



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

Year Ended December 31, 2014

North
Augusta

South Carolina's Riverfront



CITY OF NORTH AUGUSTA

SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2014



Prepared by
Department of Finance

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Director of Finance

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
History of North Augusta	vii
Profile of the City	ix
Letter of Transmittal	xvii
GFOA Certificate of Achievement	xxiv
City Organizational Chart	xxv
Finance Department Organizational Chart.....	xxvi
Principal Officials	xxvii

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budgeted and Actual – General Fund	21
Statement of Net Position – Proprietary Funds	22

TABLE OF CONTENTS, Continued

Page

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds.....	25
Notes to Financial Statements	27
Other Supplementary Information:	
General Fund:	
Comparative Balance Sheets.....	55
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgeted and Actual	56
Schedule of Revenues Compared with Budget.....	58
Schedule of Expenditures Compared with Budget	60
Sales Tax III Fund:	
Comparative Balance Sheets.....	76
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance.....	77
Capital Projects Fund:	
Comparative Balance Sheets.....	78
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance.....	79
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	82
Combining Statements of Revenues, Expenditures and Changes in Fund Balance	84
Enterprise Funds:	
Water and Wastewater System:	
Comparative Statements of Net Position	88
Comparative Statements of Revenues, Expenses and Changes in Net Position	90

TABLE OF CONTENTS, Continued	<u>Page</u>
Comparative Statements of Cash Flows	91
Schedule of Revenues and Expenses – Budgeted and Actual	93
Schedule of Operating Expenses – Budgeted and Actual.....	94
Sanitation Services:	
Comparative Statements of Net Position	99
Comparative Statements of Revenues, Expenses and Changes in Net Position.....	100
Comparative Statements of Cash Flows	101
Schedule of Revenues and Expenses – Budgeted and Actual	103
Schedule of Operating Expenses – Budgeted and Actual.....	104
Stormwater Utility Fund:	
Comparative Statements of Net Position	106
Comparative Statements of Revenues, Expenses and Changes in Net Position.....	107
Comparative Statements of Cash Flows	108
Schedule of Revenues and Expenses – Budgeted and Actual	110
Schedule of Operating Expenses – Budgeted and Actual.....	111
Savannah Bluff Lock and Dam Fund:	
Comparative Statements of Net Position	112
Comparative Statements of Revenues, Expenses and Changes in Net Position.....	113
Comparative Statements of Cash Flows	114
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	116
Schedule by Function and Activity.....	117

TABLE OF CONTENTS, Continued	<u>Page</u>
Schedule of Changes by Function and Activity.....	118
Schedule of Fines, Assessments and Surcharges – General Fund.....	120
Schedule of Expenditures of Federal Awards	122
Report on Internal Control over Financial Reporting and on Compliance and other matters based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	123
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133.....	125
Schedule of Findings and Questioned Costs	128
Summary Schedule of Prior Audit Findings	131

STATISTICAL SECTION

Table

I	Net Position by Component Last Ten Fiscal Years	135
II	Changes in Net Position Last Ten Fiscal Years.....	136
III	Fund Balances, Governmental Funds Last Ten Fiscal Years.....	138
IV	Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years.....	139
V	Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years.....	140
VI	Direct and Overlapping Property Tax Rates Last Ten Fiscal Years.....	141
VII	Principal Property Taxpayers Current Year and Nine Years Ago.....	142

TABLE OF CONTENTS, Continued		<u>Page</u>
VIII	Property Tax Levies and Collections Last Ten Fiscal Years.....	143
IX	Business Licenses / Franchise Fees Last Ten Fiscal Years.....	144
X	Number of Utility Customers Last Ten Fiscal Years.....	145
XI	Ten Largest Water and Wastewater Customers Current Year and Nine Years Ago.....	146
XII	Ratio of Outstanding Debt by Type Last Ten Fiscal Years.....	147
XIII	Ratios of General Bonded Debt Outstanding Last Eight Fiscal Years	148
XIV	Computation of Direct and Overlapping Debt As of December 31, 2013.....	149
XV	Legal Debt Margin Information Last Ten Fiscal Years.....	150
XVI	Pledged-Revenue Bond Coverage Last Ten Fiscal Years.....	151
XVII	Economic Statistics Last Ten Calendar Years.....	152
XVIII	Principal Employers Current Year and Nine Years Ago.....	153
XIX	Full-Time Budget Equivalent Employees by Fund / Function / Department Last Ten Fiscal Years.....	154
XX	Operating Indicators by Function / Program Last Ten Fiscal Years.....	155
XXI	Capital Asset Statistics by Function / Program Last Ten Fiscal Years.....	156

