual budgets are not adopted for the Special Revenue Funds or the Capital Projects Fund. These funds budget on a project or activity basis instead of an annual operating cycle basis. Budgets for the enterprise funds are legally adopted annually on a basis consistent with generally accepted accounting principles except that depreciation is not a budgeted item.
 - f. Budgeted amounts are as originally adopted or as amended by the City Council or the City Administrator. There were no individual amendments to the original appropriations, which were adopted and consisted of transferring amounts within departmental accounts. No supplemental appropriations were necessary during the year.
 - g. The City employs the use of encumbrance accounting during the year. All encumbrances lapse at the end of the year.
 - h. Unexpended appropriations lapse at the end of the year except that a whole or part of appropriations provided in the budget for capital or betterment outlays of any department or activity remaining unexpended at the close of the fiscal year is held available for the following year.
2. For the year ended December 31, 2013, expenditures exceeded budget at the functional level in General Fund - Public Safety by approximately \$86,000 and General Fund - Public Works by approximately \$49,000. The over-expenditures were due to the purchase of automobiles and equipment with capital lease proceeds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash/Cash Equivalents and Investments

For purposes of the statement of cash flows, the enterprise funds consider all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents.

Investments are stated at fair value. A detailed description of investments is included in Note 2.

E. Receivables

Receivables are shown net of allowances for uncollectible amounts. Uncollectible amounts are estimated based upon past collection experience.

F. Inventory

Inventory is valued at cost (first-in, first-out). Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed by the various departments. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available resources" even though they are a component of net current assets.

Inventory in the Water and Wastewater System Fund is valued at the lower of cost (first-in, first-out) or market and consists of supplies used in repairing and maintaining the water and wastewater systems.

G. Restricted Assets

Certain resources set aside for the City's debt repayment (revenue bonds) are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

H. Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. General infrastructure assets consisting of roadways, storm drainage, sidewalks, etc., constructed or acquired prior to January 1, 2003 are reported at estimated historical cost using deflated replacement cost. General infrastructure assets constructed or acquired after January 1, 2003 are reported at cost. The City's policy is to record all assets over \$5,000. Interest costs are expensed as incurred and therefore, not capitalized.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated useful lives for asset types are as follows:

Buildings	10 - 40 years
Water and wastewater system, structures and facilities	20 - 75 years
Machinery and equipment	3 - 12 years
Furniture and fixtures	5 - 12 years
Vehicles	5 - 7 years
Other assets	20 years
PSA capital share - Aiken	40 years
Roadways	25 years

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is attributable to past service and the employees will be compensated; therefore the vacation pay is accrued in the government-wide and proprietary fund financial statements. For the governmental activities, compensated absences are generally liquidated by the General Fund. Compensated absences are only reported in the governmental fund statements when they are payable to the employee upon resignation or retirement.

J. Long-Term Obligations

The City reports long-term debt of governmental funds at face value. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, premiums and discounts for bonds and certificates of participation, as well as issuance costs, are recognized during the current period. Proceeds are reported as an "other financing source" net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred inflows or outflows.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting under this category. It is the deferred assessment fees charged to developers for future road improvements in the vicinity of the developments. The fees are deferred and will be recognized at the time the funds are expended on the road improvements.

L. Fund Balance

Fund equity in government-wide and proprietary fund financials is classified as net position. Net position is classified as follows:

- Invested in capital assets, net of related debt - This classification represents capital assets, net of accumulated depreciation, decreased by the remaining balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.
- Unrestricted - Unrestricted net assets represent net assets that do not meet the definitions of the other classifications.

Fund balance in the governmental fund financial statements is classified as fund balance. Mostly, fund balance is the difference between current assets and current liabilities. In the fund statements, governmental funds report fund balance classifications that consist of hierarchy based primarily on the extent to which the City is required to honor constraints on the specific purposes for which amounts in those funds can be expended. Fund balances are classified as follows:

- Nonspendable - Fund balances are reported as nonspendable when amounts cannot be expended because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- Restricted - Fund balances are reported as restricted when there are restrictions imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.
- Committed - Fund balances are reported as committed when they can be used only for a specific purpose pursuant to constraints imposed at the highest level of decision-making authority. The City Council is the highest level of decision making. The City Council can establish, modify, or rescind a fund balance commitment through adoption of an ordinance.
- Assigned - Fund balances are reported as assigned when amounts are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed. The City Administrator, who is appointed by and serves at the pleasure of the City Council, has the authority to assign fund balance amounts.
- Unassigned - Fund balances are reported as unassigned as the remaining amount when the balances do not meet any of the other classifications. The City reports positive fund balance in the general fund only, if applicable. Negative unassigned balances may be reported in all governmental funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Flow Assumptions

When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, the City's policy is to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City's policy is to use fund balances in the following order:

- Committed
- Assigned
- Unassigned

N. Minimum Fund Balance

The City has adopted a financial policy to transfer the remaining fund balance in the general fund to the Capital Projects Fund subsequent to year end. Therefore, any fund balance not reported as nonspendable, restricted or committed or assigned for a specific purpose is shown as committed for capital projects.

O. Interfund Transactions

Interfund transactions consisting of identified services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the service. Outstanding balances resulting from transactions between funds are reported as "due to/due from other funds". Any residual balances between the governmental and the business-type activities are reported on the government-wide financial statements as "internal balances".

P. Comparative Data

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

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

R. Postemployment Benefits Other Than Pension

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. Beginning in year 2008 and continuing through 2013, the City evaluated its OPEB and determined that all OPEB expenses, including implicit and explicit subsidies, are passed through to the retiree. The City will not incur future costs for retiree expenses and therefore, no liability is required to be recorded.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Reclassifications

Certain amounts from 2012 have been reclassified to conform with 2013 presentation. These reclassifications have no effect on the change in net position for the year ended December 31, 2012.

T. New Accounting Pronouncements Adopted

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting: Omnibus - an amendment of GASB Statement No. 14 and No. 34*. This statement is intended to improve guidance for financial reporting for a governmental financial reporting entity. The application of this statement is effective for the City's fiscal year ending December 31, 2013. This statement did not affect the City's financial statements for the year ending December 31, 2013.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement clarifies items previously reported as assets or liabilities that should be classified as deferred outflows of resources or deferred inflows of resources. The application of this statement is effective for the City's fiscal year ending December 31, 2013. The application of this statement required the reclassification of unearned assessment fees from liabilities to deferred inflows of resources.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The application of this statement is effective for the City's fiscal year ending December 31, 2013. This statement did not affect the City's financial statements for the year ending December 31, 2013.

U. New Accounting Pronouncements to be Adopted in Future Years

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The application of this statement is effective for the City's fiscal year ending December 31, 2014. The impact of this pronouncement on the City's financial statements has not been determined.

In June 2012, the GASB issued Statement No. 68, *Accounting and Reporting for Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The application of this statement is effective for the City's fiscal year ending December 31, 2015. The impact of this pronouncement on the City's financial statements has not been determined.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The application of this statement is effective for the City's fiscal year ending December 31, 2014. The impact of this pronouncement on the City's financial statements has not been determined.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The application of this statement is effective for the City's fiscal year ending December 31, 2014. The impact of this pronouncement on the City's financial statements has not been determined.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement provides transition provisions of GASB's new pension standards for state and local governments. This Statement will require recognition of a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. The application of this statement is effective for the City's fiscal year ending December 31, 2015. The impact of this pronouncement on the City's financial statements has not been determined.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS

As of December 31, 2013, the City had the following investments:

	<u>MATURITIES</u>	<u>FAIR VALUE</u>
State Treasurer's Investment Pool	Daily	\$ 17,044,901
Demand Deposit Accounts	Daily	15,462,861
Bank of America Treasury Reserves	Daily	463,078
Total Investments		\$ 32,970,840

Credit Risk

The City has an investment policy that all investments made by the City will be selected and properly secured in accordance with State law. Section 6-5-10 of the State of South Carolina Code of Laws authorizes local governments to make the following types of investments:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and Loan Associations to the extent that the same are insured by an agency of the federal government; repurchase agreements when collateralized by securities as set forth in this section;
4. Repurchase agreements when collateralized by securities as set forth in this section;

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS (continued)

5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in 1 and 2 above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government; and,
6. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment made (i) is limited to obligations described in items 1, 2, and 5 of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

Section 6-6-20 of the State of South Carolina Code of Laws authorizes the State Treasurer's Office to invest and reinvest the monies of the State Treasurer's Investment Pool in the investments identified in Section 6-5-10 shown above and identified in Section 11-9-660 as follows:

1. Obligations of the United States, its agencies and instrumentalities;
2. Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
3. Obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally-recognized rating services;
4. Certificates of deposit, if the certificates are secured collaterally by securities of the types described in items 1 and 3 of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
5. Repurchase agreements, if collateralized by securities of the types described in items 1 and 3 of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
6. Guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally-recognized rating services.

The State Treasurer's Investment Pool is an external investment pool that is not registered as an investment company with the Securities and Exchange Commission. However, the pool has a policy established to operate the pool consistent with the Securities and Exchange Commission Rule 2a-7 of the Investment Company Act of 1940. The pool's investments are annually stated at fair value based upon quoted market prices. The fair value of the pool is allocated to its local governments with invested funds on an equal basis for each share owned, which are purchased at a cost of \$1.00.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS, DEPOSITS AND INVESTMENTS (continued)

At December 31, 2013, the underlying security ratings of the City's investment in the Local Government Investment Pool are not separately rated, however, additional information related to these deposits may be obtained from the Local Government Investment Pool's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

Interest Rate Risk

The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City does not consider itself to be at risk due to interest rates as all investments currently mature daily.

Concentration Credit Risk

The City's formal investment policy does not place a limit on the amount the City may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The City's investments held in the State Treasurer's Investment Pool comprise 52% and the Deposit on Demand Accounts comprise 46% of total deposits and investments. The additional concentration is not viewed to be an additional risk by the City as these accounts are fully collateralized.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At December 31, 2013, the carrying amount of the City's deposits was approximately \$15,076,000 and the bank balance was approximately \$15,463,000. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name. Cash on hand at December 31, 2013, was approximately \$2,300.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2013, all of the City's investments held by the State Treasurer's Office, except those in securities lending transactions, are fully insured or collateralized; the investments held in Money Market Accounts are fully insured or collateralized; and the Columbia Treasury Reserve Mutual Funds are comprised of U.S. Government securities which do not require collateralization and are not rated.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

Governmental activities - Net Position Invested in Capital Assets Net of Related Debt

	BALANCE 12/31/12	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/13
Capital assets, not being depreciated:					
Land	\$ 8,193,328	\$ -	\$ -	\$ -	\$ 8,193,328
Construction in progress	758,471	75,121	(650,413)	-	183,179
Right-of-way	2,677,047	87,763	-	-	2,764,810
Total capital assets, not being depreciated	11,628,846	162,884	(650,413)	-	11,141,317
Capital assets, being depreciated:					
Land improvements	12,377,551	941,157	-	-	13,318,708
Buildings	31,612,846	-	-	-	31,612,846
Machinery and equipment	1,678,758	54,773	(38,362)	-	1,695,169
Furniture and fixtures	1,547,977	-	-	-	1,547,977
Vehicles	4,833,257	761,013	(164,802)	20,938	5,450,406
Infrastructure	20,913,685	542,368	-	-	21,456,053
Total capital assets, being depreciated	72,964,074	2,299,311	(203,164)	20,938	75,081,159

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - CAPITAL ASSETS (continued)

	BALANCE 12/31/12	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/13
Less accumulated depreciation for:					
Land improvements	\$ (5,152,078)	\$ (769,638)	\$ -	\$ -	\$ (5,921,716)
Buildings	(6,704,318)	(702,537)	-	-	(7,406,855)
Machinery and equipment	(1,058,175)	(166,554)	38,362	-	(1,186,367)
Furniture and fixtures	(621,057)	(125,124)	-	-	(746,181)
Vehicles	(2,429,075)	(408,437)	164,802	(10,120)	(2,682,830)
Infrastructure	(8,231,432)	(851,167)	-	-	(9,082,599)
Total accumulated depreciation	(24,196,135)	(3,023,457)	203,164	(10,120)	(27,026,548)
Total capital assets being depreciated, net	48,767,939	(724,146)	-	10,818	48,054,611
Governmental activities capital assets, net	60,396,785	(561,262)	(650,413)	10,818	59,195,928
Related debt	(9,216,157)	(309,494)	4,121,320	-	(5,404,331)
Capital assets, net of related debt	\$ 51,180,628	\$ (870,756)	\$ 3,470,907	\$ 10,818	\$ 53,791,597

Current year increases in the accumulated depreciation of the capital assets were allocated to the governmental functional activities as follows:

General Government	
City Council	\$ 408,303
City Administration	3,202
Finance	1,920
Planning and Development	2,937
Building Standards	7,642
City Buildings	40,932
Public Safety	515,880
Public Works	
Engineering	3,325
Street Light/Traffic Signals	136,237
Streets and Drains	839,371
Recreation, Parks and Leisure Services	
Recreation and Parks	991,570
Property Maintenance	72,138
	<u>\$ 3,023,457</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - CAPITAL ASSETS (continued)

Business-type activities - Net Position Invested in Capital Assets Net of Related Debt:

	BALANCE 12/31/12	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/13
Capital assets, not being depreciated:					
Land	\$ 823,628	\$ -	\$ -	\$ -	\$ 823,628
Construction in progress	368,103	1,033,010	-	-	1,401,113
Easements	62,760	-	-	-	62,760
Total capital assets, not being depreciated	1,254,491	1,033,010	-	-	2,287,501
Capital assets, being depreciated:					
Buildings	4,759,622	-	-	-	4,759,622
Machinery and equipment	2,299,884	108,315	(43,298)	-	2,364,901
Vehicles	3,859,305	229,326	(242,382)	(20,938)	3,825,311
System improvements	54,072,669	252,005	-	-	54,324,674
PSA capital	4,667,405	-	-	-	4,667,405
Total capital assets, being depreciated	69,658,885	589,646	(285,680)	(20,938)	69,941,913
Less accumulated depreciation for:					
Buildings	(2,197,581)	(98,267)	-	-	(2,295,848)
Machinery and equipment	(1,718,949)	(143,513)	43,298	-	(1,819,164)
Vehicles	(2,194,790)	(409,550)	242,382	10,120	(2,351,838)
System improvements	(12,884,153)	(745,400)	-	-	(13,629,553)
PSA capital	(2,118,598)	(116,685)	-	-	(2,235,283)
Total accumulated depreciation	(21,114,071)	(1,513,415)	285,680	10,120	(22,331,686)
Total capital assets being depreciated, net	48,544,814	(923,769)	-	(10,818)	47,610,227
Business-type activities capital assets, net	49,799,305	109,241	-	(10,818)	49,897,728
Related debt	(2,670,059)	(285,491)	792,431	-	(2,163,619)
Capital assets, net of related debt	<u>\$ 47,129,246</u>	<u>\$ (176,250)</u>	<u>\$ 792,431</u>	<u>\$ (10,818)</u>	<u>\$ 47,734,609</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - CAPITAL ASSETS (continued)

Current year increases in the accumulated depreciation of the capital assets were allocated to the business-type activities as follows:

Water and Wastewater	\$ 999,164
Sanitation	467,154
Stormwater	<u>47,097</u>
	<u>\$ 1,513,415</u>

NOTE 4 - CAPITALIZED LEASE OBLIGATIONS

The City has entered into several long-term lease agreements for machinery and equipment, furniture and fixtures, and vehicles. Although the leases contain clauses which provide that the leases are cancelable if funds are not appropriated for the periodic payments for any future fiscal periods, the leases meet the criteria of a capital lease as defined by FASB ASC 840-30 and its subsections (formerly Statement of Financial Accounting Standards No. 13 "Accounting for Leases") and the National Council on Governmental Accounting Statement No. 5, *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments*. The following is an analysis of the capital assets leased under capital leases as of December 31, 2013:

	GOVERN- MENTAL FUNDS	WATER AND WASTE- WATER	STORM- WATER	SANI- TATION	TOTAL
Machinery and equipment	\$ 451,438	\$ 247,338	\$ -	\$ 157,999	\$ 856,775
Vehicles	1,970,005	253,475	37,375	1,624,589	3,885,444
Buildings	6,350,000	-	-	-	6,350,000
	<u>8,771,443</u>	<u>500,813</u>	<u>37,375</u>	<u>1,782,588</u>	<u>11,092,219</u>
Accumulated depreciation	<u>(1,618,905)</u>	<u>(228,295)</u>	<u>(30,997)</u>	<u>(776,439)</u>	<u>(2,654,636)</u>
Carrying value	<u>\$ 7,152,538</u>	<u>\$ 272,518</u>	<u>\$ 6,378</u>	<u>\$ 1,006,149</u>	<u>\$ 8,437,583</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 4 - CAPITALIZED LEASE OBLIGATIONS (continued)

The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments as of December 31, 2013:

YEAR ENDING DECEMBER 31	GOVERN- MENTAL FUNDS	BUSINESS- TYPE FUNDS		
		WATER AND WASTE- WATER	SANI- TATION	TOTAL
2014	\$ 369,476	\$ 56,644	\$ 385,348	\$ 811,468
2015	306,267	46,953	319,424	672,644
2016	165,041	25,302	172,131	362,474
2017	55,523	8,512	57,908	121,943
Total minimum lease payments	896,307	137,411	934,811	1,968,529
Amount representing interest	(25,443)	(3,913)	(26,270)	(55,626)
Present value of minimum lease payments	<u>\$ 870,864</u>	<u>\$ 133,498</u>	<u>\$ 908,541</u>	<u>\$ 1,912,903</u>

Municipal Center Lease

During 2007, the City entered into a \$6,350,000 lease for financing a new municipal center. The proceeds from the lease were used for the construction of a Municipal Center complex for the City. The lease's interest rate is 3.64% and matures December 20, 2024.

The annual requirements to amortize the City's outstanding lease payments as of December 31, 2013, are as follows:

	PRINCIPAL	INTEREST	TOTAL
2014	\$ 342,474	\$ 165,019	\$ 507,493
2015	354,941	152,552	507,493
2016	367,861	139,632	507,493
2017	381,251	126,242	507,493
2018	395,128	112,365	507,493
2019-2023	2,202,142	335,323	2,537,465
2024	489,669	17,824	507,493
	<u>\$ 4,533,466</u>	<u>\$ 1,048,957</u>	<u>\$ 5,582,423</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 - LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance 01/01/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable					
General obligation bonds	\$ 3,390,000	\$ -	\$ (3,390,000)	\$ -	\$ -
Deferred amounts for bond issuance premiums	3,638	-	(3,638)	-	-
Total bonds payable	3,393,638	-	(3,393,638)	-	-
Capital leases					
Municipal Center lease	4,863,913	-	(330,447)	4,533,466	342,474
Capitalized leases	958,605	309,494	(397,235)	870,864	340,463
Total capital leases	5,822,518	309,494	(727,682)	5,404,330	682,937
Other liabilities					
Compensated absences	499,433	410,810	(381,026)	529,217	346,217
Total other liabilities	499,433	410,810	(381,026)	529,217	346,217
Total	\$ 9,715,589	\$ 720,304	\$ (4,502,346)	\$ 5,933,547	\$ 1,029,154

General Obligation Bonds

During 2006, the City issued \$4,710,000, in General Obligation Bonds, Series 2006. The proceeds from these bonds were used for the construction of a Municipal Center complex for the City. The bonds have rates of 3.75%-4.00% and mature April 1, 2021.

On December 4, 2013, the City defeased all of its outstanding Series 2006 general obligations bonds by depositing immediately available funds in the amount of \$3,351,320 in an irrevocable trust with an escrow agent. These funds were used to purchase U.S. Government Securities to provide for all future debt service payments on the debt. The City has determined that these investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the financial statements. As of December 31, 2013, the total amount of defeased debt outstanding but removed from the City's financial statements amounted to \$3,070,000.

The defeasance resulted in a difference between the reacquisition price and net carrying amount of the Series 2006 general obligations bonds of \$277,682. This difference is reported in the accompanying government-wide financial statements as a loss on debt defeasance and included in debt service expenditures in the capital projects fund.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 - LONG-TERM DEBT (continued)

Tax Increment Revenue Obligation

The City's General Fund is obligated to pay to the Riverfront/Central Core Redevelopment Fund the principal sum of \$5,000 for amounts advanced on December 5, 2001 with the issue of a Tax Increment Revenue Obligation. The obligation bears interest at the rate of 4% per annum and is payable in fifteen equal installments on December 5th of each year commencing December 5, 2002 and ending December 5, 2016. At December 31, 2013, the balance due on the obligation was \$1,268.

The obligation constitutes an issue of \$5,000 Tax Increment Revenue Obligation, Series 2001, issued by the City of North Augusta, pursuant to the authorization of the Tax Increment Financing Act codified as Sections 31-6-120, Code of Laws of South Carolina, 1976, and an ordinance enacted by the City Council of the City of North Augusta on November 19, 2001. Principal and interest payments are to be paid from incremental tax revenues generated from the Redevelopment Project Area.

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance 01/01/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
<u>Business-Type Activities</u>					
Revenue bonds payable					
Revenue bonds	\$ 1,371,083	\$ -	\$ (250,002)	\$ 1,121,081	\$ 261,570
Total revenue bonds	1,371,083	-	(250,002)	1,121,081	261,570
Capital leases					
Capitalized leases	1,298,976	285,491	(542,429)	1,042,038	440,036
Total capital leases	1,298,976	285,491	(542,429)	1,042,038	440,036
Note payable					
PSA capacity payable	1,106,333	-	(1,106,333)	-	-
Total capital leases	1,106,333	-	(1,106,333)	-	-
Total	\$ 3,776,392	\$ 285,491	\$ (1,898,764)	\$ 2,163,119	\$ 701,606

Revenue Bond Payable

Revenue bond payable (recorded as a liability in the Water and Wastewater System Fund) at December 31, 2013, is comprised of the following individual issue:

\$3,336,266 Water and Wastewater (Series 2002) serial bonds due in annual installments of \$250,002 to \$299,579 through June 1, 2017; interest at 4.46%.

\$ 1,121,081

PSA Capacity Payable

In 2011, the City of North Augusta entered into an agreement with Aiken County, d/b/a Aiken County Public Service Authority effective January 3, 2012 for the purchase of an additional 3.429 MGD in wastewater capacity from the Aiken County Public Service Authority for \$1,659,498 to be paid in equal installments of \$533,166 over 3 years with final payment due January, 2014. The obligation was paid in full at December 31, 2013.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 5 - LONG-TERM DEBT (continued)

The annual requirements to amortize each of the City's outstanding revenue bonds as of December 31, 2013, are as follows:

	2002 REVENUE BOND ISSUE		
	PRINCIPAL	INTEREST	TOTAL
2014	\$ 261,570	\$ 44,764	\$ 306,334
2015	273,672	32,662	306,334
2016	286,260	20,074	306,334
2017	299,579	6,755	306,334
	\$ 1,121,081	\$ 104,255	\$ 1,225,336

The revenue bond ordinances require, among other things, that certain funds be maintained as follows:

<u>FUNDS</u>	<u>PURPOSES</u>
Gross Revenue Fund	To receive all receipts, income, and revenues that the City shall derive directly or indirectly from the operation of the system and to disburse them to the following funds.
Operation and Maintenance	To provide for the payment of all fund expenses incurred in connection with the administration and operation of the System.
Bond and Interest Redemption Fund	To provide for the payment of the principal and interest on the bonds.
Debt Service Reserve Fund	To insure the timely payment of the principal and interest on the bonds, and to provide for the redemption of bonds prior to their stated maturity.
Depreciation or Replacement Fund	Intended to build up a reasonable reserve for depreciation of the System for the purpose of restoring depreciated or obsolete items of the System.
Contingent Fund	Intended to build up a reasonable reserve for improvements, betterments and extensions to the System.
Construction Fund	Intended to provide for the payment of temporary loans made in anticipation of the issuance of bonds and the cost of the construction of the improvements.

Monies shall be transferred to all the funds from the Gross Revenue Fund monthly as required to meet the stated purpose of the individual funds. The System is specifically required to deposit one-sixth of the aggregate amount of interest to become due on the next semiannual interest payment date and one-twelfth of the aggregate annual amount of principal to become due in the Bond and Interest Redemption Fund monthly.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 - PROPERTY TAXES

Taxes on real property and merchants' inventory are levied on January 1 of each year and are based on ownership of such property and inventory as of January 1 of the preceding year. These taxes are billed and payable between January 1 and May 1 of the year in which they are levied. As of May 1, property taxes attach as an enforceable lien on property. The City bills and collects its own real and merchants' ad valorem taxes. Taxes on personal property are levied and billed in the month prior to the renewal of the annual vehicle registration through the State Highway Department and are payable prior to the registration and tag purchase. Ad valorem taxes on personal property (vehicles) are billed and collected by the County Treasurer and remitted to the City on a monthly basis. City property tax revenues are recognized in the year for which taxes have been levied and are collectible either during that year or within sixty days following year end.

NOTE 7 - PENSION PLAN

All full-time employees of the City of North Augusta are covered under one of the two different pension plans summarized below.

A. South Carolina Retirement System

1. Plan Description

The City of North Augusta contributes to the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of South Carolina Budget and Control Board. Pursuant to the provisions of Section 9-1-20 of the 1976 South Carolina Code of Laws, SCRS provides retirement allowances and other benefits to all full-time employees, excluding public safety officers. The South Carolina Retirement Systems issues a publicly-available financial report that includes financial statements and required supplementary information for SCRS. That report may be obtained by writing to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

2. Funding Policy

Plan members were required to contribute 7.0% of their gross earnings for the period of January 1, 2013 to June 30, 2013 and 7.5% of their gross earnings for the period of July 1, 2013 to December 31, 2013. The City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 10.45% of gross earnings for the period of January 1, 2013 to December 31, 2013. The City's contributions to SCRS for the years ending December 2013, 2012, and 2011 were approximately \$691,000, \$647,000 and \$606,500, respectively, equal to the required contributions for each year.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 7 - PENSION PLAN (continued)

B. South Carolina Police Officers Retirement System

1. Plan Description

The City of North Augusta contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of South Carolina Budget and Control Board. Pursuant to the provisions of Section 9-11-20 of the Code of Laws, PORS provides retirement allowances and other benefits to all public safety officers. The South Carolina Retirement Systems issues a publicly-available financial report that includes financial statements and required supplementary information for PORS. That report may be obtained by writing to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

2. Funding Policy

Plan members were required to contribute 7.0% of their gross earnings for the period of January 1, 2013 to June 30, 2013 and 7.84% of their gross earnings for the period of July 1, 2013 to December 31, 2013. The City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 11.9% of gross earnings for the period of January 1, 2013 to June 30, 2013 and 12.44% of gross earnings for the period of July 1, 2013 to December 31, 2013. The City's contributions to PORS for the years ending December 2013, 2012, and 2011, were approximately \$382,000, \$362,000, and \$341,000, respectively, equal to the required contributions for each year.

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2013 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Riverfront/ Central Core Redevelopment	General Fund	\$ 1,268	Tax Increment Revenue Obligation (refer to Note 5)
		<u>\$ 1,268</u>	

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

The following interfund transfers are reflected in the fund financial statements at December 31, 2013:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 686,266	\$ 1,005,084
Riverfront/Central Core Redevelopment Fund	-	40,075
Capital Projects Fund	1,005,084	-
Total Governmental Funds	1,691,350	1,045,159
Enterprise Funds:		
Water and Wastewater Fund	10,679,797	11,121,010
Sanitation	-	190,666
Sanitation Fund	-	14,312
Total Enterprise Funds	10,679,797	11,325,988
Total	\$ 12,371,147	\$ 12,371,147

Interfund transfers include transfers of unrestricted revenues collected in certain enterprise funds to finance various programs accounted for in the General Fund, in accordance with budgetary authorizations; and, transfers of revenues from the fund that is required to collect them and the fund that is required or allowed to expend them.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Through the South Carolina Municipal Association, the City participates with other local governments in the State to form a public entity risk pool, which operates as a common risk management and insurance program. Specifically, the City participates in the following programs:

Name	Number of local government participants	Type of insurance	Reinsurance
SC Municipal Insurance Trust	112	Workers' compensation	\$725,000
SC Municipal Insurance/Risk Financing Fund	101	Property and casualty/ general liability	500,000/500,000

The City pays annual premiums for each type of insurance coverage. The Municipal Association provides that the above programs will be self-sustaining through member premiums and are reinsured, as noted above, through commercial companies for excessive claims. During the past three years claims have not exceeded insurance coverage.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2013

NOTE 10 - COMMITMENTS

Significant commitments at December 31, 2013 are composed of the following:

	Project Authorization	Expended to December 31, 2013	Commitments	Required Future Financing
Public Safety Station 3	\$ 203,950	\$ 75,002	\$ 128,948	-
Material Recovery Facility Support Building	288,770	-	288,770	-
Material Recovery Facility Recycling Equipment	1,240,400	407,087	833,313	-
Raw Water Storage Facility	1,011,820	852,927	158,893	-
Water Plant Upgrade	1,317,880	141,099	1,176,781	-

The City has entered into an agreement for the future operations and maintenance of the Savannah Bluff Lock and Dam for the purpose of maintaining the Augusta Pool. The agreement is between the City, Aiken County, South Carolina, Augusta-Richmond County, Georgia, and four industrial stakeholders. The agreement is contingent based on future upgrades of the Savannah Bluff Lock and Dam by the Corps of Engineers. The agreement calls for the establishment of an escrow account in the amount of \$1,000,000 to be established over a three-year period and funded by the participating entities. The City established a separate enterprise fund, The Savannah Bluff Lock and Dam Fund. The fund established by the City will receive all revenues associated with the project and all direct costs incurred by the contractor or the local sponsors will be paid by the fund. The escrow account balance of \$1,000,000 was fully funded as of December 31, 2009. The Savannah Bluff Lock and Dam will be operated within the guidelines established by the Corps of Engineers. The City will not be directly involved in the daily operations of the facility.

NOTE 11 - CONTINGENCIES

The City is a defendant in various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 12 - SUBSEQUENT EVENTS

In March 2014, the City Council awarded the contract to a private company to provide general contracting services for the Phase I Improvements to the City of North Augusta Water Treatment Plant for the bid amount of \$12,036,100.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 12 - SUBSEQUENT EVENTS (continued)

In March 2014, the City issued the City of North Augusta, South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2014A, a single term bond, in the amount of \$13,000,000. City Council authorized the funds to be used for expansion, additions, and improvements of the Waterworks and Sewer System of the City ("System"). The bonds were authorized by City Council through Ordinance No. 2014-01 and 2014-02. The City is required to establish a Debt Service Fund to be held by Bank of New York Mellon and a 2014A Debt Service Reserve Fund to be held by the State Treasurer's Office. The repayment of the bonds is authorized from the gross revenues of the System. The bonds will bear interest at 2% per annum.

In April 2014, the City entered into a contract with a private company in the amount of \$2,069,000 for the construction of Public Safety Station 3.

North
Augusta 
South Carolina's Riverfront

OTHER SUPPLEMENTARY INFORMATION

FINANCIAL STATEMENTS

OF

INDIVIDUAL FUNDS

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

SALES TAX III FUND

The Sales Tax III Fund is used to account for the receipt and disbursement of money from the countywide capital project sales tax.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital items other than those financed by proprietary funds and trust funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Equity in pooled cash	\$ 1,126,726	\$ 1,204,287
Investments	491,114	490,116
Taxes receivable	154,320	129,995
Grants receivable	28,797	10,608
Inventory	1,630	1,220
Cash, restricted	<u>37,339</u>	<u>16,122</u>
 TOTAL ASSETS	 <u>\$ 1,839,926</u>	 <u>\$ 1,852,348</u>
 <u>LIABILITIES</u>		
Accounts payable	\$ 207,085	\$ 179,227
Due to other funds	1,268	1,653
Accrued salaries, wages and employee benefits	562,716	453,043
Municipal Court liability	63,838	65,901
Liabilities payable from restricted assets	<u>4,498</u>	<u>4,498</u>
 TOTAL LIABILITIES	 <u>839,405</u>	 <u>704,322</u>
 <u>FUND BALANCE</u>		
Fund balance:		
Nonspendable:		
Inventory	1,630	1,220
Restricted for:		
Victims assistance	32,841	11,624
Committed for:		
Capital projects	834,918	996,600
Housing/landscaping rehabilitation	<u>131,132</u>	<u>138,582</u>
 TOTAL FUND BALANCE	 <u>1,000,521</u>	 <u>1,148,026</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,839,926</u>	 <u>\$ 1,852,348</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETED AND ACTUAL
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>REVENUES</u>				
Ad valorem property taxes	\$ 5,465,000	\$ 5,506,250	\$ 41,250	\$ 5,459,156
Licenses and permits	4,581,000	4,892,172	311,172	4,711,699
Fines and forfeitures	1,065,541	991,039	(74,502)	1,029,126
Charges for services	1,126,804	1,122,957	(3,847)	1,083,121
Intergovernmental	663,723	647,154	(16,569)	795,921
Miscellaneous	511,090	589,058	77,968	588,733
TOTAL REVENUES	13,413,158	13,748,630	335,472	13,667,756
<u>EXPENDITURES</u>				
Current:				
General government	3,058,878	2,933,250	(125,628)	2,877,726
Public safety	6,120,483	5,979,856	(140,627)	5,728,412
Public works	1,170,425	1,150,821	(19,604)	1,109,697
Recreation and parks	3,141,569	3,061,811	(79,758)	3,002,382
Capital lease payments	420,471	415,007	(5,464)	437,729
Capital outlay:				
General government	1,500	1,296	(204)	73,855
Public safety	-	229,944	229,944	253,869
Public works	-	70,135	70,135	83,826
Recreation and parks	54,900	44,691	(10,209)	197,292
TOTAL EXPENDITURES	13,968,226	13,886,811	(81,415)	13,764,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forward	\$ (555,068)	\$ (138,181)	\$ 416,887	\$ (97,032)

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGETED AND ACTUAL
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>EXPENDITURES - Continued</u>				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forwarded	\$ (555,068)	\$ (138,181)	\$ 416,887	\$ (97,032)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease obligations	-	309,494	309,494	515,417
Transfers in	555,068	686,266	131,198	582,316
Transfers out	-	(1,005,084)	(1,005,084)	(552,827)
 TOTAL OTHER FINANCING SOURCES (USES)	 555,068	 (9,324)	 (564,392)	 544,906
 NET CHANGE IN FUND BALANCES	 -	 (147,505)	 (147,505)	 447,874
 FUND BALANCE - BEGINNING OF YEAR	 -	 1,148,026	 1,148,026	 700,152
 FUND BALANCE - END OF YEAR	 \$ -	 \$ 1,000,521	 \$ 1,000,521	 \$ 1,148,026

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>TAXES</u>				
Current	\$ 5,403,000	\$ 5,449,457	\$ 46,457	\$ 5,361,225
Delinquent	10,000	2,517	(7,483)	42,537
Penalties	52,000	54,276	2,276	55,394
TOTAL	5,465,000	5,506,250	41,250	5,459,156
<u>LICENSES AND PERMITS</u>				
Business licenses	4,433,000	4,738,535	305,535	4,582,285
Building permits	118,000	124,224	6,224	103,747
Electrical permits	9,000	8,969	(31)	7,529
Mechanical permits	10,000	9,974	(26)	9,136
Plumbing permits	11,000	10,470	(530)	9,002
TOTAL	4,581,000	4,892,172	311,172	4,711,699
<u>FINES AND FORFEITURES</u>				
Public safety fines	1,045,541	975,931	(69,610)	1,017,985
Drug related fines	20,000	15,108	(4,892)	11,141
TOTAL	1,065,541	991,039	(74,502)	1,029,126
<u>CHARGES FOR SERVICES</u>				
Fire protection fees	64,800	64,116	(684)	63,573
Customer street light fees	59,409	60,381	972	46,970
Municipal Center rentals	120,100	116,497	(3,603)	117,852
Rec. fees - special programs	27,000	21,663	(5,337)	28,283
Rec. fees - volleyball	5,415	6,300	885	5,430
Rec. fees - soccer	62,390	61,043	(1,347)	62,599
Rec. fees - miscellaneous	15,000	30,500	15,500	24,971
Rec. fees - basketball	41,460	47,252	5,792	44,088
Rec. fees - softball	25,285	32,658	7,373	30,586
Rec. fees - football	33,605	44,597	10,992	45,980
Rec. fees - baseball	69,355	68,337	(1,018)	67,282
Concession stand	115,000	112,106	(2,894)	69,565
Community Center fees	78,205	63,175	(15,030)	71,409
Activities Center fees	187,480	151,983	(35,497)	165,884
Recreation facilities rentals	21,000	29,192	8,192	26,287
Activities Center tournaments	201,300	213,157	11,857	212,362
TOTAL	\$ 1,126,804	\$ 1,122,957	\$ (3,847)	\$ 1,083,121

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>INTERGOVERNMENTAL</u>				
State of South Carolina:				
State shared revenue	\$ 508,960	\$ 457,940	\$ (51,020)	\$ 518,443
Accommodations tax	22,000	32,248	10,248	29,412
Merchants' inventory tax	54,700	54,790	90	54,790
Local option sales tax	18,000	18,555	555	17,102
SCDOT traffic signals	34,063	56,068	22,005	28,934
Law enforcement net grant	26,000	27,553	1,553	27,553
Department of Justice grant	-	-	-	20,519
Highway safety grant	-	-	-	99,168
TOTAL	663,723	647,154	(16,569)	795,921
<u>MISCELLANEOUS</u>				
Other	336,600	384,404	47,804	388,045
Communication tower rental	161,490	187,649	26,159	180,729
Interest earnings	13,000	17,005	4,005	19,959
TOTAL	511,090	589,058	77,968	588,733
TOTAL REVENUES	\$ 13,413,158	\$ 13,748,630	\$ 335,472	\$ 13,667,756

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
City Council -				
Personal services:				
Salaries and wages	\$ 100,946	\$ 100,206	\$ (740)	\$ 100,357
FICA	7,723	7,028	(695)	6,959
Employee retirement	9,320	9,113	(207)	8,782
Employee insurance	19,053	18,303	(750)	5,122
Workers' compensation	132	57	(75)	109
Operating expenditures:				
General supplies/postage	4,025	5,836	1,811	2,913
Dues/training/travel	8,250	7,385	(865)	7,701
Contracts/repairs	1,200	875	(325)	824
Advertising	300	-	(300)	264
Special department supplies	4,350	489	(3,861)	699
Insurance	4,346	1,581	(2,765)	2,391
TOTAL	<u>\$ 159,645</u>	<u>\$ 150,873</u>	<u>\$ (8,772)</u>	<u>\$ 136,121</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Administration -				
Personal services:				
Salaries and wages	\$ 228,611	\$ 235,026	\$ 6,415	\$ 275,904
FICA	17,489	17,920	431	19,111
Employee retirement	24,233	25,933	1,700	26,458
Employee insurance	20,856	20,039	(817)	18,999
Workers' compensation	784	325	(459)	617
Operating expenditures:				
General supplies/postage	4,650	3,234	(1,416)	5,353
Dues/training/travel	10,555	9,360	(1,195)	12,396
Contracts/repairs	6,300	5,926	(374)	5,492
Professional Services	30,000	27,712	(2,288)	-
Insurance	2,432	1,639	(793)	3,024
Capital outlay:				
Office machines	-	-	-	16,009
TOTAL	\$ 345,910	\$ 347,114	\$ 1,204	\$ 383,363

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Justice and Law -				
Personal services:				
Salaries and wages	\$ 104,605	\$ 114,268	\$ 9,663	\$ 104,991
FICA	8,003	8,690	687	7,514
Employee retirement	11,089	11,622	533	9,845
Employee insurance	7,340	7,054	(286)	-
Workers' compensation	240	103	(137)	196
Operating expenditures:				
General supplies/postage	100	-	(100)	32
State fees/fines	552,189	513,442	(38,747)	536,534
Dues/training/travel	3,000	957	(2,043)	931
Data processing	2,500	1,570	(930)	-
Contracts and repairs	1,200	1,085	(115)	1,164
Jury services	3,000	980	(2,020)	1,585
Professional services	6,325	4,936	(1,389)	4,370
Juvenile detention	3,000	-	(3,000)	3,475
Insurance	1,175	691	(484)	1,045
Capital outlay:				
Office machines	-	-	-	8,236
TOTAL	703,766	665,398	(38,368)	679,918
Community Promotion -				
Personal services:				
Salaries and wages	52,486	53,697	1,211	52,879
FICA	4,016	4,228	212	4,005
Employee retirement	5,564	5,777	213	5,241
Employee insurance	7,549	7,253	(296)	6,876
Workers' compensation	245	84	(161)	160
Operating expenditures:				
Contributions	58,520	57,521	(999)	57,785
Dues/training/travel	5,931	5,931	-	5,931
Special department supplies	26,400	17,710	(8,690)	15,714
Insurance	1,016	685	(331)	1,036
TOTAL	\$ 161,727	\$ 152,886	\$ (8,841)	\$ 149,627

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Finance -				
Personal services:				
Salaries and wages	\$ 273,932	\$ 279,144	\$ 5,212	\$ 275,301
FICA	20,960	21,612	652	20,437
Employee retirement	29,043	30,077	1,034	27,374
Employee insurance	28,338	27,228	(1,110)	25,814
Workers' compensation	662	1,564	902	501
Operating expenditures:				
General supplies/postage	6,700	6,114	(586)	5,828
Dues/training/travel	6,825	6,771	(54)	5,627
Auto operating	2,550	2,218	(332)	2,494
Data processing	21,220	20,686	(534)	17,705
Contracts/repairs	34,880	35,353	473	33,050
Advertising	1,000	941	(59)	1,088
Professional services	18,000	17,975	(25)	17,675
Insurance	1,900	1,280	(620)	1,937
TOTAL	\$ 446,010	\$ 450,963	\$ 4,953	\$ 434,831

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Building Standards -				
Personal services:				
Salaries and wages	\$ 193,368	\$ 214,584	\$ 21,216	\$ 194,004
FICA	14,793	16,416	1,623	14,330
Employee retirement	21,325	23,033	1,708	19,309
Employee insurance	23,054	22,151	(903)	21,000
Workers' compensation	5,964	2,536	(3,428)	4,841
Operating expenditures:				
General supplies/postage	3,000	2,818	(182)	2,500
Dues/training/travel	2,082	1,720	(362)	918
Auto operating	7,050	7,366	316	7,737
Data processing	6,100	6,383	283	5,500
Contracts/repairs	2,420	2,315	(105)	1,924
Uniforms/clothing	975	868	(107)	1,003
Special department supplies	1,800	1,836	36	1,763
Insurance	7,452	5,021	(2,431)	7,596
Capital lease payments	3,178	3,178	-	9,527
Capital outlay:				
Office machines	-	-	-	6,000
TOTAL	\$ 292,561	\$ 310,225	\$ 17,664	\$ 297,952