TABLE OF CONTENTS, Continued		<u>Page</u>
XXII	Enterprise Funds Rates and Charges Rates / Charges in effect December 31, 2014	157
XXIII	Enterprise Funds History of Rates and Charges Last Ten Fiscal Years Through December 31, 2014	158

INTRODUCTORY SECTION

North
Augusta

South Carolina's Riverfront



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.

While breathtaking ante-bellum mansions such as Jackson's Rosemary Hall and her sister icon Lookaway Hall are eloquent reminders of the past, these historic treasures gracefully co-exist with picturesque, well-manicured homes in friendly, affordable neighborhoods. North Augusta offers a variety of housing options from the typical subdivision home to patio and townhomes and, more recently, the traditional neighborhood development. Housing types, styles, sizes and prices vary greatly but quality design and construction, public and private maintenance, and a strong sense of community enhance the value of property and make North Augusta an attractive place to call home. Large residential projects currently in development promise to add several thousand new housing units in the coming decade.

Business, slowed somewhat by a sluggish economy, continues to grow. Recently completed streetscape projects have revitalized our city and led to the development of many new shops and offices. Anchoring the downtown area is the City's new 70,000 square foot Municipal Center. The Municipal Center, opened in June 2009, is the new home for the City's administrative offices as well as the North Augusta Arts and Heritage Center.

North Augusta is well-known for outstanding recreational facilities. North Augusta's Greenway is an award-winning, paved, multi-purpose trail created out of an abandoned railroad right of way. The trail meanders for approximately ten miles through natural terrain, neighborhoods and, more recently, along the Savannah riverfront. Once completed, North Augusta's Greenway will extend almost sixteen miles. Riverview Park, located on the south side of the City, is a 149-acre recreational wonderland with athletic fields, tennis courts, a disc-golf course, playgrounds, and trails. The park is anchored by a 90,000 square foot, state-of-the-art indoor facility known as Riverview Park Activities Center. Riverview Park Activities Center houses four gymnasiums, two racquetball courts, a suspended indoor track, fitness rooms and administrative offices for the Department of Parks, Recreation and Leisure Services. During 2006, the City purchased 152 acres just north of the City limits to construct a second major outdoor recreation facility. During 2008, 28 acres of additional land was purchased adjacent to the proposed park. Development of this regional park, to be known as Northview Park, should begin in 2018.

Community involvement is an important component of life in North Augusta. The City is home to a thriving cultural arts program, heritage council, chamber of commerce, and many other agencies and organizations designed to enhance the community for its residents and visitors now and in the future. In 2000, a group of community and civic-minded citizens founded North Augusta 2000, a non-profit foundation to promote community improvement in North Augusta in the areas of economic development, education, quality of life, and parks and recreation. This group implemented numerous successful initiatives in its first ten years and is actively working to meet its goals for the next five years.

A century of excellence, superb location, progressive government, quality growth, quaint neighborhoods, friendly, involved residents, and a growing business environment make North Augusta a great place to live, play, work and do business.

PROFILE OF THE CITY

Description of the City

The City of North Augusta is located in Aiken County in the southwestern portion of South Carolina. The Savannah River forms the State line between South Carolina and Georgia. The City of North Augusta is 67 miles west of the South Carolina capital, Columbia, and 145 miles east of the Georgia capital, Atlanta. The City's nearest neighbor is Augusta, Georgia, located just across the Savannah River.

The City of North Augusta was incorporated in 1906. In 1950, the United States Atomic Energy Commission built the Savannah River Plant in Aiken County, 15 miles from the City of North Augusta. The billion-dollar plant and its allied industries brought tremendous growth to the area.

The citizens of North Augusta are justly proud of its quality residential character and its aesthetically pleasing, natural environment with variety in its terrain and an abundance of wooded, undeveloped areas.