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Planning and Development -				
Personal services:				
Salaries and wages	\$ 149,525	\$ 138,528	\$ (10,997)	\$ 133,529
FICA	11,439	10,852	(587)	10,226
Employee retirement	15,553	14,885	(668)	13,370
Employee insurance	14,552	13,982	(570)	13,255
Workers' compensation	1,126	461	(665)	1,185
Operating expenditures:				
General supplies/postage	3,900	1,217	(2,683)	1,276
Dues/training/travel	7,000	3,169	(3,831)	3,410
Auto operating	800	881	81	886
Data processing	6,875	6,495	(380)	5,699
Contracts/repairs	4,345	2,585	(1,760)	2,872
Advertising	1,000	206	(794)	594
Professional services	30,000	11,843	(18,157)	32,313
Special department supplies	3,500	1,012	(2,488)	862
Insurance	6,651	4,481	(2,170)	6,780
Capital lease payments	4,095	4,095	-	4,095
Capital outlay:				
Automotive equipment	-	-	-	19,920
TOTAL	\$ 260,361	\$ 214,692	\$ (45,669)	\$ 250,272

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Buildings -				
Personal services:				
Salaries and wages	\$ 93,253	\$ 85,679	\$ (7,574)	\$ 81,365
Overtime pay	5,000	5,722	722	4,154
FICA	7,517	7,163	(354)	6,391
Employee retirement	10,415	9,829	(586)	8,431
Employee insurance	22,283	21,410	(873)	20,298
Workers' compensation	746	298	(448)	573
Operating expenditures:				
General supplies/postage	34,200	34,188	(12)	23,674
Utility services	291,900	260,840	(31,060)	254,800
Data processing	1,400	1,657	257	-
Contracts/repairs	101,530	108,276	6,746	86,028
Uniforms	1,000	313	(687)	805
Advertising	8,000	7,997	(3)	7,418
Professional services	10,500	10,148	(352)	4,460
Special department supplies	48,056	49,175	1,119	49,587
Insurance	60,371	45,677	(14,694)	61,445
Capital outlay:				
Furniture and fixtures	1,500	1,296	(204)	23,690
TOTAL	\$ 697,671	\$ 649,668	\$ (48,003)	\$ 633,119
TOTAL GENERAL GOVERNMENT	\$ 3,067,651	\$ 2,941,819	\$ (125,832)	\$ 2,965,203

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	PUBLIC SAFETY -			
Police and Fire -				
Personal services:				
Salaries and wages	\$ 3,599,164	\$ 3,593,459	\$ (5,705)	\$ 3,526,547
Overtime pay	120,000	132,678	12,678	120,906
FICA	284,527	282,100	(2,427)	264,332
Employee retirement	448,971	463,089	14,118	417,089
Employee insurance	504,080	485,741	(18,339)	462,301
Workers' compensation	84,021	67,835	(16,186)	91,716
Unemployment insurance	3,000	177	(2,823)	650
Operating expenditures:				
General supplies/postage	23,500	18,993	(4,507)	20,636
Dues/training/travel	37,775	37,402	(373)	33,540
Auto operating	299,450	250,934	(48,516)	232,821
Data processing	71,455	64,840	(6,615)	56,349
Contracts/repairs	238,968	237,349	(1,619)	146,734
Uniforms/clothing	81,550	78,961	(2,589)	64,211
NAPS drug related account	20,000	15,108	(4,892)	11,141
Advertising	4,500	2,579	(1,921)	5,660
Professional services	30,200	27,742	(2,458)	30,976
Special department supplies	138,376	132,640	(5,736)	114,290
Insurance	130,946	88,229	(42,717)	128,513
Capital lease payments	282,669	279,164	(3,505)	288,463
Capital outlay:				
Automotive equipment	-	229,944	229,944	249,978
Machines and equipment	-	-	-	3,891
TOTAL PUBLIC SAFETY	\$ 6,403,152	\$ 6,488,964	\$ 85,812	\$ 6,270,744

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Engineering -				
Personal services:				
Salaries and wages	\$ 71,256	\$ 73,247	\$ 1,991	\$ 71,418
FICA	5,451	5,701	250	5,364
Employee retirement	7,553	7,843	290	7,115
Employee insurance	13,417	12,892	(525)	12,222
Workers' compensation	4,162	4,221	59	3,368
Operating expenditures:				
General supplies/postage	1,425	398	(1,027)	320
Dues/training/travel	1,328	1,383	55	1,328
Auto operating	3,525	3,227	(298)	2,863
Data processing	2,000	1,993	(7)	1,530
Contracts/repairs	2,100	2,225	125	1,392
Uniforms/clothing	750	727	(23)	100
Professional services	-	450	450	-
Advertising	100	-	(100)	-
Special department supplies	2,090	2,036	(54)	1,045
Insurance	3,166	2,133	(1,033)	3,227
Capital lease payments	-	-	-	3,517
TOTAL	\$ 118,323	\$ 118,476	\$ 153	\$ 114,809

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC WORKS -</u>			
Continued				
Street Lighting and Traffic Signals -				
Personal services:				
Workers' compensation	\$ 88	\$ 38	\$ (50)	\$ 72
Operating expenditures:				
Dues/training/travel	3,251	1,482	(1,769)	452
Utility services	404,000	426,809	22,809	409,547
Contracts/repairs	6,000	3,273	(2,727)	8,115
Special department supplies	8,600	11,057	2,457	211
 	<hr/>			
TOTAL	421,939	442,659	20,720	418,397
<hr/>				
Streets and Drains -				
Personal services:				
Salaries and wages	322,611	295,530	(27,081)	282,645
Overtime pay	7,500	6,369	(1,131)	7,608
FICA	25,254	23,005	(2,249)	21,182
Employee retirement	34,992	31,896	(3,096)	28,492
Employee insurance	55,713	53,531	(2,182)	50,751
Workers' compensation	20,162	11,482	(8,680)	16,906
Operating expenditures:				
General supplies/postage	500	661	161	373
Dues/training/travel	1,225	1,406	181	228
Auto operating	42,200	52,554	10,354	40,762
Contracts/repairs	23,940	31,102	7,162	34,377
Building materials/supplies	65,000	59,245	(5,755)	65,707
Uniforms/clothing	5,400	4,568	(832)	5,392
<hr/>				
Streets and Drains - forward	\$ 604,497	\$ 571,349	\$ (33,148)	\$ 554,423
<hr/>				

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Continued				
Streets and Drains - forwarded	\$ 604,497	\$ 571,349	\$ (33,148)	\$ 554,423
Operating expenditures:				
Continued				
Professional services	270	658	388	66
Special department supplies	14,600	10,742	(3,858)	14,931
Judgments/settlements	500	-	(500)	92
Insurance	10,296	6,937	(3,359)	10,496
Capital lease payments	66,229	64,762	(1,467)	53,892
Capital outlay:				
Automotive equipment	-	37,069	37,069	-
Machines/equipment	-	33,066	33,066	83,826
TOTAL	696,392	724,583	28,191	717,726
TOTAL PUBLIC WORKS	\$ 1,236,654	\$ 1,285,718	\$ 49,064	\$ 1,250,932

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Recreation -				
Personal services:				
Salaries and wages	\$ 300,819	\$ 294,148	\$ (6,671)	\$ 288,545
Overtime pay	8,000	5,439	(2,561)	4,821
FICA	23,625	22,898	(727)	21,634
Employee retirement	32,735	31,785	(950)	28,758
Employee insurance	21,740	20,889	(851)	19,804
Workers' compensation	9,165	3,930	(5,235)	7,312
Unemployment insurance	150	-	(150)	-
Operating expenditures:				
General supplies/postage	2,400	2,397	(3)	2,136
Dues/training/travel	3,330	6,362	3,032	2,842
Auto operating	3,480	1,585	(1,895)	2,617
Data processing	1,500	480	(1,020)	1,000
Contract/repairs	7,750	4,551	(3,199)	7,478
Uniforms/clothing	900	598	(302)	176
Advertising	1,300	1,409	109	1,364
Rent	200	-	(200)	-
Professional services	27,620	36,431	8,811	30,156
Special department supplies	24,200	32,730	8,530	31,936
Basketball program	37,200	36,365	(835)	34,857
Softball program	25,000	29,130	4,130	29,704
Football program	33,500	40,030	6,530	35,152
Baseball program	69,000	59,565	(9,435)	68,475
Soccer program	54,500	56,329	1,829	54,812
Volleyball program	4,200	4,893	693	3,597
Concession stand supplies	92,000	97,826	5,826	70,194
Insurance	15,154	10,210	(4,944)	14,946
Capital outlay:				
Furniture/fixtures	1,500	953	(547)	-
 TOTAL	 \$ 800,968	 \$ 800,933	 \$ (35)	 \$ 762,316

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Parks -				
Personal services:				
Salaries and wages	\$ 186,707	\$ 176,832	\$ (9,875)	\$ 156,208
Overtime pay	10,000	9,365	(635)	11,287
FICA	15,048	14,404	(644)	12,332
Employee retirement	20,851	20,089	(762)	16,557
Employee insurance	35,909	34,503	(1,406)	25,441
Workers' compensation	5,582	2,007	(3,575)	3,117
Operating expenditures:				
General supplies/postage	2,800	2,791	(9)	1,252
Dues/training/travel	1,150	212	(938)	252
Auto operating	15,650	13,386	(2,264)	10,845
Utility services	51,000	57,235	6,235	45,958
Contracts/repairs	47,550	48,810	1,260	36,511
Building materials/supplies	15,100	15,721	621	14,204
Uniforms/clothing	2,100	1,967	(133)	1,468
Advertising	300	-	(300)	500
Professional services	180	204	24	-
Special department supplies	19,850	16,886	(2,964)	13,035
Insurance	10,989	7,404	(3,585)	9,357
Capital lease payments	13,087	13,086	(1)	17,085
Capital outlay:				
Furniture/fixtures	8,000	5,300	(2,700)	-
Machines/equipment	-	-	-	13,221
Park improvements	5,000	-	(5,000)	-
TOTAL	\$ 466,853	\$ 440,202	\$ (26,651)	\$ 388,630

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Property Maintenance -				
Personal services:				
Salaries and wages	\$ 459,060	\$ 433,695	\$ (25,365)	\$ 470,813
Overtime pay	8,240	4,269	(3,971)	8,507
FICA	35,749	32,548	(3,201)	33,951
Employee retirement	49,534	47,325	(2,209)	47,684
Employee insurance	78,548	75,472	(3,076)	78,293
Workers' compensation	33,272	16,273	(16,999)	27,925
Operating expenditures:				
General supplies/postage	1,400	1,277	(123)	1,580
Dues/training/travel	1,700	1,705	5	1,776
Auto operating	33,875	43,327	9,452	40,190
Utility services	15,600	15,358	(242)	14,753
Data processing	900	573	(327)	1,466
Contracts/repairs	31,575	33,118	1,543	32,834
Building materials/supplies	4,500	5,524	1,024	8,190
Uniforms/clothing	6,000	7,277	1,277	6,361
Advertising	500	410	(90)	909
Professional services	115,455	110,028	(5,427)	98,415
Special department supplies	111,067	115,680	4,613	75,151
Insurance	15,377	10,361	(5,016)	17,679
Capital lease payments	51,213	50,722	(491)	53,558
Capital outlay:				
Machines/equipment	14,400	21,707	7,307	168,882
TOTAL	\$ 1,067,965	\$ 1,026,649	\$ (41,316)	\$ 1,188,917

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Community Center -				
Personal services:				
Salaries and wages	\$ 70,266	\$ 71,886	\$ 1,620	\$ 70,543
Overtime pay	1,500	1,899	399	1,595
FICA	5,491	5,828	337	5,491
Employee retirement	7,608	7,930	322	7,177
Employee insurance	11,183	10,745	(438)	10,187
Workers' compensation	1,004	216	(788)	413
Operating expenditures:				
General supplies/postage	2,800	-	(2,800)	525
Auto operating	450	396	(54)	169
Utility services	21,760	20,573	(1,187)	19,428
Contracts/repairs	9,200	10,329	1,129	11,747
Uniforms/clothing	650	648	(2)	102
Advertising	3,000	2,882	(118)	1,770
Professional services	24,000	24,677	677	23,150
Special department supplies	12,500	11,077	(1,423)	11,923
Insurance	4,137	2,787	(1,350)	4,217
Capital outlay:				
Machines, equipment, and furniture	9,500	1,929	(7,571)	3,856
TOTAL	\$ 185,049	\$ 173,802	\$ (11,247)	\$ 172,293

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
RVP Activities Center -				
Personal services:				
Salaries and wages	\$ 260,198	\$ 263,148	\$ 2,950	\$ 262,197
Overtime pay	9,000	13,129	4,129	13,674
FICA	20,594	21,148	554	20,561
Employee retirement	28,535	29,712	1,177	27,433
Employee insurance	44,221	42,489	(1,732)	40,282
Workers' compensation	2,600	1,115	(1,485)	2,128
Unemployment insurance	2,400	-	(2,400)	-
Operating expenditures:				
General supplies/postage	7,500	7,297	(203)	7,497
Dues/training/travel	1,100	971	(129)	1,047
Auto operating	3,200	725	(2,475)	1,301
Utility services	121,000	119,745	(1,255)	115,435
Data processing	1,000	1,000	-	1,000
Contracts/repairs	70,295	61,878	(8,417)	62,686
Uniforms/clothing	1,400	118	(1,282)	-
Advertising	1,500	1,154	(346)	745
Professional services	180	404	224	172
Tournaments/special events	122,500	129,515	7,015	146,144
Special department supplies	14,500	12,484	(2,016)	32,588
Insurance	11,711	7,890	(3,821)	11,938
Capital lease payments	-	-	-	7,592
Capital outlay:				
Furniture/fixtures	1,500	-	(1,500)	479
Machines/equipment	15,000	14,802	(198)	10,854
	739,934	728,724	(11,210)	765,753
TOTAL	739,934	728,724	(11,210)	765,753
TOTAL RECREATION AND PARKS	3,260,769	3,170,310	(90,459)	3,277,909
TOTAL EXPENDITURES	\$ 13,968,226	\$ 13,886,811	\$ (81,415)	\$ 13,764,788

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 SALES TAX III FUND
 DECEMBER 31, 2013 AND 2012

	2013	2012
<u>RESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 445,666	\$ -
TOTAL ASSETS	\$ 445,666	\$ -
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Capital Projects	\$ 445,666	\$ -
TOTAL FUND BALANCE	\$ 445,666	\$ -

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 SALES TAX III FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>REVENUES</u>		
Capital projects sales taxes	\$ 462,372	\$ -
Interest on investments	365	-
 TOTAL REVENUES	 462,737	 -
<u>EXPENDITURES</u>		
Capital outlay:		
Public safety	16,081	-
Public works	990	-
 TOTAL EXPENDITURES	 17,071	 -
 NET CHANGE IN FUND BALANCE	 445,666	 -
 FUND BALANCE - BEGINNING OF YEAR	 -	 -
 FUND BALANCE - END OF YEAR	 \$ 445,666	 \$ -

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 DECEMBER 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
Equity in pooled cash	\$ 549,172	\$ 1,473,853
Investments	-	1,121,874
Restricted assets (cash and investments)	2,107,710	2,395,000
 TOTAL ASSETS	 \$ 2,656,882	 \$ 4,990,727
 <u>LIABILITIES</u>		
Accounts payable	\$ 7,710	\$ -
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Debt service	-	320,000
Capital Projects	2,100,000	2,075,000
Committed for:		
Capital Projects	337,282	315,960
Assigned for:		
Capital Projects	211,890	2,279,767
 TOTAL FUND BALANCE	 2,649,172	 4,990,727
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 2,656,882	 \$ 4,990,727

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>REVENUES</u>		
Ad valorem property taxes	\$ 640,969	\$ 630,591
Intergovernmental	167,818	-
Interest	17,512	16,410
Miscellaneous	42,370	23,214
 TOTAL REVENUES	 868,669	 670,215
<u>EXPENDITURES</u>		
Current:		
General government	48,415	60,000
Public safety	33,224	79,269
Recreation and parks	80,131	143,394
Capital outlay:		
General government	105,346	-
Public safety	-	37,854
Recreation and parks	153,909	-
General Obligation Bond payments:		
Principal	3,390,000	290,000
Interest	404,283	134,400
 TOTAL EXPENDITURES	 4,215,308	 744,917
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (3,346,639)	 (74,702)
<u>OTHER FINANCING SOURCES</u>		
Transfers in	1,005,084	552,827
 NET CHANGE IN FUND BALANCE	 (2,341,555)	 478,125
 FUND BALANCE - BEGINNING OF YEAR	 4,990,727	 4,512,602
 FUND BALANCE - END OF YEAR	 \$ 2,649,172	 \$ 4,990,727

North
Augusta 
South Carolina's Riverfront

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Special Revenue Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The Capital Projects Funds of the City include:

Sales Tax Fund - to account for the receipt and disbursement of money from the countywide capital project sales tax.

Sales II Tax Fund - to account for the receipt and disbursement of money from the countywide capital project sales tax.

Street Improvements Fund - to account for the receipt and disbursement of monies from other governmental agencies designated for use for streets and/or drainage improvements.

Tax Increment Fund - to account for the receipt and disbursement of money designated for projects located in the Tax Increment Fund area.

Transportation Improvement Fund - to account for the receipt and disbursement of monies from other governmental agencies and developers designated for use for major transportation-related projects.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds of the City include:

Recreation Fund - to account for the receipt and disbursement of monies from other governmental agencies designated for use at the City's recreational facilities. This fund also includes donations to the City for recreational purposes.

Fireman's Fund - to account for the receipt and disbursement of the State-shared insurance premium rebate designated for use in the Public Safety Department.

Riverfront/Central Core Redevelopment Fund - to account for the receipt and disbursement of money designated for projects outlined in the Riverfront/Central Core Redevelopment Plan.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013
 With Comparative Totals for December 31, 2012

	CAPITAL PROJECTS FUNDS				
	SALES TAX FUND	SALES TAX II FUND	STREET IMPROVEMENTS	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<u>ASSETS</u>					
Equity in pooled cash	\$ -	\$ -	\$ 475,957	\$ 1,525,493	\$ 452,643
Investments	-	-	-	1,070,629	103,328
Grant receivable	-	-	214,638	-	-
Due from other funds	-	-	-	-	-
Restricted assets (cash and investments)	410,045	3,258,007	216,762	-	662,007
TOTAL ASSETS	\$ 410,045	\$ 3,258,007	\$ 907,357	\$ 2,596,122	\$ 1,217,978
<u>LIABILITIES</u>					
Accounts payable	-	7,080	116,762	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred assessment fees	-	-	-	-	85,695
<u>FUND BALANCES</u>					
Fund balances:					
Restricted for:					
Capital projects	410,045	3,250,927	100,000	-	-
Capital projects (Trans Fund)	-	-	-	-	662,007
Public safety (Fire Division)	-	-	-	-	-
Committed for:					
Capital projects	-	-	190,023	-	-
Capital projects (Trans Fund)	-	-	-	-	449,632
Assigned for:					
Capital projects	-	-	500,572	2,596,122	-
Capital projects (Trans Fund)	-	-	-	-	20,644
Recreation and parks	-	-	-	-	-
TOTAL FUND BALANCES	410,045	3,250,927	790,595	2,596,122	1,132,283
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 410,045	\$ 3,258,007	\$ 907,357	\$ 2,596,122	\$ 1,217,978

SPECIAL REVENUE FUNDS				
RECREATION	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	TOTALS	
			2013	2012
\$ 78,683	\$ -	\$ 775,867	\$ 3,308,643	\$ 2,750,144
-	-	647,576	1,821,533	1,767,125
-	-	-	214,638	243,202
-	-	1,268	1,268	1,653
-	97,511	-	4,644,332	4,507,097
<u>\$ 78,683</u>	<u>\$ 97,511</u>	<u>\$ 1,424,711</u>	<u>\$ 9,990,414</u>	<u>\$ 9,269,221</u>
<u>\$ 39,647</u>	<u>\$ 565</u>	<u>\$ -</u>	<u>\$ 164,054</u>	<u>\$ 219,680</u>
-	-	-	85,695	85,695
-	-	-	3,760,972	3,464,078
-	-	-	662,007	782,188
-	96,946	-	96,946	84,598
-	-	558,046	748,069	795,594
-	-	-	449,632	85,695
-	-	866,665	3,963,359	3,405,404
-	-	-	20,644	292,528
39,036	-	-	39,036	53,761
<u>39,036</u>	<u>96,946</u>	<u>1,424,711</u>	<u>9,740,665</u>	<u>8,963,846</u>
<u>\$ 78,683</u>	<u>\$ 97,511</u>	<u>\$ 1,424,711</u>	<u>\$ 9,990,414</u>	<u>\$ 9,269,221</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2013
 With Comparative Totals for December 31, 2012

	CAPITAL PROJECTS FUNDS				
	SALES TAX FUND	SALES TAX II FUND	STREET IMPROVEMENTS	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<u>REVENUES</u>					
Ad valorem property taxes - TIF District	\$ -	\$ -	\$ -	\$ 711,641	\$ -
Capital projects sales tax	-	718,139	-	-	-
Local hospitality and accommodations taxes	-	-	-	-	-
Intergovernmental	-	-	260,577	-	-
Interest on investments/loans	1,246	11,433	3,455	8,910	3,918
Grant revenues	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	7,500	-	-
TOTAL REVENUES	1,246	729,572	271,532	720,551	3,918
<u>EXPENDITURES</u>					
Current:					
General government	-	89,081	-	232,065	-
Public safety	-	-	-	-	-
Public works	-	-	5,347	1,500	-
Recreation and parks	-	-	-	-	-
Capital lease payments	-	-	-	-	-
Capital outlay:					
General government	-	-	-	-	-
Public safety	-	46,209	-	-	-
Public works	12,832	283,072	260,116	-	32,046
Recreation and parks	-	2,730	-	12,512	-
TOTAL EXPENDITURES	12,832	421,092	265,463	246,077	32,046
<u>OTHER FINANCING USES</u>					
Transfers out	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(11,586)	308,480	6,069	474,474	(28,128)
FUND BALANCE - BEGINNING OF YEAR	421,631	2,942,447	784,526	2,121,648	1,160,411
FUND BALANCE - END OF YEAR	\$ 410,045	\$ 3,250,927	\$ 790,595	\$ 2,596,122	\$ 1,132,283

SPECIAL REVENUE FUNDS					
RECREATION	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	TOTALS		
			2013	2012	
\$ -	\$ -	\$ -	\$ 711,641	\$ 691,036	
-	-	-	718,139	1,861,677	
-	-	622,971	622,971	584,227	
8,887	57,323	-	326,787	402,910	
371	451	6,102	35,886	41,525	
-	-	-	-	4,352	
1,000	-	-	1,000	310,352	
4,474	-	26	12,000	5,721	
<u>14,732</u>	<u>57,774</u>	<u>629,099</u>	<u>2,428,424</u>	<u>3,901,800</u>	
-	-	-	321,146	46,465	
-	45,426	-	45,426	695,293	
-	-	-	6,847	66,593	
-	-	-	-	8,554	
-	-	507,493	507,493	507,493	
-	-	51,644	51,644	91,971	
-	-	-	46,209	28,794	
-	-	-	588,066	1,292,982	
29,457	-	-	44,699	3,028,818	
<u>29,457</u>	<u>45,426</u>	<u>559,137</u>	<u>1,611,530</u>	<u>5,766,963</u>	
-	-	(40,075)	(40,075)	(40,075)	
(14,725)	12,348	29,887	776,819	(1,905,238)	
53,761	84,598	1,394,824	8,963,846	10,869,084	
<u>\$ 39,036</u>	<u>\$ 96,946</u>	<u>\$ 1,424,711</u>	<u>\$ 9,740,665</u>	<u>\$ 8,963,846</u>	

North
Augusta 
South Carolina's Riverfront

MAJOR ENTERPRISE FUNDS

The Water and Wastewater Fund is used to account for waterworks and wastewater system operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Sanitation Services Fund is used to account for sanitation and recycling operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Stormwater Utility Fund is used to account for improvements to stormwater runoff infrastructure that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NONMAJOR ENTERPRISE FUNDS

The Savannah Bluff Lock and Dam Fund is used to account for operations of the Savannah River Lock and Dam that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 DECEMBER 31, 2013 AND 2012

	2013	2012
<u>ASSETS</u>		
<u>CURRENT UNRESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 1,581,757	\$ 539,001
Investments	1,850,711	2,845,140
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 for 2013 and 2012)	1,323,625	1,365,194
Inventory	240,071	250,034
TOTAL CURRENT UNRESTRICTED ASSETS	4,996,164	4,999,369
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>		
With fiscal agents	463,078	457,258
Customer deposits	471,713	458,829
TOTAL CURRENT RESTRICTED ASSETS	934,791	916,087
TOTAL CURRENT ASSETS	5,930,955	5,915,456
<u>NON-CURRENT UNRESTRICTED ASSETS</u>		
Prepaid bond insurance expense	9,501	11,878
<u>NON-CURRENT RESTRICTED ASSETS</u>		
Revenue bond improvement and extension cash and investments	1,544,459	1,438,718
Revenue bond depreciation or obsolete item cash and investments	406,446	382,650
Revenue bond construction cash and investments	6,768,782	6,897,310
TOTAL NON-CURRENT RESTRICTED ASSETS	8,719,687	8,718,678
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	1,604,633	978,710
Depreciable	44,535,121	45,206,917
TOTAL CAPITAL ASSETS, NET	46,139,754	46,185,627
<u>SERVICE RIGHTS (net of accumulated amortization of \$64,006 for 2013 and \$61,506 for 2012)</u>		
	35,994	38,494
TOTAL ASSETS	\$ 60,835,891	\$ 60,870,133

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 DECEMBER 31, 2013 AND 2012

	2013	2012
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (payable from current assets)		
Accounts payable	\$ 262,968	\$ 250,907
Accrued salaries, wages and employee benefits	65,911	57,650
Accrued vacation	117,539	112,938
Current portion of capital leases payable	50,017	23,371
Current portion of PSA capacity purchase payable	-	553,166
Accrued interest payable	3,545	3,545
Unearned revenue	23,515	23,515
TOTAL CURRENT LIABILITIES (payable from current assets)	523,495	1,025,092
<u>CURRENT LIABILITIES</u> (payable from restricted assets)		
Accounts payable	1,024	3,725
Accrued bond interest	24,014	24,014
Current portion of revenue bonds payable	261,570	250,002
Customer deposits	471,713	458,829
TOTAL CURRENT LIABILITIES (payable from restricted assets)	758,321	736,570
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	83,481	140,322
Revenue bonds payable	859,511	1,121,081
PSA capacity purchase payable	-	553,166
Unearned revenue	557,334	580,849
TOTAL LONG-TERM LIABILITIES	1,500,326	2,395,418
TOTAL LIABILITIES	2,782,142	4,157,080
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Net investment in capital assets	44,885,175	43,544,519
Restricted per revenue bond indentures	9,157,727	9,148,197
Unrestricted	4,010,847	4,020,337
TOTAL NET POSITION	58,053,749	56,713,053
TOTAL LIABILITIES AND NET POSITION	\$ 60,835,891	\$ 60,870,133

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>OPERATING REVENUES</u>		
Metered water sales - net	\$ 3,421,529	\$ 3,428,162
Wastewater service charges	5,016,120	4,852,228
Water tap fees	27,857	29,195
Wastewater tap fees	87,541	67,875
Fire protection fees	11,477	11,527
Other	453,793	306,272
TOTAL OPERATING REVENUES	9,018,317	8,695,259
<u>OPERATING EXPENSES</u>		
Utilities Finance	614,192	614,641
Utilities Administration	523,846	550,123
Water Operations and Maintenance	618,416	584,184
Water Production and Treatment	1,380,813	1,401,833
Wastewater Operations and Maintenance	3,297,617	2,826,342
Depreciation and amortization	1,001,664	924,807
TOTAL OPERATING EXPENSES	7,436,548	6,901,930
OPERATING INCOME	1,581,769	1,793,329
<u>NONOPERATING REVENUES AND (EXPENSES)</u>		
Interest revenue	33,977	36,282
Interest expense and fiscal charges	(59,216)	(71,924)
Amortization of bond issuance costs and deferred refunding	(2,377)	(2,377)
Gain on extinguishment of bond debt	6,820	18,029
TOTAL NONOPERATING REVENUES (EXPENSES)	(20,796)	(19,990)
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	1,560,973	1,773,339
CAPITAL CONTRIBUTIONS	220,936	206,463
TRANSFERS IN	10,679,797	10,054,460
TRANSFERS OUT	(11,121,010)	(10,448,995)
CHANGE IN NET POSITION	1,340,696	1,585,267
NET POSITION - BEGINNING OF YEAR	56,713,053	55,127,786
NET POSITION - END OF YEAR	\$ 58,053,749	\$ 56,713,053

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 8,606,093	\$ 8,350,844
Customer deposits	12,884	5,211
Cash paid to suppliers	(4,084,357)	(4,113,528)
Cash paid to employees for services	(2,318,342)	(2,277,481)
Other operating cash receipts	430,278	565,057
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 2,646,556	 2,530,103
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in from other funds	10,679,797	10,054,460
Transfers out to other funds	(11,121,010)	(10,448,995)
 NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	 (441,213)	 (394,535)
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital contributions received from other governments	23,515	23,515
Proceeds received from sales of capital assets	6,820	26,697
Purchase and construction of capital assets	(712,970)	(1,412,271)
Principal paid on revenue bonds	(250,002)	(238,752)
Principal paid on capitalized leases	(73,095)	(91,347)
Principal paid on PSA obligation	(1,106,332)	-
Interest paid on revenue bonds	(56,332)	(67,583)
Interest paid on capital leases	(2,884)	(4,341)
 NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	 (2,171,280)	 (1,764,082)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	33,977	36,282
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 33,977	 36,282
 NET INCREASE IN CASH AND CASH EQUIVALENTS	68,040	407,768
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	13,018,906	12,611,138
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,086,946	\$ 13,018,906

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 1,581,769	\$ 1,793,329
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,001,664	924,807
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	41,569	(38,142)
Decrease (increase) in inventory	9,963	(39,684)
Increase (decrease) in accounts payable	9,360	(377,987)
Increase in customer deposits	12,884	5,211
Increase in accrued salaries, wages and employee benefits	8,261	6,709
Increase (decrease) in accrued vacation	4,601	(2,925)
(Decrease) increase in unearned revenue	(23,515)	258,785
TOTAL ADJUSTMENTS	1,064,787	736,774
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,646,556	\$ 2,530,103
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 42,900	\$ 75,349
Capital assets contributed by subdividers/developers	\$ 197,421	\$ 182,948
Capital assets purchased with proceeds from debt issuance	\$ -	\$ 1,106,332
Loss on disposal of capital assets	\$ -	\$ 8,669
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 1,581,757	\$ 539,001
Investments	1,850,711	2,845,140
Current restricted assets	934,791	916,087
Non-current restricted assets	8,719,687	8,718,678
CASH AND CASH EQUIVALENTS	\$ 13,086,946	\$ 13,018,906

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Metered water sales - net	\$ 3,275,818	\$ 3,421,529	\$ 145,711	\$ 3,428,162
Wastewater service charges	4,912,280	5,016,120	103,840	4,852,228
Water tap fees	55,000	27,857	(27,143)	29,195
Wastewater tap fees	85,000	87,541	2,541	67,875
Fire protection fees	11,477	11,477	-	11,527
Other	308,000	453,793	145,793	306,272
TOTAL OPERATING REVENUES	8,647,575	9,018,317	370,742	8,695,259
<u>OPERATING EXPENSES</u>				
Utilities Finance	637,261	614,192	(23,069)	614,641
Utilities Administration	609,456	523,846	(85,610)	550,123
Water Operations and Maintenance	685,639	618,416	(67,223)	584,184
Water Production and Treatment	1,296,058	1,380,813	84,755	1,401,833
Wastewater Operations and Maintenance	2,983,044	3,297,617	314,573	2,826,342
Depreciation and amortization	-	1,001,664	1,001,664	924,807
TOTAL OPERATING EXPENSES	6,211,458	7,436,548	1,225,090	6,901,930
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	13,000	33,977	20,977	36,282
Interest expense and fiscal charges	-	(59,216)	(59,216)	(71,924)
Amortization of bond issuance costs and deferred refunding	-	(2,377)	(2,377)	(2,377)
Loss on sale/disposal of capital assets	-	6,820	6,820	18,029
TOTAL NONOPERATING REVENUES (EXPENSES)	13,000	(20,796)	(33,796)	(19,990)
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	2,449,117	1,560,973	(888,144)	1,773,339
CAPITAL CONTRIBUTIONS	-	220,936	220,936	206,463
TRANSFERS IN	8,632,575	10,679,797	2,047,222	10,054,460
TRANSFERS OUT	(9,007,877)	(11,121,010)	(2,113,133)	(10,448,995)
NET INCOME	\$ 2,073,815	\$ 1,340,696	\$ (733,119)	\$ 1,585,267

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>UTILITIES FINANCE</u>			
Personal services:				
Salaries and wages	\$ 249,435	\$ 256,811	\$ 7,376	\$ 246,962
FICA	19,082	18,864	(218)	17,928
Employee retirement	27,820	28,671	851	26,487
Employee insurance	31,036	29,793	(1,243)	28,193
Workers' compensation	938	381	(557)	727
Operating expenses:				
General supplies/postage	114,350	112,984	(1,366)	124,600
Dues/training/travel	2,400	1,962	(438)	820
Data processing	63,600	61,835	(1,765)	64,038
Contracts and repairs	62,600	56,928	(5,672)	51,470
Professional services	38,000	14,591	(23,409)	22,030
Insurance	-	-	-	1,196
Bad debts	28,000	31,372	3,372	30,190
TOTAL UTILITIES FINANCE	\$ 637,261	\$ 614,192	\$ (23,069)	\$ 614,641

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>UTILITIES ADMINISTRATION</u>				
Personal services:				
Salaries and wages	\$ 340,791	\$ 303,820	\$ (36,971)	\$ 295,839
Overtime pay	2,558	6,842	4,284	5,201
FICA	26,267	22,988	(3,279)	22,639
Employee retirement	36,395	32,588	(3,807)	30,890
Employee insurance	56,404	55,059	(1,345)	52,912
Workers' compensation	18,524	7,942	(10,582)	15,125
Unemployment insurance	650	52	(598)	70
Operating expenses:				
General supplies/postage	1,600	1,440	(160)	1,793
Dues/training/travel	3,000	5,044	2,044	3,026
Auto operating	18,580	16,031	(2,549)	15,828
Utility services	22,947	10,988	(11,959)	15,990
Contracts and repairs	9,180	9,169	(11)	11,965
Building material	1,200	1,543	343	1,351
Uniforms and clothing	2,935	2,996	61	2,850
Advertising	300	-	(300)	-
Professional services	680	230	(450)	255
Special department supplies	5,913	5,655	(258)	11,664
Insurance	61,532	41,459	(20,073)	62,725
<hr/>				
TOTAL UTILITIES ADMINISTRATION	\$ 609,456	\$ 523,846	\$ (85,610)	\$ 550,123

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>WATER OPERATIONS AND MAINTENANCE</u>				
Personal services:				
Salaries and wages	\$ 306,729	\$ 307,787	\$ 1,058	\$ 316,055
Overtime pay	26,620	23,328	(3,292)	29,425
FICA	25,502	25,045	(457)	24,344
Employee retirement	35,335	36,076	741	33,821
Employee insurance	56,417	54,208	(2,209)	51,392
Workers' compensation	6,952	21,342	14,390	7,061
Operating expenses:				
Dues/training	1,700	1,697	(3)	1,679
Auto operating	52,719	35,777	(16,942)	45,194
Contracts and repairs	73,067	13,621	(59,446)	16,387
Building material	14,275	15,738	1,463	15,861
Uniforms and clothing	3,500	3,673	173	3,577
Advertising	300	176	(124)	-
Professional services	180	262	82	40
Special department supplies	75,400	75,221	(179)	33,290
Judgments/settlements	1,000	-	(1,000)	-
Insurance	5,943	4,465	(1,478)	6,058
TOTAL WATER OPERATIONS AND MAINTENANCE	\$ 685,639	\$ 618,416	\$ (67,223)	\$ 584,184

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER PRODUCTION AND TREATMENT</u>			
Personal services:				
Salaries and wages	\$ 411,258	\$ 419,506	\$ 8,248	\$ 409,640
Overtime pay	32,000	29,484	(2,516)	29,012
FICA	33,910	33,896	(14)	31,334
Employee retirement	45,926	48,641	2,715	43,471
Employee insurance	51,746	49,720	(2,026)	47,137
Workers' compensation	4,879	1,878	(3,001)	18,583
Operating expenses:				
General supplies	4,700	2,269	(2,431)	2,138
Dues/training	7,400	4,693	(2,707)	4,463
Advertising	300	-	(300)	-
Auto operating	8,600	4,987	(3,613)	5,099
Utility services	329,000	461,179	132,179	503,044
Contracts and repairs	130,540	85,603	(44,937)	93,494
Building material	3,400	993	(2,407)	774
Uniforms and clothing	3,800	2,555	(1,245)	2,497
Professional services	55,180	48,865	(6,315)	49,775
ACPSA treatment charges	4,500	3,353	(1,147)	3,443
Special department supplies	164,290	180,072	15,782	153,210
Insurance	4,629	3,119	(1,510)	4,719
TOTAL WATER PRODUCTION AND TREATMENT	\$ 1,296,058	\$ 1,380,813	\$ 84,755	\$ 1,401,833

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>WASTEWATER OPERATIONS AND MAINTENANCE</u>				
Personal services:				
Salaries and wages	\$ 384,736	\$ 348,613	\$ (36,123)	\$ 338,227
Overtime pay	18,827	22,961	4,134	19,155
FICA	30,873	27,803	(3,070)	25,727
Employee retirement	42,778	40,004	(2,774)	35,148
Employee insurance	64,271	61,754	(2,517)	58,726
Workers' compensation	23,455	15,399	(8,056)	20,104
Unemployment insurance	1,000	202	(798)	-
Operating expenses:				
Dues/training	1,100	858	(242)	1,083
Auto operating	42,380	36,276	(6,104)	37,772
Utility services	73,039	68,455	(4,584)	55,828
Contracts and repairs	87,950	126,488	38,538	52,955
Building material	26,000	12,998	(13,002)	24,374
Uniforms and clothing	4,875	5,298	423	4,905
Advertising	300	1,021	721	975
Professional services	180	436	256	365
ACPSA treatment charges	2,135,250	2,487,182	351,932	2,094,713
Special department supplies	23,990	20,791	(3,199)	29,318
Judgments/settlements	1,000	212	(788)	1,997
Insurance	21,040	20,866	(174)	24,970
TOTAL WASTEWATER OPERATIONS AND MAINTENANCE	2,983,044	3,297,617	314,573	2,826,342
DEPRECIATION AND AMORTIZATION	-	1,001,664	1,001,664	924,807
TOTAL OPERATING EXPENSES	\$ 6,211,458	\$ 7,436,548	\$ 1,225,090	\$ 6,901,930

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - SANITATION SERVICES
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 1,773,923	\$ 972,868
Investments	941,958	1,938,233
Accounts receivable	39,948	63,779
	<u>2,755,829</u>	<u>2,974,880</u>
 <u>TOTAL CURRENT ASSETS</u>		
 <u>CAPITAL ASSETS, NET</u>		
Non-depreciable	498,322	91,235
Depreciable	2,358,776	2,579,157
	<u>2,857,098</u>	<u>2,670,392</u>
 <u>TOTAL CAPITAL ASSETS</u>		
	<u>\$ 5,612,927</u>	<u>\$ 5,645,272</u>
 <u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 86,786	\$ 79,286
Accrued salaries and wages	50,975	43,426
Accrued vacation	104,303	101,185
Current portion of capital leases payable	390,018	171,850
Accrued interest payable	6,534	6,534
	<u>638,616</u>	<u>402,281</u>
 <u>TOTAL CURRENT LIABILITIES</u>		
 <u>LONG-TERM LIABILITIES</u>		
Capital leases payable	518,522	963,433
	<u>1,157,138</u>	<u>1,365,714</u>
 <u>TOTAL LIABILITIES</u>		
 <u>NET POSITION</u>		
Net investment in capital assets	1,948,558	1,535,109
Unrestricted	2,507,231	2,744,449
	<u>4,455,789</u>	<u>4,279,558</u>
 <u>TOTAL NET POSITION</u>		
	<u>\$ 5,612,927</u>	<u>\$ 5,645,272</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>OPERATING REVENUES</u>		
Sanitation service fees	\$ 2,556,346	\$ 2,543,590
Recycling fees	595,580	458,237
Sale of recyclables	495,592	386,796
Other	97,928	42,110
TOTAL OPERATING REVENUES	3,745,446	3,430,733
 <u>OPERATING EXPENSES</u>		
Sanitation operations	2,073,241	1,960,304
Material recovery facility	858,456	765,890
Depreciation	467,154	485,466
TOTAL OPERATING EXPENSES	3,398,851	3,211,660
OPERATING INCOME	346,595	219,073
 <u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	8,885	12,254
Interest expense	(20,665)	(24,965)
Gain on disposal of capital assets	32,082	75,978
TOTAL NONOPERATING REVENUES (EXPENSES)	20,302	63,267
INCOME BEFORE OPERATING TRANSFERS	366,897	282,340
 <u>TRANSFERS</u>		
Transfers out	(190,666)	(147,706)
TOTAL TRANSFERS	(190,666)	(147,706)
CHANGE IN NET POSITION	176,231	134,634
NET POSITION - BEGINNING OF YEAR	4,279,558	4,144,924
NET POSITION - END OF YEAR	\$ 4,455,789	\$ 4,279,558

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 3,671,349	\$ 3,325,464
Cash paid to suppliers	(1,109,219)	(1,037,492)
Cash paid to employees for services	(1,804,303)	(1,625,499)
Other operating cash receipts	<u>97,928</u>	<u>42,110</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>855,755</u>	 <u>704,583</u>
 <u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers out to other funds	<u>(190,666)</u>	<u>(147,706)</u>
 NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	 <u>(190,666)</u>	 <u>(147,706)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(422,087)	(179,813)
Proceeds received from sales of capital assets	42,892	75,965
Principal paid on capitalized leases	(469,334)	(428,049)
Interest paid	<u>(20,665)</u>	<u>(24,965)</u>
 NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(869,194)</u>	 <u>(556,862)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>8,885</u>	<u>12,254</u>
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	 <u>(195,220)</u>	 <u>12,269</u>
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>2,911,101</u>	 <u>2,898,832</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 2,715,881</u>	 <u>\$ 2,911,101</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 346,595	\$ 219,073
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	467,154	485,466
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	23,831	(63,159)
Increase in accounts payable	7,508	46,807
Increase in accrued salaries and wages	7,549	6,052
Increase in accrued vacation	3,118	10,344
 TOTAL ADJUSTMENTS	 <u>509,160</u>	 <u>485,510</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 855,755</u>	 <u>\$ 704,583</u>
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 242,591	\$ 572,335
Net capital assets transferred to governmental funds	(10,818)	-
	<u>\$ 231,773</u>	<u>\$ 572,335</u>
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 1,773,923	\$ 972,868
Investments	941,958	1,938,233
	<u>\$ 2,715,881</u>	<u>\$ 2,911,101</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Sanitation service fees	\$ 2,535,624	\$ 2,556,346	\$ 20,722	\$ 2,543,590
Recycling fees	557,219	595,580	38,361	458,237
Sale of recyclables	502,950	495,592	(7,358)	386,796
Other	71,240	97,928	26,688	42,110
TOTAL OPERATING REVENUES	3,667,033	3,745,446	78,413	3,430,733
<u>OPERATING EXPENSES</u>				
Sanitation operations	2,137,056	2,073,241	(63,815)	1,960,304
Material recovery facility	896,625	858,456	(38,169)	765,890
Depreciation	-	467,154	467,154	485,466
TOTAL OPERATING EXPENSES	3,033,681	3,398,851	365,170	3,211,660
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest revenue	8,000	8,885	885	12,254
Interest expense	-	(20,665)	(20,665)	(24,965)
Gain on disposal of assets	-	32,082	32,082	75,978
TOTAL NONOPERATING REVENUES (EXPENSES)	8,000	20,302	12,302	63,267
INCOME BEFORE OPERATING TRANSFERS	641,352	366,897	(274,455)	282,340
<u>TRANSFERS</u>				
Transfers out	(139,691)	(190,666)	(50,975)	(147,706)
TOTAL TRANSFERS	(139,691)	(190,666)	(50,975)	(147,706)
NET INCOME	\$ 501,661	\$ 176,231	\$ (325,430)	\$ 134,634

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - SANITATION SERVICES
 YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>SANITATION OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 1,014,022	\$ 976,942	\$ (37,080)	\$ 884,251
Overtime pay	7,400	8,844	1,444	6,492
FICA	78,139	74,907	(3,232)	65,657
Employee retirement	108,271	106,548	(1,723)	88,588
Employee insurance	166,405	160,620	(5,785)	152,765
Workers' compensation	41,957	32,841	(9,116)	32,455
Unemployment insurance	2,000	175	(1,825)	6,548
Operating expenses:				
General supplies	2,000	1,927	(73)	2,469
Dues/training	800	2,379	1,579	80
Auto operating	303,640	268,730	(34,910)	270,839
Utility services	27,100	28,829	1,729	22,766
Data processing	5,860	7,031	1,171	5,545
Contracts and repairs	93,090	76,339	(16,751)	101,199
Uniforms and clothing	12,475	11,138	(1,337)	12,251
Advertising	300	286	(14)	1,533
Professional services	6,880	6,230	(650)	6,507
Special department supplies	222,017	279,524	57,507	254,802
Judgments/settlements	500	170	(330)	500
Insurance	44,200	29,781	(14,419)	45,057
TOTAL SANITATION OPERATIONS	\$ 2,137,056	\$ 2,073,241	\$ (63,815)	\$ 1,960,304

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - SANITATION SERVICES
 YEAR ENDED DECEMBER 31, 2013
 With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>MATERIAL RECOVERY FACILITY</u>				
Personal services:				
Salaries and wages	\$ 312,109	\$ 316,468	\$ 4,359	\$ 283,412
Overtime pay	16,170	21,514	5,344	14,279
FICA	25,113	25,871	758	20,934
Employee retirement	34,798	36,350	1,552	28,940
Employee insurance	49,478	47,540	(1,938)	45,071
Workers' compensation	14,304	6,350	(7,954)	12,503
Unemployment insurance	1,000	-	(1,000)	-
Operating expenses:				
General supplies	1,400	549	(851)	1,249
Dues/training	795	278	(517)	401
Auto operating	70,970	72,911	1,941	50,712
Utility services	14,175	16,606	2,431	16,711
Contracts and repairs	76,850	67,616	(9,234)	50,736
Building material	2,000	932	(1,068)	98
Recycling expenses	110,000	82,430	(27,570)	111,995
Uniforms and clothing	6,500	5,523	(977)	6,644
Advertising	1,300	282	(1,018)	2,852
Professional services	75,420	96,073	20,653	65,905
Special department supplies	66,043	48,900	(17,143)	34,895
Insurance	18,200	12,263	(5,937)	18,553
TOTAL MATERIAL RECOVERY FACILITY	896,625	858,456	(38,169)	765,890
DEPRECIATION	-	467,154	467,154	485,466
TOTAL OPERATING EXPENSES	\$ 3,033,681	\$ 3,398,851	\$ 365,170	\$ 3,211,660

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 613,732	\$ 325,412
Investments	<u>690,576</u>	<u>1,188,267</u>
 TOTAL CURRENT ASSETS	 <u>1,304,308</u>	 <u>1,513,679</u>
 <u>CAPITAL ASSETS, NET</u>		
Non-depreciable	184,546	184,546
Depreciable	<u>716,330</u>	<u>758,740</u>
 TOTAL CAPITAL ASSETS	 <u>900,876</u>	 <u>943,286</u>
 TOTAL ASSETS	 <u><u>\$ 2,205,184</u></u>	 <u><u>\$ 2,456,965</u></u>
 <u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 379	\$ 6,227
Accrued salaries and wages	14,312	11,273
Accrued vacation	<u>30,246</u>	<u>27,575</u>
 TOTAL CURRENT LIABILITIES	 <u>44,937</u>	 <u>45,075</u>
 TOTAL LIABILITIES	 <u>44,937</u>	 <u>45,075</u>
 <u>NET POSITION</u>		
<u>NET POSITION</u>		
Net investment in capital assets	900,876	943,286
Unrestricted	<u>1,259,371</u>	<u>1,468,604</u>
 TOTAL NET POSITION	 <u>2,160,247</u>	 <u>2,411,890</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 2,205,184</u></u>	 <u><u>\$ 2,456,965</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>OPERATING REVENUES</u>		
Stormwater utility fees	\$ 575,233	\$ 573,660
Other	<u>10,025</u>	<u>10,382</u>
 TOTAL OPERATING REVENUES	 <u>585,258</u>	 <u>584,042</u>
 <u>OPERATING EXPENSES</u>		
Stormwater operations	779,024	520,998
Depreciation	<u>47,097</u>	<u>47,783</u>
 TOTAL OPERATING EXPENSES	 <u>826,121</u>	 <u>568,781</u>
OPERATING (LOSS) INCOME	<u>(240,863)</u>	<u>15,261</u>
 <u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	3,532	4,781
Interest expense	-	(203)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>3,532</u>	<u>4,578</u>
(LOSS) INCOME BEFORE OPERATING TRANSFERS	<u>(237,331)</u>	<u>19,839</u>
 <u>TRANSFERS</u>		
Transfers out	<u>(14,312)</u>	<u>-</u>
TOTAL TRANSFERS	<u>(14,312)</u>	<u>-</u>
 CHANGE IN NET POSITION	 (251,643)	 19,839
 NET POSITION - BEGINNING OF YEAR	 <u>2,411,890</u>	 <u>2,392,051</u>
 NET POSITION - END OF YEAR	 <u>\$ 2,160,247</u>	 <u>\$ 2,411,890</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 575,233	\$ 573,660
Cash paid to suppliers	(320,316)	(83,491)
Cash paid to employees	(458,846)	(430,632)
Other operating cash receipts	10,025	10,382
	(193,904)	69,919
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers out to other funds	(14,312)	-
	(14,312)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(4,687)	(56,880)
Principal paid on capitalized leases	-	(7,674)
Interest paid on capitalized leases	-	(205)
	(4,687)	(64,759)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	3,532	4,781
	(209,371)	9,941
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,513,679	1,503,738
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,304,308	\$ 1,513,679

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME (LOSS)	\$ (240,863)	\$ 15,261
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	47,097	47,783
Change in assets and liabilities:		
(Decrease) increase in accounts payable	(5,848)	5,664
Increase in accrued salaries and wages	3,039	1,056
Increase in accrued vacation	2,671	155
TOTAL ADJUSTMENTS	46,959	54,658
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ (193,904)	 \$ 69,919
 Equity in pooled cash	 \$ 613,732	 \$ 325,412
Investments	690,576	1,188,265
	\$ 1,304,308	\$ 1,513,677

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Stormwater utility fees	\$ 577,236	\$ 575,233	\$ (2,003)	\$ 573,660
Other	4,000	10,025	6,025	10,382
TOTAL OPERATING REVENUES	581,236	585,258	4,022	584,042
<u>OPERATING EXPENSES</u>				
Stormwater operations	531,915	550,074	18,159	520,998
Drainage projects	54,321	228,950	174,629	-
Depreciation	-	47,097	47,097	47,783
TOTAL OPERATING EXPENSES	586,236	826,121	239,885	568,781
<u>NONOPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Interest revenue	5,000	3,532	(1,468)	4,781
Interest expense	-	-	-	(203)
TOTAL NONOPERATING REVENUES (EXPENSES)	5,000	3,532	(1,468)	4,578
INCOME (LOSS) BEFORE OPERATING TRANSFERS	-	(237,331)	(237,331)	19,839
<u>TRANSFERS</u>				
Transfers out	-	(14,312)	(14,312)	-
NET INCOME (LOSS)	\$ -	\$ (251,643)	\$ (251,643)	\$ 19,839

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEAR ENDED DECEMBER 31, 2013

With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013		2012	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>STORMWATER OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 325,768	\$ 362,641	\$ 36,873	\$ 337,023
FICA	24,922	27,091	2,169	24,486
Employee retirement	34,532	38,078	3,546	33,266
Employee insurance	35,554	34,450	(1,104)	32,849
Workers' compensation	5,213	2,278	(2,935)	4,203
Unemployment insurance	200	18	(182)	16
Operating expenses:				
General supplies	1,400	1,371	(29)	1,010
Dues/training	4,425	5,329	904	4,387
Auto operating	11,050	8,986	(2,064)	8,931
Data processing	45,500	39,293	(6,207)	21,259
Contracts and repairs	7,220	3,653	(3,567)	5,505
Uniforms and clothing	2,000	2,106	106	1,931
Advertising	2,500	3,933	1,433	8,611
Professional services	17,160	11,097	(6,063)	18,017
Special department supplies	6,002	3,883	(2,119)	4,862
Insurance	5,469	3,684	(1,785)	5,576
Machines & equipment	3,000	2,183	(817)	9,066
TOTAL STORMWATER OPERATIONS	531,915	550,074	18,159	520,998
DRAINAGE PROJECTS	54,321	228,950	174,629	-
DEPRECIATION	-	47,097	47,097	47,783
TOTAL OPERATING EXPENSES	\$ 586,236	\$ 826,121	\$ 239,885	\$ 568,781

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>RESTRICTED CURRENT ASSETS</u>		
Equity in pooled cash	\$ 27,057	\$ 50,870
Investments	<u>919,647</u>	<u>917,778</u>
 TOTAL CURRENT ASSETS	 <u>946,704</u>	 <u>968,648</u>
 TOTAL ASSETS	 <u>\$ 946,704</u>	 <u>\$ 968,648</u>
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Restricted per operating agreement	<u>\$ 946,704</u>	<u>\$ 968,648</u>
 TOTAL NET ASSETS	 <u>946,704</u>	 <u>968,648</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 946,704</u>	 <u>\$ 968,648</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<u>OPERATING EXPENSES</u>		
Savannah Bluff Lock and Dam operations	\$ (24,000)	\$ (24,000)
TOTAL OPERATING EXPENSES	(24,000)	(24,000)
<u>NONOPERATING REVENUES</u>		
Interest revenue	2,056	2,886
TOTAL NONOPERATING REVENUES	2,056	2,886
CHANGE IN NET POSITION	(21,944)	(21,114)
NET POSITION - BEGINNING OF YEAR	968,648	989,762
NET POSITION - END OF YEAR	\$ 946,704	\$ 968,648

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash paid to suppliers	\$ (24,000)	\$ (24,000)
NET CASH USED BY OPERATING ACTIVITIES	<u>(24,000)</u>	<u>(24,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	<u>2,056</u>	<u>2,886</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,056</u>	<u>2,886</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(21,944)	(21,114)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>968,648</u>	<u>989,762</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 946,704</u>	<u>\$ 968,648</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</u>		
OPERATING LOSS	<u>\$ (24,000)</u>	<u>\$ (24,000)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (24,000)</u>	<u>\$ (24,000)</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash - restricted	\$ 27,057	\$ 50,870
Investments - restricted	<u>919,647</u>	<u>917,778</u>
	<u>\$ 946,704</u>	<u>\$ 968,648</u>

CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS

These schedules present only the capital asset balances (which include land, buildings, betterments, and equipment owned by the City) related to governmental-type funds. Accordingly, the capital assets reported in Proprietary-type funds are excluded from these amounts. Infrastructure capital assets represent actual cost of construction and/or estimated values of deeded properties by developers.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 DECEMBER 31, 2013

CAPITAL ASSETS

Land and improvements	\$ 21,512,036
Construction in progress	183,179
Buildings	31,612,846
Machinery and equipment	1,695,169
Furniture and fixtures	1,547,977
Vehicles	5,450,406
Infrastructure	21,456,053
Right of ways	2,764,810

TOTAL CAPITAL ASSETS	\$ 86,222,476
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INVESTMENT IN CAPITAL ASSETS FROM

General and Special Revenue Fund revenues	\$ 39,144,156
Capital Projects Fund revenues	25,879,588
State and Federal grants	1,636,727
Contributions from subdividers	18,483,486
Gifts	1,078,519

TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 86,222,476
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This schedule presents only the capital asset balances related to governmental funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 DECEMBER 31, 2013

	TOTAL	LAND AND IMPROVE- MENTS	CONSTRUCTION IN PROGRESS	BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	VEHICLES	INFRA- STRUCTURE	RIGHT OF WAYS
GENERAL GOVERNMENT									
Control:									
City Council	\$ 24,866,281	\$ 4,740,864	\$ -	\$ 20,066,694	\$ -	\$ 58,723	\$ -	\$ -	\$ -
City Administration	16,009	-	-	-	-	16,009	-	-	-
TOTAL	24,882,290	4,740,864	-	20,066,694	-	74,732	-	-	-
Staff Agencies:									
Finance	112,638	-	-	-	-	93,434	19,204	-	-
Planning and Development	31,840	-	-	-	-	11,920	19,920	-	-
Building Standards	144,011	-	-	83,000	-	-	61,011	-	-
City Buildings	246,528	-	-	-	246,528	-	-	-	-
TOTAL	535,017	-	-	83,000	246,528	105,354	100,135	-	-
TOTAL GENERAL GOVERNMENT	25,417,307	4,740,864	-	20,149,694	246,528	180,086	100,135	-	-
PUBLIC SAFETY	8,233,937	122,932	91,083	2,157,856	42,762	1,254,605	4,564,699	-	-
PUBLIC WORKS									
Engineering	33,249	-	-	-	-	-	33,249	-	-
Street Light/Traffic Signals	2,043,554	-	-	-	-	-	-	2,043,554	-
Streets and Drains	24,354,211	1,136,146	50,866	150,000	429,001	5,129	405,760	19,412,499	2,764,810
TOTAL PUBLIC WORKS	26,431,014	1,136,146	50,866	150,000	429,001	5,129	439,009	21,456,053	2,764,810
RECREATION AND PARKS	26,140,218	15,512,094	41,230	9,155,296	976,878	108,157	346,563	-	-
TOTAL GENERAL CAPITAL ASSETS	\$ 86,222,476	\$ 21,512,036	\$ 183,179	\$ 31,612,846	\$ 1,695,169	\$ 1,547,977	\$ 5,450,406	\$ 21,456,053	\$ 2,764,810

This schedule presents only the capital asset balances related to governmental funds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 YEAR ENDED DECEMBER 31, 2013

	GENERAL CAPITAL ASSETS 12/31/12	ADDITIONS	DELETIONS	TRANSFERS	GENERAL CAPITAL ASSETS 12/31/13
<u>GENERAL GOVERNMENT</u>					
Control:					
City Council	\$ 24,866,281	\$ -	\$ -	\$ -	\$ 24,866,281
City Administration	16,009	-	-	-	16,009
TOTAL	24,882,290	-	-	-	24,882,290
Staff Agencies:					
Finance	112,638	-	-	-	112,638
Planning and Development	31,840	-	-	-	31,840
Building Standards	144,011	-	-	-	144,011
City Buildings	246,528	-	-	-	246,528
TOTAL	535,017	-	-	-	535,017
TOTAL GENERAL GOVERNMENT	25,417,307	-	-	-	25,417,307
PUBLIC SAFETY	7,593,511	786,232	(145,806)	-	8,233,937
<u>PUBLIC WORKS</u>					
Engineering	33,249	-	-	-	33,249
Street Light/ Traffic Signals	2,043,554	-	-	-	2,043,554
Streets and Drains	23,608,463	1,365,307	(619,559)	-	24,354,211
TOTAL PUBLIC WORKS	25,685,266	1,365,307	(619,559)	-	26,431,014
RECREATION AND PARKS	25,896,836	310,656	(88,212)	20,938	26,140,218
TOTAL GENERAL CAPITAL ASSETS	\$ 84,592,920	\$ 2,462,195	\$ (853,577)	\$ 20,938	\$ 86,222,476

This schedule presents only the capital asset balances related to governmental funds.

SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
GENERAL FUND

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES - GENERAL FUND
 YEAR ENDED DECEMBER 31, 2013

Court Fines	
Court fines collected	\$ 399,472
Court fines retained by City	<u>399,472</u>
 Court fines remitted to State Treasurer	 <u><u>\$ -</u></u>
 Court Assessments	
Court assessments collected	\$ 378,778
Court assessments retained by City	<u>43,318</u>
 Court assessments remitted to State Treasurer	 <u><u>\$ 335,460</u></u>
 Court Surcharges	
Court surcharges collected	\$ 193,587
Court surcharges retained by City	<u>15,166</u>
 Court surcharges remitted to State Treasurer	 <u><u>\$ 178,421</u></u>
 Victim Services	
Court assessments allocated to Victim Services	\$ 43,318
Court surcharges allocated to Victim Services	<u>9,625</u>
 Funds allocated to Victim Services	 52,943
Victim Services Expenditures	<u>31,726</u>
 Funds Allocated to Victim Services in Excess of Victim Services Expenditures	 21,217
 Funds available for carryforward - beginning of year	 <u>11,624</u>
 Funds available for carryforward - end of year	 <u><u>\$ 32,841</u></u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED DECEMBER 31, 2013

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of the Interior, National Park Service Land and Water Conservation Fund Grant	15.916	45-01095	\$ 100,000
U.S. Department of Transportation (Passed through the South Carolina Department of Public Safety) Law Enforcement Grant	20.600	2JC10002	<u>27,553</u>
			<u>\$ 127,553</u>

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NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Augusta, South Carolina and is presented on the accrual basis of accounting.

NOTE 2 - NON CASH AWARDS

City of North Augusta, South Carolina did not receive any non-cash federal awards during the year ended December 31, 2013.

Michelle Bennett, CPA
Rick L. Evans, CPA
E. J. Maddocks, CPA
Jay Sanders, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor, Members of City Council
and City Administrator
City of North Augusta, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Augusta, South Carolina, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of North Augusta, South Carolina's basic financial statements, and have issued our report thereon dated April 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of North Augusta, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of North Augusta, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of North Augusta, South Carolina's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of North Augusta, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Serotta Maddocks Evans + Co.
SEROTTA MADDOCKS EVANS & CO., CPA's

Augusta, Georgia
April 17, 2014

**STATISTICAL
SECTION**

STATISTICAL SECTION

This part of the City of North Augusta's Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	127 – 131
REVENUE CAPACITY <i>These schedules contain information to help the reader assess the factors affecting the ability to generate its property taxes and other major sources of revenue.</i>	132 – 138
DEBT CAPACITY <i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	139 – 143
DEMOGRAPHIC AND ECONOMIC INFORMATION <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.</i>	144 – 145
OPERATING INFORMATION <i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities the City performs. A history of rates and charges is also presented.</i>	146 – 150

SOURCES: *Unless otherwise noted, the information in these schedules is derived from the City of North Augusta's Comprehensive Annual Financial Reports for the relevant year.*

North
Augusta 
South Carolina's Riverfront

City of North Augusta, South Carolina
Net Position by Component
Last Ten Fiscal Years
Unaudited

	Year Ending December 31				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	\$ 20,905,872	\$ 24,475,710	\$ 28,977,233	\$ 32,909,692	\$ 37,222,478
Restricted	310,766	-	4,716,068	6,386,196	47,801
Unrestricted	<u>11,869,787</u>	<u>10,125,562</u>	<u>4,389,098</u>	<u>8,315,826</u>	<u>14,824,747</u>
Total governmental activities net position	<u>\$ 33,086,425</u>	<u>\$ 34,601,272</u>	<u>\$ 38,082,399</u>	<u>\$ 47,611,714</u>	<u>\$ 52,095,026</u>
Business-type activities					
Net investment in capital assets	\$ 31,381,966	\$ 31,498,851	\$ 32,069,057	\$ 33,496,267	\$ 39,260,545
Restricted	6,366,443	7,265,318	8,263,966	9,709,599	8,669,853
Unrestricted	<u>6,368,190</u>	<u>7,301,925</u>	<u>8,182,270</u>	<u>9,426,228</u>	<u>9,366,037</u>
Total business-type activities net position	<u>\$ 44,116,599</u>	<u>\$ 46,066,094</u>	<u>\$ 48,515,293</u>	<u>\$ 52,632,094</u>	<u>\$ 57,296,435</u>
Primary Government					
Net investment in capital assets	\$ 52,287,838	\$ 55,974,561	\$ 61,046,290	\$ 66,405,959	\$ 76,483,023
Restricted	6,677,209	7,265,318	12,980,034	16,095,795	8,717,654
Unrestricted	<u>18,237,977</u>	<u>17,427,487</u>	<u>12,571,368</u>	<u>17,742,054</u>	<u>24,190,784</u>
Total primary government net position	<u>\$ 77,203,024</u>	<u>\$ 80,667,366</u>	<u>\$ 86,597,692</u>	<u>\$ 100,243,808</u>	<u>\$ 109,391,461</u>

	Year Ending December 31				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 43,873,602	\$ 44,780,462	\$ 48,387,572	\$ 51,180,628	\$ 53,791,597
Restricted	9,771	5,461	9,158,402	7,210,998	7,810,702
Unrestricted	<u>12,594,803</u>	<u>15,028,645</u>	<u>6,382,049</u>	<u>7,342,802</u>	<u>5,466,773</u>
Total governmental activities net position	<u>\$ 56,478,176</u>	<u>\$ 59,814,568</u>	<u>\$ 63,928,023</u>	<u>\$ 65,734,428</u>	<u>\$ 67,069,072</u>
Business-type activities					
Net investment in capital assets	\$ 40,738,413	\$ 41,186,486	\$ 44,889,398	\$ 46,022,914	\$ 47,734,609
Restricted	9,329,287	10,537,438	9,422,871	10,116,845	10,104,431
Unrestricted	<u>9,289,594</u>	<u>9,417,349</u>	<u>8,342,254</u>	<u>8,233,390</u>	<u>7,777,449</u>
Total business-type activities net position	<u>\$ 59,357,294</u>	<u>\$ 61,141,273</u>	<u>\$ 62,654,523</u>	<u>\$ 64,373,149</u>	<u>\$ 65,616,489</u>
Primary Government					
Net investment in capital assets	\$ 84,612,015	\$ 85,966,948	\$ 93,276,970	\$ 97,203,542	\$ 101,526,206
Restricted	9,339,058	10,542,899	18,581,273	17,327,843	17,915,133
Unrestricted	<u>21,884,397</u>	<u>24,445,994</u>	<u>14,724,303</u>	<u>15,576,192</u>	<u>13,244,222</u>
Total primary government net position	<u>\$ 115,835,470</u>	<u>\$ 120,955,841</u>	<u>\$ 126,582,546</u>	<u>\$ 130,107,577</u>	<u>\$ 132,685,561</u>

City of North Augusta, South Carolina
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Year Ending December 31				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	\$ 2,616,367	\$ 3,256,036	\$ 2,858,015	\$ 3,283,604	\$ 2,890,989
Public safety	3,978,846	4,294,245	4,624,981	4,955,943	5,265,573
Public works	1,401,228	2,151,023	1,516,253	1,487,012	2,692,210
Recreation and parks	2,524,043	2,488,095	2,928,875	3,327,793	3,763,461
Debt service - interest and fees	66,777	18,258	23,700	24,001	433,418
Loss on debt defeasance	-	-	-	-	-
Total governmental activities expenses	<u>\$ 10,587,261</u>	<u>\$ 12,207,657</u>	<u>\$ 11,951,824</u>	<u>\$ 13,078,353</u>	<u>\$ 15,045,651</u>
Business-type activities:					
Water and sewer	\$ 5,115,890	\$ 5,676,796	\$ 6,080,671	\$ 6,364,814	\$ 6,694,797
Sanitation	2,409,362	2,619,149	2,845,766	3,066,729	3,239,034
Stormwater utility	107,852	244,115	276,721	281,471	373,803
Savannah Bluff Lock and Dam utility	-	-	-	-	-
Total business-type activities expenses	<u>\$ 7,633,104</u>	<u>\$ 8,540,060</u>	<u>\$ 9,203,158</u>	<u>\$ 9,713,014</u>	<u>\$ 10,307,634</u>
Total primary government expenses	<u>\$ 18,220,365</u>	<u>\$ 20,747,717</u>	<u>\$ 21,154,982</u>	<u>\$ 22,791,367</u>	<u>\$ 25,353,285</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,322,592	\$ 3,816,068	\$ 4,177,540	\$ 4,552,001	\$ 4,481,413
Public safety	935,933	945,723	925,170	995,420	897,428
Recreation and parks	826,673	911,037	915,439	935,166	931,614
Operating grants and contributions	617,063	642,309	690,426	754,944	856,777
Capital grants and contributions	1,620,506	1,156,232	1,528,331	3,477,186	1,768,611
Total governmental activities program revenues	<u>\$ 7,322,767</u>	<u>\$ 7,471,369</u>	<u>\$ 8,236,906</u>	<u>\$ 10,714,717</u>	<u>\$ 8,935,843</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 6,472,866	\$ 6,762,888	\$ 6,799,406	\$ 7,606,718	\$ 7,537,277
Sanitation	2,606,515	2,676,653	3,026,197	3,306,010	3,308,538
Stormwater utility	500,806	511,239	522,304	536,597	547,766
Capital grants and contributions	-	173,409	687,953	1,600,851	3,091,789
Total business-type activities program revenues	<u>\$ 9,580,187</u>	<u>\$ 10,124,189</u>	<u>\$ 11,035,860</u>	<u>\$ 13,050,176</u>	<u>\$ 14,485,370</u>
Total primary government program revenues	<u>\$ 16,902,954</u>	<u>\$ 17,595,558</u>	<u>\$ 19,272,766</u>	<u>\$ 23,764,893</u>	<u>\$ 23,421,213</u>
Net (expense) / revenue					
Governmental activities	\$ (3,264,494)	\$ (4,736,288)	\$ (3,714,918)	\$ (2,363,636)	\$ (6,109,808)
Business-type activities	1,947,083	1,584,129	1,832,702	3,337,162	4,177,736
Total primary government net expense	<u>\$ (1,317,411)</u>	<u>\$ (3,152,159)</u>	<u>\$ (1,882,216)</u>	<u>\$ 973,526</u>	<u>\$ (1,932,072)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319
Capital projects sales taxes	3,487,905	-	617,589	4,679,330	3,415,808
Local hospitality and accommodations taxes	444,861	464,701	499,739	537,879	550,501
Interest on investments	135,688	404,595	591,214	964,169	533,146
Miscellaneous	284,423	404,619	277,895	326,658	198,679
Transfers	269,644	293,231	315,993	330,850	396,667
Total governmental activities	<u>\$ 9,060,010</u>	<u>\$ 6,251,135</u>	<u>\$ 7,196,045</u>	<u>\$ 11,892,951</u>	<u>\$ 10,593,120</u>
Business-type activities:					
Interest on investments	\$ 133,242	\$ 365,254	\$ 681,580	\$ 862,217	\$ 400,115
Miscellaneous	368,930	293,343	250,910	248,272	483,157
Transfers	(269,644)	(293,231)	(315,993)	(330,850)	(396,667)
Total business-type activities	<u>\$ 232,528</u>	<u>\$ 365,366</u>	<u>\$ 616,497</u>	<u>\$ 779,639</u>	<u>\$ 486,605</u>
Total primary government	<u>\$ 9,292,538</u>	<u>\$ 6,616,501</u>	<u>\$ 7,812,542</u>	<u>\$ 12,672,590</u>	<u>\$ 11,079,725</u>
Change in Net Position					
Governmental activities	\$ 5,795,516	\$ 1,514,847	\$ 3,481,127	\$ 9,529,315	\$ 4,483,312
Business-type activities	2,179,511	1,949,495	2,449,199	4,116,801	4,664,341
Total primary government	<u>\$ 7,975,127</u>	<u>\$ 3,464,342</u>	<u>\$ 5,930,326</u>	<u>\$ 13,646,116</u>	<u>\$ 9,147,653</u>

(continued)

City of North Augusta, South Carolina
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Year Ending December 31				
	2009	2010	2011	2012	2013
Expenses					
Governmental activities:					
General government	\$ 3,646,500	\$ 3,798,574	\$ 3,416,002	\$ 3,574,637	\$ 3,893,288
Public safety	5,414,709	5,898,849	6,546,364	6,975,047	6,615,699
Public works	1,883,507	1,796,722	2,796,708	2,980,032	2,609,477
Recreation and parks	3,623,796	3,994,496	3,792,045	4,053,013	4,212,673
Debt service - interest and fees	476,037	380,060	358,055	340,610	313,866
Loss on debt defeasance	-	-	-	-	277,682
Total governmental activities expenses	<u>\$ 15,044,549</u>	<u>\$ 15,868,701</u>	<u>\$ 16,909,174</u>	<u>\$ 17,923,339</u>	<u>\$ 17,922,685</u>
Business-type activities:					
Water and sewer	\$ 6,782,763	\$ 6,994,927	\$ 7,220,770	\$ 6,958,202	\$ 7,491,321
Sanitation	3,012,364	3,054,296	3,168,553	3,160,647	3,376,614
Stormwater utility	529,291	519,481	542,919	568,984	826,121
Savannah Bluff Lock and Dam utility	6,062	23,275	22,000	24,000	24,000
Total business-type activities expenses	<u>\$ 10,330,480</u>	<u>\$ 10,591,979</u>	<u>\$ 10,954,242</u>	<u>\$ 10,711,833</u>	<u>\$ 11,718,056</u>
Total primary government expenses	<u>\$ 25,375,029</u>	<u>\$ 26,460,680</u>	<u>\$ 27,863,416</u>	<u>\$ 28,635,172</u>	<u>\$ 29,640,741</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 4,344,903	\$ 4,386,190	\$ 4,605,180	\$ 4,711,699	\$ 4,892,172
Public safety	945,905	1,082,900	1,177,117	1,092,699	1,055,155
Recreation and parks	921,644	1,110,505	1,060,317	1,019,548	1,058,841
Operating grants and contributions	789,968	893,625	1,375,032	848,298	872,295
Capital grants and contributions	1,813,172	489,270	1,569,830	1,619,796	1,357,083
Total governmental activities program revenues	<u>\$ 8,815,592</u>	<u>\$ 7,962,490</u>	<u>\$ 9,787,476</u>	<u>\$ 9,292,040</u>	<u>\$ 9,235,546</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 7,714,553	\$ 8,148,497	\$ 8,450,349	\$ 8,388,987	\$ 8,564,524
Sanitation	3,182,076	3,384,930	3,400,975	3,388,623	3,647,518
Stormwater utility	554,394	563,305	572,288	573,660	575,233
Capital grants and contributions	955,928	511,472	245,500	206,463	220,936
Total business-type activities program revenues	<u>\$ 12,406,951</u>	<u>\$ 12,608,204</u>	<u>\$ 12,669,112</u>	<u>\$ 12,557,733</u>	<u>\$ 13,008,211</u>
Total primary government program revenues	<u>\$ 21,222,543</u>	<u>\$ 20,570,694</u>	<u>\$ 22,456,588</u>	<u>\$ 21,849,773</u>	<u>\$ 22,243,757</u>
Net (expense) / revenue					
Governmental activities	\$ (6,228,957)	\$ (7,906,211)	\$ (7,121,698)	\$ (8,631,299)	\$ (8,687,139)
Business-type activities	2,076,471	2,016,225	1,714,870	1,845,900	1,290,155
Total primary government net expense	<u>\$ (4,152,486)</u>	<u>\$ (5,889,986)</u>	<u>\$ (5,406,828)</u>	<u>\$ (6,785,399)</u>	<u>\$ (7,396,984)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 5,994,545	\$ 6,142,064	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860
Capital projects sales taxes	3,331,626	3,354,214	3,474,959	1,861,677	1,180,511
Local hospitality and accommodations taxes	548,490	555,230	559,853	584,227	622,971
Interest on investments	92,616	54,755	33,350	77,894	70,768
Miscellaneous	106,871	577,187	336,245	590,882	631,662
Transfers	537,959	559,153	536,574	542,241	657,011
Total governmental activities	<u>\$ 10,612,107</u>	<u>\$ 11,242,603</u>	<u>\$ 11,235,153</u>	<u>\$ 10,437,704</u>	<u>\$ 10,021,783</u>
Business-type activities:					
Interest on investments	\$ 95,157	\$ 63,562	\$ 42,216	\$ 56,203	\$ 48,450
Miscellaneous	427,190	263,345	292,738	358,764	561,746
Transfers	(537,959)	(559,153)	(536,574)	(542,241)	(657,011)
Total business-type activities	<u>\$ (15,612)</u>	<u>\$ (232,246)</u>	<u>\$ (201,620)</u>	<u>\$ (127,274)</u>	<u>\$ (46,815)</u>
Total primary government	<u>\$ 10,596,495</u>	<u>\$ 11,010,357</u>	<u>\$ 11,033,533</u>	<u>\$ 10,310,430</u>	<u>\$ 9,974,968</u>
Change in Net Position					
Governmental activities	\$ 4,383,150	\$ 3,336,392	\$ 4,113,455	\$ 1,806,405	\$ 1,334,644
Business-type activities	2,060,859	1,783,979	1,513,250	1,718,626	1,243,340
Total primary government	<u>\$ 6,444,009</u>	<u>\$ 5,120,371</u>	<u>\$ 5,626,705</u>	<u>\$ 3,525,031</u>	<u>\$ 2,577,984</u>

City of North Augusta, South Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Year Ending December 31				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 2,526	\$ 4,222	\$ 2,433	\$ 61,429	\$ 49,883
Unreserved	882,068	1,409,691	1,294,516	1,018,244	257,821
Total General Fund	<u>\$ 884,594</u>	<u>\$ 1,413,913</u>	<u>\$ 1,296,949</u>	<u>\$ 1,079,673</u>	<u>\$ 307,704</u>
All Other Governmental Funds					
Reserved, reported in:					
Capital Projects Fund	\$ -	\$ -	\$ 4,716,068	\$ 6,326,000	\$ -
Special Revenue Funds	17,474	11,048	7,187	7,187	7,187
Unreserved, reported in:					
Sales Tax I Fund	6,337,904	3,114,127	2,783,114	2,809,915	2,417,057
Sales Tax II Fund	-	-	(1,134,125)	2,174,841	3,405,202
Capital Projects Fund	2,235,265	2,545,815	2,802,408	4,852,297	5,697,563
Riverfront/Central Core Redevelopment Fund	-	-	-	3,025,359	1,632,936
Special Revenue Fund	2,888,316	3,223,659	3,735,686	1,187,157	1,811,304
Total all other governmental funds	<u>\$ 11,478,959</u>	<u>\$ 8,894,649</u>	<u>\$ 12,910,338</u>	<u>\$ 20,382,756</u>	<u>\$ 14,971,249</u>

	Year Ending December 31				
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 10,947	\$ -	\$ -	\$ -	\$ -
Unreserved	595,511	-	-	-	-
Nonspendable *	-	1,319	1,723	1,220	1,630
Restricted *	-	5,461	2,600	3,140	32,841
Committed *	-	522,008	695,829	1,143,666	966,050
Total General Fund	<u>\$ 606,458</u>	<u>\$ 528,788</u>	<u>\$ 700,152</u>	<u>\$ 1,148,026</u>	<u>\$ 1,000,521</u>
All Other Governmental Funds					
Reserved, reported in:					
Riverfront/Central Core Redevelopment Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	7,187	-	-	-	-
Unreserved, reported in:					
Sales Tax I Fund	1,359,545	-	-	-	-
Sales Tax II Fund	1,450,018	-	-	-	-
Capital Projects Fund	4,943,102	-	-	-	-
Riverfront/Central Core Redevelopment Fund	1,664,610	-	-	-	-
Special Revenue Fund	3,092,199	-	-	-	-
Restricted, reported in: *					
Sales Tax II Fund (Major Fund)	-	4,301,114	4,964,199	2,942,447	-
Sales Tax III Fund (Major Fund)	-	-	-	-	445,666
Capital Projects Fund (Major Fund)	-	2,180,000	2,265,000	2,395,000	2,100,000
Other Special Revenue Funds (Nonmajor Funds)	-	52,335	65,031	84,598	96,946
Other Capital Projects Funds (Nonmajor Funds)	-	1,326,126	1,305,332	1,303,819	4,422,979
Committed, reported in: *					
Capital Projects Fund (Major Fund)	-	564,750	377,543	315,960	337,282
Other Capital Projects Funds (Nonmajor Funds)	-	1,325,639	1,118,263	271,086	639,655
Other Special Revenue Funds (Nonmajor Funds)	-	557,038	558,046	610,203	558,046
Assigned, reported in: *					
Capital Projects Fund (Major Fund)	-	1,634,864	1,870,059	2,279,767	211,890
Other Capital Projects Funds (Nonmajor Funds)	-	2,133,206	1,921,570	2,913,311	3,117,338
Other Revenue Funds (Nonmajor Funds)	-	1,043,683	936,643	838,382	905,701
Unassigned, reported in: *					
Other Capital Projects Funds (Nonmajor Funds)	-	(58,487)	-	-	-
Total all other governmental funds	<u>\$ 12,516,661</u>	<u>\$ 15,060,268</u>	<u>\$ 15,381,686</u>	<u>\$ 13,954,573</u>	<u>\$ 12,835,503</u>

*GASBS 54, Fund Balance Reporting and Governmental Fund Type Definitions, was adopted by the City for Fiscal Year 2011. Fiscal Year 2010 is presented in compliance with GASB Statement No. 54 for comparative purposes.

City of North Augusta, South Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Year Ending December 31				
	2004	2005	2006	2007	2008
Revenues					
Ad valorem taxes	\$ 4,437,489	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319
Capital projects sales taxes	3,487,905	-	617,589	4,679,330	3,415,808
Local hospitality and accommodations taxes	444,861	464,701	499,739	537,879	550,501
Licenses and permits	3,322,592	3,816,068	4,177,540	4,552,001	4,481,413
Fines and forfeitures	868,671	876,282	855,129	926,477	830,404
Charges for services	893,935	980,478	985,480	1,004,109	998,638
Intergovernmental	967,617	1,168,607	1,242,562	965,087	2,263,544
Miscellaneous/interest earnings	424,016	809,214	912,490	1,574,185	907,236
Contributions	50,000	-	-	-	57,000
Grant revenue	-	-	-	-	304,844
Total Revenues	\$ 14,897,086	\$ 12,799,339	\$ 14,184,144	\$ 19,293,133	\$ 19,307,707
Expenditures					
General Government	\$ 2,361,881	\$ 2,598,503	\$ 2,739,949	\$ 2,681,386	\$ 2,881,302
Public Safety	3,751,192	4,029,772	4,365,183	4,657,544	4,992,356
Public Works	825,874	785,659	812,420	902,549	1,116,121
Recreation and Parks	2,098,829	2,160,095	2,487,298	2,589,110	2,922,300
Capital Outlay	1,113,939	5,288,641	5,021,984	8,294,272	12,209,020
Debt Service:					
Principal	543,544	959,946	394,662	371,555	906,150
Interest	67,047	18,258	23,700	142,499	433,418
Intergovernmental	-	-	-	-	800,000
Total Expenditures	\$ 10,762,306	\$ 15,840,874	\$ 15,845,196	\$ 19,638,915	\$ 26,260,667
Excess (deficiency) of revenues over (under) expenditures	\$ 4,134,780	\$ (3,041,535)	\$ (1,661,052)	\$ (345,782)	\$ (6,952,960)
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ 841,019	\$ -	\$ -	\$ 634,442	\$ -
Capital lease obligations	278,418	693,313	313,677	6,689,632	408,499
Lease issuance cost	-	-	-	(24,000)	-
Proceeds from bond issue	-	-	4,716,068	-	-
Transfers in	593,322	1,175,299	1,725,684	1,625,366	1,439,423
Transfers out	(323,678)	(882,068)	(1,409,691)	(1,294,516)	(1,078,440)
Total other financing sources (uses)	\$ 1,389,081	\$ 986,544	\$ 5,345,738	\$ 7,630,924	\$ 769,482
Net change in fund balances	\$ 5,523,861	\$ (2,054,991)	\$ 3,684,686	\$ 7,285,142	\$ (6,183,478)
Debt service as a percentage of noncapital expenditures	6.33%	9.27%	3.87%	4.53%	9.53%

	Year Ending December 31				
	2009	2010	2011	2012	2013
Revenues					
Ad valorem taxes	\$ 5,994,545	\$ 6,142,064	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860
Capital projects sales taxes	3,331,626	3,354,214	3,474,959	1,861,677	1,180,511
Local hospitality and accommodations taxes	548,490	555,230	559,853	584,227	622,971
Licenses and permits	4,344,903	4,386,190	4,605,181	4,711,699	4,892,172
Fines and forfeitures	880,343	1,017,029	1,113,435	1,029,126	991,039
Charges for services	1,083,661	1,176,376	1,123,999	1,083,121	1,122,957
Intergovernmental	2,181,554	1,105,430	2,050,355	1,198,831	1,141,759
Miscellaneous/interest earnings	453,852	513,604	369,594	675,603	697,191
Contributions	-	-	62,497	310,352	1,000
Grant revenue	421,586	-	17,563	4,352	-
Total Revenues	\$ 19,240,560	\$ 18,250,137	\$ 19,671,608	\$ 18,239,771	\$ 17,508,460
Expenditures					
General Government	\$ 2,921,774	\$ 3,296,614	\$ 2,964,818	\$ 2,984,191	\$ 3,302,811
Public Safety	5,091,162	5,547,594	6,092,949	6,502,974	6,058,506
Public Works	1,078,396	1,182,030	1,117,385	1,176,290	1,157,668
Recreation and Parks	2,818,409	2,947,681	2,966,513	3,154,330	3,141,942
Capital Outlay	8,928,503	2,596,756	5,903,648	5,089,261	1,353,010
Debt Service:					
Principal	945,126	883,675	974,915	1,024,075	4,117,682
Interest	412,307	386,664	361,398	345,547	599,101
Intergovernmental	-	-	-	-	-
Total Expenditures	\$ 22,195,677	\$ 16,841,014	\$ 20,381,626	\$ 20,276,668	\$ 19,730,720
Excess (deficiency) of revenues over (under) expenditures	\$ (2,955,117)	\$ 1,409,123	\$ (710,018)	\$ (2,036,897)	\$ (2,222,260)
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ -	\$ 293,749	\$ -	\$ -	\$ -
Capital lease obligations	285,909	217,368	666,226	515,417	309,494
Lease issuance cost	-	-	-	-	-
Proceeds from bond issue	-	-	-	-	-
Transfers in	771,195	1,141,208	913,575	1,135,143	1,691,350
Transfers out	(257,821)	(595,511)	(377,001)	(592,902)	(1,045,159)
Total other financing sources (uses)	\$ 799,283	\$ 1,056,814	\$ 1,202,800	\$ 1,057,658	\$ 955,685
Net change in fund balances	\$ (2,155,834)	\$ 2,465,937	\$ 492,782	\$ (979,239)	\$ (1,266,575)
Debt service as a percentage of noncapital expenditures	10.23%	8.92%	9.23%	9.02%	25.67%

City of North Augusta, South Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended December 31	(a) Tax Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Tax Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2004	2003	\$ 39,026,699	\$ 773,433,857	\$ 15,301,002	\$ 124,858,224	\$ 54,327,701	\$ 898,292,081	81.08
2005	2004	40,334,249	812,425,676	16,732,253	131,085,827	57,066,502	943,511,503	81.08
2006	2005	41,827,490	851,553,721	17,987,421	137,399,183	59,814,911	988,952,904	81.08
2007	2006	42,445,538	864,136,019	18,253,204	139,430,967	60,698,742	1,003,566,986	81.08
2008	(b) 2007	50,581,231	1,029,704,480	17,825,479	136,161,590	68,406,710	1,165,866,070	77.20
2009	2008	55,751,062	1,134,948,515	17,554,767	134,093,840	73,305,829	1,269,042,355	77.20
2010	2009	56,974,481	1,159,853,825	17,939,988	137,036,395	74,914,469	1,296,890,220	77.20
2011	2010	58,409,698	1,188,082,347	18,327,983	140,371,587	76,737,681	1,328,453,934	77.20
2012	(b) 2011	67,451,510	1,371,997,494	18,490,991	141,620,052	85,942,501	1,513,617,546	74.21
2013	2012	68,404,348	1,395,850,974	19,032,345	144,082,251	87,436,693	1,539,933,225	74.21

Source: City of North Augusta tax records

(a) The City of North Augusta uses different tax years for real and personal property taxes because on April 30, 1980, the S.C. General Assembly passed a law that provided for the billing and collection of personal property taxes on motor vehicles on a staggered basis according to expiration of the license tag.

(b) Reassessment year, see Table VI

City of North Augusta, South Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31	(a) Tax Year	Overlapping Property Tax Rates										Total Direct & Overlapping Rates
		City of North Augusta			County of Aiken			Aiken County School District				
		Operating Millage	Debt Service Millage (b)	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2004	2003	81.08	-	81.08	60.70	5.80	66.50	124.00	23.60	147.60	295.18	
2005	2004	81.08	-	81.08	64.40	2.10	66.50	124.00	23.60	147.60	295.18	
2006	2005	72.13	8.95	81.08	67.20	3.30	70.50	124.00	25.50	149.50	301.08	
2007	2006	72.13	8.95	81.08	67.10	3.40	70.50	126.90	27.80	154.70	306.28	
2008	2007	68.69	8.51	77.20	65.00	9.70	74.70	125.80	29.10	154.90	306.80	
2009	2008	68.69	8.51	77.20	65.80	8.90	74.70	131.00	29.20	160.20	312.10	
2010	2009	68.69	8.51	77.20	67.60	7.10	74.70	137.50	23.50	161.00	312.90	
2011	2010	68.69	8.51	77.20	67.90	6.80	74.70	137.50	23.50	161.00	312.90	
2012	2011	66.40	7.81	74.21	65.60	4.30	69.90	131.60	31.50	163.10	307.21	
2013	2012	66.40	7.81	74.21	66.00	3.90	69.90	135.80	31.50	167.30	311.41	

Source: Aiken County Auditor

(a) Because of the change mandated by State law noted in the footnote of Table V, the City of North Augusta uses different tax years for real and personal property taxes.

(b) The City had no GOB debt prior to 2006.

City Tax Data:

Mill: Represents .1% per \$1,000 of assessed valuation
Tax Rate Limits: None
Taxes Due: Personal: In the month preceding tag renewal by the S.C. State Highway Department
Real and Merchants: April 30th
Personal: N/A--Taxes on personal property paid in advance

Taxes Delinquent: Real and Merchants: May 1st
Discount Allowed: None
Penalties: Real and Merchants: 15%
Reassessment Years: Tax Years 2007, 2011

Uncollected taxes are turned over to the City Delinquent Tax Collector on June 1st, with authority to enforce collection by tax sale.

**City of North Augusta, South Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

Taxpayer	Type of Business	2013			2004		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
S. C. Electric & Gas Co.	Utility	\$ 2,550,700	1	2.92%	\$ 1,829,045	2	3.37%
Cytec Surface Specialties, Inc.	Manufacturing	1,412,350	2	1.62%	2,040,343	1	3.76%
SRP Federal Credit Union	Banking/Credit Union	1,249,020	3	1.43%			
Wal-Mart, Inc.	Retail Shopping	1,209,990	4	1.38%			
North Augusta Plaza SC, LLC	Real Estate	1,087,920	5	1.24%	602,183	6	1.11%
Halocarbon Chemicals, Inc.	Manufacturing	1,075,670	6	1.23%	1,058,152	4	1.95%
The Kroger Company	Grocery Store	798,270	7	0.91%			
CVS SC Distribution, Inc.	Warehousing/Distribution	626,630	8	0.72%	237,763	10	
Bell South Telecommunications	Communication	600,160	9	0.69%	1,122,891	3	2.07%
Lowes Home Centers, Inc.	Retail Building Supplies	482,140	10	0.55%			
Ramco-Gershenson Property	Real Estate				625,481	5	1.15%
North Augusta Business Technology	Real Estate				348,656	7	0.64%
Trailer Train - Hamburg Industries	Manufacturing				335,644	8	0.62%
Martintown ACD, LLC	Real Estate				290,466	9	0.53%
TOTAL Taxable Assessed							
Value-10 Largest Taxpayers		<u>\$ 11,092,850</u>		<u>12.69%</u>	<u>\$ 8,490,624</u>		<u>15.20%</u>

Source: City of North Augusta tax records

This table lists the ten largest taxpayers, type of business, assessed valuation, and tax levy for the fiscal year 2013 (tax year 2012) as indicated by the City of North Augusta tax digest. This includes furniture, fixtures, and equipment assessed at 10.5% and commercial real estate at 6%.

**City of North Augusta, South Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Year Ended December 31	(b) Tax Year	(a) Taxes Levied for the Fiscal Year	Collected within the Current Year of Tax Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	\$ 4,404,890	\$ 4,392,365	99.72%	\$ 9,657	\$ 4,402,022	99.93%
2005	2004	4,626,952	4,612,217	99.68%	14,508	4,626,725	99.99%
2006	2005	4,849,793	4,816,440	99.31%	30,294	4,846,734	99.94%
2007	2006	4,921,454	4,885,009	99.26%	12,083	4,897,092	99.50%
2008	(c) 2007	5,280,998	5,245,248	99.32%	22,065	5,267,313	99.74%
2009	2008	5,659,210	5,630,867	99.50%	11,765	5,642,632	99.71%
2010	2009	5,783,397	5,741,980	99.28%	17,759	5,759,739	99.59%
2011	2010	5,924,149	5,883,727	99.32%	28,494	5,912,221	99.80%
2012	(c) 2011	6,377,793	6,344,561	99.48%	42,537	6,387,098	100.15%
2013	2012	6,488,677	6,446,489	99.35%	2,517	6,449,006	99.39%

Source: City of North Augusta tax records

(a) Includes real, merchants inventory, merchants furniture and fixtures, and personal property taxes levied and collected.

(b) Because of the change by State law noted in the footnote of Table V, the City of North Augusta uses different tax years for real and personal property taxes.

(c) Reassessment year, see Table VI

City of North Augusta, South Carolina
Business Licenses / Franchise Fees
Last Ten Fiscal Years
Unaudited

Year Ended December 31	Total Revenues	Gross Sales	Total Number of Licenses Issued
2004	\$ 3,131,794	\$ 620,657,935	1,673
2005	\$ 3,646,500	\$ 709,708,803	1,680
2006	\$ 3,943,174	\$ 761,458,165	1,700
2007	\$ 4,312,185	\$ 889,057,357	1,736
2008	\$ 4,317,231	\$ 970,346,276	1,822
2009	\$ 4,233,899	\$ 869,487,157	1,746
2010	\$ 4,244,590	\$ 808,670,711	1,803
2011	\$ 4,464,424	\$ 846,714,451	1,756
2012	\$ 4,582,285	\$ 873,882,462	1,804
2013	\$ 4,738,535	\$ 963,027,255	1,907

Source: City of North Augusta business license records

City of North Augusta, South Carolina
Number of Utility Customers
Last Ten Fiscal Years
Unaudited

Year Ended December 31	Residential Inside Water	Non-Residential Inside Water	Total Inside Water Accounts	Residential Outside Water	Non-Residential Outside Water	Total Outside Water Accounts	Total Water Accounts
2004	7,272	588	7,860	3,084	121	3,205	11,065
2005	7,331	594	7,925	3,099	127	3,226	11,151
2006	7,448	628	8,076	3,101	138	3,239	11,315
2007	7,541	660	8,201	3,075	139	3,214	11,415
2008	7,569	669	8,238	3,039	146	3,185	11,423
2009	7,670	582	8,252	3,023	151	3,174	11,426
2010	7,821	581	8,402	3,024	145	3,169	11,571
2011	7,881	577	8,458	2,982	148	3,130	11,588
2012	7,897	582	8,479	2,974	150	3,124	11,603
2013	7,906	590	8,496	2,973	147	3,120	11,616

Year Ended December 31	Residential Inside Sewer	Non-Residential Inside Sewer	Total Inside Sewer Accounts	Residential Outside Sewer	Non-Residential Outside Sewer	Total Outside Sewer Accounts	Total Sewer Accounts
2004	8,092	560	8,652	923	24	947	9,599
2005	8,268	561	8,829	925	25	950	9,779
2006	8,399	599	8,998	928	27	955	9,953
2007	8,668	616	9,284	930	29	959	10,243
2008	8,804	622	9,426	918	29	947	10,373
2009	9,003	541	9,544	919	28	947	10,491
2010	9,215	541	9,756	914	26	940	10,696
2011	9,324	536	9,860	902	27	929	10,789
2012	9,355	529	9,884	964	27	991	10,875
2013	9,414	535	9,949	975	29	1,004	10,953

Source: City of North Augusta utility billing records

**City of North Augusta, South Carolina
Ten Largest Water and Wastewater Customers
Current Year and Nine Years Ago
Unaudited**

Water Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2013 Annual Consumption</u>		<u>2004 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
Breezy Hill Water & Sewer Authority	Water District Provider	1	251,319,000	1	196,879,900
Halocarbon Chemicals, Inc.	Manufacturing	2	43,658,800	3	34,241,000
City of North Augusta	Municipal Government	3	41,616,800	2	40,461,100
Cytec Industries, Inc.	Manufacturing	4	34,754,500	4	26,457,100
Aiken County Schools	School District	5	9,796,900	5	8,904,000
JARS at Breckenridge/Plaza Terrace	Apartments	6	9,205,300		
Gentry's Mobile Home Park	Mobile Home Park	7	7,842,300	9	6,955,100
Pinecrest Apartments	Apartments	8	6,746,300	8	7,109,000
Plaza Place Apartments, LLC	Apartments	9	5,945,000		
The Housing Authority	Apartments	10	5,314,100	7	7,636,500
North Augusta Garden Apartments	Apartments			6	7,872,300
UniHealth Post Acute Care	Nursing Home Facility			10	6,269,800

Wastewater Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2013 Annual Consumption</u>		<u>2004 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
Edgefield County Water & Sewer Authority	Sewer District Provider	1	605,523,000	1	460,315,000
Halocarbon Chemicals, Inc.	Manufacturing	2	43,658,800	2	34,241,000
Cytec Industries, Inc.	Manufacturing	3	22,532,900	4	12,215,350
Gentry's Mobile Home Park	Mobile Home Park	4	9,664,700		
Aiken County Schools	School District	5	9,215,694	5	8,264,142
JARS at Breckenridge/Plaza Terrace	Apartments	6	7,375,000		
National Healthcare	Nursing Home Facility	7	6,956,000		
Pinecrest Apartments	Apartments	8	5,654,400	9	5,899,800
Willow Wick Apartments	Apartments	9	5,415,997	3	19,834,000
The Housing Authority	Apartments	10	5,371,700	7	7,537,100
North Augusta Garden Apartments	Apartments			6	7,979,070
Plaza Place Apartments, LLC	Apartments			8	6,179,997
UniHealth Post Acute Care	Nursing Home Facility			10	5,862,600

Note: Consumption is measured in gallons

Source: City of North Augusta utility billing records

City of North Augusta, South Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Year Ended December 31	Governmental Activities			Business-Type Activities			Total Primary Government	Population (Estimate)	Per Capita
	General Obligation Bonds	Municipal Center Lease	Capital Leases	Revenue Bonds	Capital Leases	PSA Capacity Payable			
2004	\$ -	\$ -	\$ 592,581	\$ 6,809,958	\$ 607,291	\$ -	\$ 8,009,830	18,502	432.92
2005	-	-	905,948	6,391,710	666,924	-	7,964,582	18,712	425.64
2006	4,716,068	-	824,963	5,953,406	787,175	-	12,281,612	18,992	646.67
2007	4,716,068	6,350,000	793,040	5,589,673	600,371	-	18,049,152	19,322	934.12
2008	4,491,068	6,073,647	796,742	5,174,433	506,460	-	17,042,350	19,866	857.87
2009	4,239,853	5,787,235	673,937	4,738,669	693,750	-	16,133,444	20,025	805.67
2010	3,964,448	5,490,399	579,468	4,278,251	783,249	-	15,095,815	21,348 (a)	707.13
2011	3,684,043	5,182,756	858,422	1,609,835	1,178,361	-	12,513,417	21,419	584.22
2012	3,393,638	4,863,913	958,605	1,371,083	1,298,976	1,106,033	12,992,248	21,703	598.64
2013	-	4,553,466	870,864	1,121,081	1,042,038	-	7,587,449	21,885	346.70

(a) Actual Census population from United States Census Bureau

Source: Population estimates provided by the City of North Augusta Planning and Development Department

NOTE: The ratio of outstanding debt by type is expressed in per capita dollar amounts. Personal income figures are not available at the City level.

**City of North Augusta, South Carolina
Ratios of General Bonded Debt Outstanding
Last Eight Fiscal Years
Unaudited**

Year Ended December 31	General Obligation Bonds (GOB)	Estimated Actual Taxable Value (1) of Property	% of Estimated Actual Taxable Value of Property	Population (2)	Per Capita
2006	\$ 4,716,068	\$ 988,952,904	0.48%	18,992	\$248.32
2007	\$ 4,716,068	\$ 1,003,566,986	0.47%	19,322	\$244.08
2008	\$ 4,491,068	\$ 1,165,866,070	0.39%	19,866	\$226.07
2009	\$ 4,239,853	\$ 1,269,042,355	0.33%	20,025	\$211.73
2010	\$ 3,964,448	\$ 1,296,890,220	0.31%	21,348	\$185.71
2011	\$ 3,684,043	\$ 1,328,453,934	0.28%	21,419	\$172.00
2012	\$ 3,393,638	\$ 1,513,617,546	0.22%	21,703	\$156.37
2013	\$ -	\$ 1,539,933,225	0.00%	21,885	\$0.00

Note: The City had no General Obligation Bond (GOB) debt prior to 2006. During 2006 the City issued its first GOB debt. The 2006 General Obligation Bonds were defeased in December of 2013 removing the City's financial obligation.

(1) City of North Augusta tax records

(2) The population for year 2010 is provided by the US Census Bureau. Population estimates for all other years are provided by the City of North Augusta Planning and Development Department.

**City of North Augusta, South Carolina
 Computation of Direct and Overlapping Debt
 As of December 31, 2013
 Unaudited**

<u>Jurisdiction</u>	<u>Debt Outstanding @ December 31, 2013</u>	<u>Percent Applicable to City of North Augusta</u>	<u>Amount Applicable to City of North Augusta</u>
Direct Debt			
City of North Augusta *	\$ 5,424,330	100.00%	\$ 5,424,330
Overlapping Debt			
County of Aiken	\$ 40,160,000	13.89%	\$ 5,578,224
Aiken County School District	<u>46,245,000</u>	<u>13.89%</u>	<u>6,423,431</u>
Sub-total - Overlapping Debt	<u>\$ 86,405,000</u>	13.89%	<u>\$ 12,001,655</u>
Total	<u><u>\$ 91,829,330</u></u>		<u><u>\$ 17,425,985</u></u>

* Includes Municipal Center Lease and Capital Leases

Note: The percentage of the overlapping debt applicable to the City of North Augusta is estimated using taxable assessed property values. Applicable percentages were estimated by determining the percentage of the City's total taxable assessed value to Aiken County's total taxable assessed value.

Source: Aiken County and Aiken County School District

**City of North Augusta, South Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

	Fiscal Year				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 4,346,216	\$ 4,565,320	\$ 4,775,193	\$ 4,855,899	\$ 5,472,536
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>4,716,068</u> *	<u>4,716,068</u> *	<u>4,491,068</u> *
Legal debt margin	<u>\$ 4,346,216</u>	<u>\$ 4,565,320</u>	<u>\$ 59,125</u>	<u>\$ 139,831</u>	<u>\$ 981,468</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	98.76%	97.12%	82.07%

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 5,864,466	\$ 5,993,158	\$ 6,139,015	\$ 6,875,400	\$ 6,994,935
Total net debt applicable to limit	<u>4,239,853</u> *	<u>3,964,448</u> *	<u>3,684,043</u> *	<u>3,393,638</u> *	<u>-</u>
Legal debt margin	<u>\$ 1,624,613</u>	<u>\$ 2,028,710</u>	<u>\$ 2,454,972</u>	<u>\$ 3,481,762</u>	<u>\$ 6,994,935</u>
Total net debt applicable to the limit as a percentage of debt limit	72.30%	66.15%	60.01%	49.36%	0.00%

* General Obligation Bonds issued in 2006

Note: The 2006 General Obligation Bonds were defeased in December of 2013 removing the City's financial obligation.

City of North Augusta, South Carolina
Pledged-Revenue Bond Coverage
Last Ten Fiscal Years
Unaudited

Year Ended December 31	Total Operating Revenue	Total Operating Expenses	Net Revenue Available for Debt Service	Average Annual Remaining Debt Service			Coverage Ratio
				Revenue Bond Principal	Revenue Bond Interest	Total Debt Service	
2004	\$ 6,677,953	\$ 3,919,906	\$ 2,758,047	\$ 486,426	\$ 174,025	\$ 660,451	4.18
2005	6,963,475	4,505,524	2,457,951	491,670	162,522	654,192	3.76
2006	6,977,744	4,924,535	2,053,209	496,117	151,038	647,155	3.17
2007	7,796,719	5,213,116	2,583,603	508,152	139,451	647,603	3.99
2008	7,940,478	5,403,826	2,536,652	517,443	127,524	644,967	3.93
2009	7,983,471	5,623,673	2,359,798	526,519	115,282	641,801	3.68
2010	8,401,138	5,801,623	2,599,515	534,781	102,697	637,478	4.08
2011	8,736,969	5,742,471	2,994,498	268,305	38,028	306,333	9.78
2012	8,695,259	5,977,123	2,718,136	274,217	32,117	306,334	8.87
2013	9,018,317	6,434,884	2,583,433	280,270	26,064	306,334	8.43

NOTE: Revenue bond coverage requirements are defined in the City's Revenue Bond Ordinance by the City's Bond Counsel, Pope Zeigler, LLC, Attorneys and Counselors at Law, located in Columbia, South Carolina. Coverage is calculated by dividing the annual net revenue available for debt service by the average annual requirements for principal and interest on all debt outstanding and payable from revenues of the system. Annual net revenue available for debt service is defined as the total operating revenues (non-operating revenue or interest revenue is not included) less total operating expenses (depreciation or amortization is not included).

County of Aiken, South Carolina (Note 1)
Economic Statistics
Last Ten Calendar Years (Note 2)
Unaudited

<u>Year</u>	<u>Population</u>	<u>Personal Income</u> (thousands of dollars)	<u>Per Capita Personal</u> <u>Income</u>	<u>Unemployment Rate</u>
2002	144,732	\$3,882,982	\$26,829	5.1%
2003	145,971	\$3,951,799	\$27,072	5.2%
2004	147,633	\$4,117,401	\$27,889	5.7%
2005	148,700	\$4,311,410	\$28,994	5.8%
2006	150,220	\$4,493,405	\$29,912	5.4%
2007	152,333	\$4,760,916	\$31,253	9.9%
2008	154,601	\$5,079,467	\$32,855	7.9%
2009	156,017	\$5,329,058	\$34,157	8.6%
2010	160,099	\$5,504,829	\$34,325	8.3%
2011	160,682	\$5,646,463	\$35,141	8.5%

Source: South Carolina Employment Security Commission

Note 1 - All figures are for the County of Aiken, City of North Augusta statistics are not available

Note 2 - Personal Income, Per Capita Personal Income and Unemployment Rate figures are not available for years 2012 and 2013

The United States Census Bureau has recorded the population of the City of North Augusta and County of Aiken in the decennial years 1940 through 2010 as follows. Population estimates for years 2011, 2012, and 2013 are provided by the City's Planning and Development Department.

<u>Year</u>	<u>City of North Augusta</u>	<u>County of Aiken</u>
1940	2,629	49,916
1950	3,659	53,137
1960	10,348	81,038
1970	12,883	91,023
1980	13,593	105,625
1990	15,684	120,940
2000	17,574	142,780
2010	21,348	160,099
2011	21,419	160,682
2012	21,703	162,812
2013	21,885	164,176

**City of North Augusta, South Carolina
Principal Employers
Current Year and Nine Years Ago
Unaudited**

Employer	Location	Service or Product	2013			2004		
			Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Savannah River Site - see detail below (1)	Out	Materials for Nuclear Defense	10,547	1	14.85%	12,499	1	17.92%
Aiken County Public Schools	In / Out	School District	3,301	2	4.65%	3,477	2	4.99%
Aiken Regional Medical Center	Out	Hospital	1,276	3	1.80%	1,125	4	1.61%
Kimberly-Clark Corp.	Out	Tissue Products	1,250	4	1.76%	1,000	5	1.43%
Bridgestone Americas Tire Operations LLC	Out	Passenger and Light Truck Tires	1,200	5	1.69%	950	6	1.36%
Aiken County Government	Out	County Government	877	6	1.23%	805	7	1.15%
Advanced Glassfiber Yarn	Out	Glass Fiber	770	7	1.08%	500	10	0.72%
WSI-SRS Team	Out	Engineering Consulting Firm	667	8	0.94%	370	13	0.53%
Shaw Industries	Out	Carpet Yarns	600	9	0.84%	600	8	0.86%
United Parcel Service	Out	International Customhouse Brokerage	450	10	0.63%	260	16	0.37%
City of Aiken	Out	Municipal Government	430	11	0.61%	395	11	0.57%
ASCO Valve, Inc.	Out	Solenoid Valve Technology	395	12	0.56%	281	14	0.40%
Hubbell Power Systems	Out	High Voltage Insulators and Arrestors	370	13	0.52%	375	12	0.54%
TTX/Hamburg Industries, Inc.	In	Re-built Railway Cars	345	14	0.49%	210	19	0.30%
Tognum America, Inc. MTU Aiken Plant	Out	Diesel Engines and Components	293	15	0.41%	*	*	*
Carlisle Tire & Wheel Company	Out	Rims and Tires for Riding Mowers	230	16	0.32%	520	9	0.75%
Autoneum North America, Inc.	Out	Vehicle Carpet and Trunk Systems	229	17	0.31%	*	*	*
Glaxo Smith Kline	Out	Proprietary Drugs	215	18	0.30%	250	17	0.36%
PACTIVE Corp.	Out	Plastic Food Service Plates	213	19	0.29%	225	18	0.32%
City of North Augusta	In	Municipal Government	211	20	0.28%	189	20	0.27%
Halocarbon Chemicals, Inc.	In	Industrial Chemicals	165	**	0.23%	140	**	0.20%
Harvey Industries Die Casting, LLC	Out	Aluminum Casting & Precision Making	150	**	0.21%	271	15	0.39%
Cytec Industries, Inc.	In	Specialty Chemicals	110	**	0.15%	124	**	0.18%
Avondale Mills, Inc.	Out	Textiles	*	*	*	2,700	3	3.87%

Source: Economic Development Partnership, Various Employers, and South Carolina Employment Commission

Location: **In** city limits, **Out** of city limits

* not in business at this time
** information not available

(1) SRNS/SRR, including 156 subcontractors and 756 temporary construction workers	7,148
MOX Service	2,078
Parsons	710
Department of Energy	273
US Forestry Service	71
Savannah River Ecology Lab	61
Other Subcontractors	<u>206</u>
	<u>10,547</u>

Savannah River Nuclear Solutions/Savannah River Remediation Company employees live in 7 counties in South Carolina and 2 in Georgia with less than 6% scattered in other areas.

County	# of workers	%
Aiken County, South Carolina	3,740	52.32%
Columbia County, Georgia	1,104	15.44%
Richmond County, Georgia	834	11.67%
Barnwell County, South Carolina	499	6.98%
Edgefield County, South Carolina	208	2.91%
Lexington County, South Carolina	98	1.37%
Orangeburg County, South Carolina	97	1.36%
Bamberg County, South Carolina	96	1.34%
Allendale County, South Carolina	53	0.74%
Other	<u>419</u>	<u>5.86%</u>
	<u>7,148</u>	100.00%

City of North Augusta, South Carolina
Full-time Budget Equivalent Employees by Fund / Function / Department
Last Ten Fiscal Years
Unaudited

Fund / Function / Department	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General Fund</u>										
General Government										
City Council	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
City Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Justice / Law	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Promotion	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
Finance / IT	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.5	4.5	4.5
Building Standards	4.0	4.0	4.0	4.0	4.0	5.0	4.0	3.0	3.5	3.5
Economic & Community Development	6.0	6.0	6.0	6.0	6.0	5.0	4.0	3.0	2.0	2.0
City Buildings	1.0	1.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0
Public Safety	65.0	65.0	67.0	68.0	69.0	72.0	72.0	76.5	76.5	77.0
Public Works										
Engineering	2.0	2.0	3.0	3.0	3.0	2.5	2.5	1.5	1.5	1.5
Streets & Drains	9.0	9.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Parks, Recreation & Tourism										
Recreation	7.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0
Parks	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0
Property Maintenance	4.0	9.0	11.0	12.0	13.0	13.0	13.0	13.0	13.0	12.0
Community Center	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
RVP Activities	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Sub-total	119.0	123.0	127.0	130.0	133.0	138.5	134.5	135.5	136.0	136.5
<u>Stormwater Fund</u>										
Stormwater	1.0	2.0	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5
Sub-total	1.0	2.0	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5
<u>Sanitation Fund</u>										
Public Works										
Sanitation	24.5	24.5	24.5	24.5	26.5	26.5	26.0	26.0	25.5	26.0
Material Recovery Center	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Sub-total	32.0	32.0	32.0	32.0	34.0	34.0	33.5	33.5	33.0	33.5
<u>Water & Wastewater Fund</u>										
Public Utilities										
Utilities Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Utilities Administration	8.0	8.0	8.0	8.0	8.0	7.5	8.0	7.5	7.5	7.5
Water Operations	8.0	8.0	8.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0
Water Production	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Wastewater Operations	9.0	9.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sub-total	38.0	37.0	37.0	39.0	39.0	38.5	39.0	37.5	38.5	38.5
TOTAL	190.0	194.0	199.0	204.0	211.0	217.0	213.0	212.5	213.0	214.0

City of North Augusta, South Carolina
Operating Indicators by Function / Program
Last Ten Fiscal Years
Unaudited

Function / Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Size of City (square miles)	19.493	19.560	19.753	20.050	20.670	20.676	20.723	20.769	20.778	20.989
Annexations approved by City Council	3	4	4	10	5	3	4	4	7	5
Building permits issued	629	724	726	845	799	684	815	627	604	622
Plumbing permits issued	560	458	612	654	496	283	349	341	291	340
Mechanical permits issued	441	396	405	471	432	333	467	323	345	391
Electrical permits issued	710	689	822	733	622	335	443	411	349	422
Business licenses issued	1,673	1,680	1,700	1,736	1,822	1,746	1,803	1,756	1,804	1,907
Police										
Total calls for service	50,716	52,137	54,167	51,071	47,189	46,956	50,349	50,356	42,632	41,058
Criminal arrests	1,583	1,449	1,476	1,861	1,833	2,405	2,024	1,800	1,841	1,377
Incident reports (police action required)	3,105	2,970	3,145	3,205	3,238	3,051	3,277	3,228	3,557	3,377
Accident reports (collisions)	1,059	1,113	1,166	1,127	1,069	1,105	1,068	1,041	1,007	960
Traffic offenses (resulting in fine)	6,385	6,695	6,913	6,884	5,858	5,224	6,590	8,652	8,698	8,780
Drug offenses	109	90	155	249	202	145	260	231	136	203
Burglaries reported	255	235	265	224	298	385	408	333	218	117
Fire										
Actual fire calls - Inside City	135	123	116	146	133	276	192	150	105	130
Actual fire calls - Outside City	39	35	44	33	34	25	13	23	21	17
Solid Waste										
Garbage Refuse Collected (tons) - Residential	10,292	9,526	9,470	9,246	9,544	10,606	10,618	10,402	9,011	9,079
Garbage Refuse Collected (tons) - Commercial	4,633	5,310	6,031	6,876	6,740	6,494	6,049	6,625	6,874	4,992
Recyclables Collected (tons)	1,712	1,509	1,423	1,583	2,119	2,804	3,055	5,617	4,839	5,326
Property Maintenance										
Tree trimming hours	80	80	100	130	227	185	198	260	287	254
Mowing hours	7,280	10,032	11,856	11,998	13,198	12,200	12,800	13,250	12,970	12,960
Planting hours	2,880	3,648	4,303	4,330	5,412	5,400	5,500	5,600	5,760	5,565
Streets and Drains										
Pothole patching / asphalt tons	364	330	373	324	280	236	191	254	388	476
Curb, gutter & sidewalk repair / CY	134	185	159	181	192	152	199	324	290	285
Storm drain inlets cleaned	No data	261	259	378	225	221	224	307	330	325
Street sweeping / miles	3,017	3,336	2,973	2,400	2,827	2,139	2,168	2,670	2,393	2,727
Parks and Recreation										
Baseball / Number of Players	677	868	825	781	782	747	786	784	788	735
Youth Softball / Number of Players	278	284	171	302	289	292	261	270	262	248
Spring Soccer / Number of Players	528	440	427	404	436	566	513	527	540	528
Fall Soccer / Number of Players	561	477	443	437	494	522	504	511	534	474
Youth Basketball / Number of Players	751	749	767	707	576	554	581	595	600	549
Youth Football / Number of Players	397	412	411	429	328	358	346	313	309	310
Youth Cheerleading / Number of Participants	234	222	185	188	128	128	153	165	115	118
Youth Volleyball / Number of Participants	N/A	80	75	80	76	86	89	91	61	105
Water										
New water services	119	211	178	133	57	52	103	101	43	33
Water lines installed / L.F.	1,083	5,196	10,361	6,089	7,626	13,221	3,766	4,662	2,857	5,609
Water line leaks repaired	11	15	9	27	14	15	17	12	24	29
Average daily water pumped	3,917,000	3,696,000	4,444,000	4,608,000	4,226,000	3,771,000	4,246,000	4,330,000	4,365,000	3,853,000
Daily peak demand (gallons per day)	7,549,000	6,319,000	8,655,000	8,915,000	7,830,000	7,722,000	7,593,000	7,888,000	9,312,000	7,571,000
Peak day	7/21/2004	9/17/2005	5/29/2006	8/15/2007	6/9/2008	7/3/2009	7/9/2010	8/5/2011	7/8/2012	5/27/2013
Wastewater										
New sewer taps	227	256	238	268	94	83	140	122	97	117
Wastewater lines installed / L.F.	2452	525	292	2,052	1,922	2,901	0	1,425	160	1,379
Wastewater lines repaired / L.F.	67	58	62	29	37	38	54	64	65	33
Wastewater lines cleaned / L.F.	27,377	34,990	44,970	56,895	77,402	39,468	67,029	57,810	87,648	73,232

Source: City of North Augusta's Year-end Departmental Reports

City of North Augusta, South Carolina
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years
Unaudited

<u>Function / Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Public Safety Officers	48	48	50	51	52	52	55	55	55	55
Number of Volunteer Firemen	20	20	20	20	20	20	20	20	20	20
Insurance Rating (ISO)	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3	Class 3
Signalized Intersections	19	19	24	24	24	26	26	30	30	30
Number of Fire Hydrants										
Inside City	711	716	742	774	778	781	792	795	802	805
Outside City	146	148	148	148	149	149	149	149	149	149
Public Works										
Miles of Streets	128.64	129.61	131.16	135.88	135.88	137.05	137.77	138.81	140.09	140.85
Street Lights	1,535	1,535	1,641	1,668	1,718	1,740	1,750	1,763	1,789	1,789
Parks, Recreation & Tourism										
Number of Parks	18	18	19	20	22	22	22	22	22	22
Park Acreage	313	313	463	463	550	550	550	550	550	550
Miles of Paved Greenway	8.8	9.5	9.5	11.0	12.5	12.5	14.0	14.0	14.0	14.0
Number of Picnic Shelters	4	4	4	4	8	8	8	8	8	8
Baseball / Softball Diamonds	9	9	9	9	9	9	9	10	10	10
Football / Lions Field	1	1	1	1	1	2	2	2	2	2
Soccer Fields	3	6	6	6	6	6	6	6	6	6
Tennis Courts	9	9	9	9	9	9	9	11	11	11
Multi-purpose Fields	3	3	3	3	3	3	3	3	3	3
Skate Park	1	1	0	0	0	0	0	0	0	0
Community Center	1	1	1	1	1	1	1	1	1	1
Activities Center	1	1	1	1	1	1	1	1	1	1
Water										
Miles of Water Mains	167.13	167.29	169.12	170.78	189.85	194.00	194.78	195.15	195.27	196.01
Maximum Pumping Capacity (gallons per day)	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Sewer										
Miles of Wastewater Lines	218.51	219.64	221.00	225.90	226.09	226.63	227.46	227.72	228.03	228.54
Stormwater										
Miles of Storm Sewer	33.48	34.33	35.69	43.18	56.80	57.28	57.77	58.22	59.29	59.79

Source: City of North Augusta's Year-end Departmental Reports

**City of North Augusta, South Carolina
Enterprise Funds Rates and Charges
Rates / Charges in effect December 31, 2013
Unaudited**

Water Rate in effect December 31, 2013

Meter Size	Minimum Usage	Base Rates / Inside City Limits			Base Rates / Outside City Limits		
		Debt Service	O & M	Total	Debt Service	O & M	Total
5/8 and 3/4 Inch	3,000 gallons	\$3.90	\$7.73	\$11.63	\$5.85	\$17.41	\$23.26
1 Inch	6,000 gallons	3.90	12.69	16.59	5.85	27.33	33.18
1 1/2 Inch	9,000 gallons	3.90	17.33	21.23	5.85	36.61	42.46
2 Inch	15,000 gallons	3.90	26.72	30.62	5.85	55.39	61.24
3 Inch	24,000 gallons	3.90	40.94	44.84	5.85	83.83	89.68
4 Inch	30,000 gallons	3.90	50.42	54.32	5.85	102.79	108.64
6 Inch	90,000 gallons	3.90	145.28	149.18	5.85	292.51	298.36

Volume of Consumption	Volume Rates / Inside City Limits			Volume Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
Next 10,000 gallons	\$0.15	\$1.00	\$1.15	\$0.30	\$2.00	\$2.30
Next 27,000 gallons	0.15	0.95	1.10	0.30	1.90	2.20
Next 160,000 gallons	0.15	0.90	1.05	0.30	1.80	2.10
All Additional Usage	0.15	0.80	0.95	0.30	1.60	1.90

Sewer Rate in effect December 31, 2013

Base Rates	Base Rates / Inside City Limits			Base Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
	\$2.53	\$8.19	\$10.72	\$5.06	\$9.19	\$14.25

Volume of Consumption	Volume Rates / Inside City Limits			Volume Rates / Outside City Limits		
	Debt Service	O & M	Total	Debt Service	O & M	Total
Rates for first 15,000,000 gallons/month	\$0.62	\$2.12	\$2.74	\$1.24	\$2.16	\$3.40
All Additional Usage	0.59	1.65	2.24	0.59	1.65	2.24

Sanitation Service Charges in effect December 31, 2013

	Inside City	Outside City	Recycling
Residential (monthly)	\$15.90	\$23.85	\$3.60

	Base Fee		Volume Charge (per cubic yard)		Recycling
	In and Out City		Inside City	Outside City	
Commercial (monthly)					
2 cubic yard container	\$48.04		\$2.16	\$3.24	\$3.60
3 cubic yard container	50.45		2.16	3.24	3.60
4 cubic yard container	52.84		2.16	3.24	3.60
6 cubic yard container	58.13		2.16	3.24	3.60
8 cubic yard container	63.94		2.16	3.24	3.60

Stormwater Management Service Charges in effect December 31, 2013

Residential Charge (Inside City only)	\$4.00 per month
Multi-family Charge (Inside City only)	\$3.00 per month per unit
Non-residential (Inside City only)	Each non-residential developed property is classified and charged according to its primary developed use

**City of North Augusta, South Carolina
Enterprise Funds History of Rates and Charges
Last Ten Fiscal Years Through December 31, 2013
Unaudited**

History of Water Rate Changes (past 10 years)

1/1/2013	O & M Minimum Base Rate increased by \$.75 per month inside city limits and \$1.50 per month outside city limits O & M Volume Rate increased by \$.10 per 1,000 gallons inside city limits and \$.20 per 1,000 gallons outside city limits
1/1/2009	O & M Minimum Base Rate increased by \$38 per month inside city limits and \$.76 per month outside city limits
1/1/2007	O & M Minimum Base Rate increased by \$1.75 per month inside city limits and \$3.50 per month outside city limits O & M Volume Rate increased by \$.05 per 1,000 gallons inside city limits and \$.10 per 1,000 gallons outside city limits
1/1/2004	O & M Minimum Base Rate increased by \$1.30 per month inside city limits and \$2.60 per month outside city limits O & M Volume Rate increased by \$.02 per 1,000 gallons inside city limits and \$.04 per 1,000 gallons outside city limits

History of Sewer Rate Changes (past 10 years)

7/1/2010	O & M Minimum Base Rate increased by \$.50 per month inside and outside city limits O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits
7/1/2009	O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits (PSA)
1/1/2009	O & M Minimum Base Rate increased by \$1.00 per month outside city limits O & M Volume Rate increased by \$.06 per 1,000 gallons inside and \$.10 per 1,000 gallons outside city limits
7/1/2008	O & M Volume Rate increased by \$.16 per 1,000 gallons inside and outside city limits (PSA)
7/1/2006	O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits (PSA)
7/1/2005	O & M Volume Rate increased by \$.05 per 1,000 gallons inside and outside city limits (PSA)
1/1/2004	O & M Minimum Base Rate increased by \$1.50 per month inside and outside city limits O & M Volume Rate increased by \$.10 per 1,000 gallons inside and outside city limits

History of Sanitation and Recycling Charge Changes (past 10 years)

1/1/2012	Residential Service Charge increased by \$.60 inside city limits and \$.90 outside city limits Commercial Rates increased by 3.5% Recycling Service Charge increased by \$.60 inside and outside city limits
1/1/2009	Residential Service Charge increased by \$.30 inside city limits and \$.45 outside city limits Commercial Rates increased by 2%
1/1/2007	Recycling Service Charge increased by \$.75 inside and outside city limits
1/1/2006	Residential Service Charge increased by \$1.70 inside city limits and \$2.55 outside city limits Commercial Rates increased by 12%
1/1/2004	Residential Service Charge increased by \$1.40 inside city limits and \$2.10 outside city limits Commercial Rates increased by 12%

Stormwater Management Service Charge Changes (past 10 years)

7/1/2002	Stormwater Management Fee Implemented as follows (original rate adopted in 2002 - no rate change since adoption) Residential Charge (Inside City only) \$4.00 per month per unit Multi-family Charge (Inside City only) \$3.00 per month per unit Non-residential (Inside City only) Each non-residential developed property is classified and charged according to its primary developed use
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