North Augusta enjoys many of the advantages of big city living while maintaining a strong sense of history, tradition, family, and community. The best part of the past remains in North Augusta today, blended with a modern outlook to create a community that has pride in its commitment to be independent and self-reliant with a deep sense of togetherness and achievement.

Demographic Characteristics

The United States Census Bureau has recorded the population of the City of North Augusta and Aiken County in the decennial years 1950 through 2010 as follows. The population for 2011-2014 are estimates of North Augusta's Planning and Development Department.

<u>Year</u>	<u>City of North Augusta</u>	<u>Aiken County</u>
1930	2,003	47,403
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
2014	22,048	164,753

Government Structure

The City of North Augusta has a Mayor-Council form of government. The City Council is composed of seven members elected at large on a partisan basis. The Mayor is elected to a four-year term, and the six Council members are elected every two years to serve four-year staggered terms.

The City Council is the legally constituted law-making and policy-making body for the City of North Augusta. The major duties of the City Council include: adoption of an annual budget; establishing the annual property tax rate; enactment of policies concerning the operation of the City; enacting local ordinances; and the appointment of the City Administrator and members of the various boards. The City Council also has the authority to call bond referendums in the City and enter into contracts.

The City Administrator is the chief executive of the City, appointed by the Mayor as authorized by the City Council for an indefinite term. The major duties of the City Administrator include: supervising and coordinating the activities of the City departments; attending Council meetings and making recommendations on appropriate matters of business; ascertaining that all orders and policies of the City Council are implemented; recommending the annual budget; keeping the City Council advised on the financial condition of the City; and representing the City in business with other agencies.

Public Service Enterprises

The City of North Augusta furnishes water, wastewater, stormwater management and garbage collection to residents of the City. The City also provides water, wastewater, garbage collection, and fire protection to some customers located outside the City limits but within the City's service area. The City has also entered into agreements with the Valley Public Service Authority and the Edgefield County Water and Sewer Authority to provide water and/or wastewater service to certain customers within their service areas. The City Council sets rates and service charges for these services. See Tables XXII and XXIII on pages 157 and 158 respectively for current rates and charges and a ten year history of changes to the rates and charges.

Electricity and gas services are provided by South Carolina Electric and Gas Company, a utility regulated by the South Carolina Public Service Commission, and Aiken Electric Cooperative, Inc., a utility regulated by the Rural Electrification Administration, an agency of the United States Department of Agriculture.

Basic telephone service is provided by American Telephone and Telegraph (AT&T). Telephone service rates are regulated by the South Carolina Public Service Commission. There are over 300 long distance/cell phone companies licensed to conduct business in North Augusta.

Cable service is provided by Comcast Communications. Some of the cable rates are regulated by the Federal Communications Commission.

Water Supply and Distribution

At the time of the town charter in 1906, the waterworks system was owned and operated by a private company that continued this service until 1918. In that year, the town issued bonds in the amount of \$50,000 with which to make extensions and repairs, and a waterworks committee was appointed to handle the affairs of the department. The original water system which served a population of 1,500 in 1918 utilized springs as the source of water supply.

By the early 1950's with the coming of the Savannah River Plant, the City Council recognized the inadequacy of this spring supply of only 235 gallons per minute and authorized the construction of a 2,000,000 gallons per day filtration plant with attendant improvements of the distribution and storage system. However, due to funding problems, the plant was reduced to a filtration capacity of one MGD (million gallons per day) but incorporated most of the two MGD design.

The new facilities completed in early 1954 consisted of the filtration plant, a raw water intake and pumping station, extensive water main additions, a 250,000 gallon elevated storage tank, and a pumping station to serve the upper level system. The plant, located adjacent to the Savannah River approximately 1 1/2 miles upstream from the Thirteenth Street Bridge (Georgia Avenue), receives raw water pumped from the Savannah River through a combination intake and pumping station located about 1,500 feet upstream from the plant. The initial capacity of this typical rapid sand filtration plant soon proved to be inadequate for the fast-growing city such that an addition was required in 1959 to increase the capacity to two MGD. The system demands continued with the City's growth and required another plant addition in 1969 which doubled the production capability to four MGD. During this same construction, the pumping capacity at the raw water station was increased accordingly. The raw water from the unlimited supply from the Savannah River is treated with chemicals to induce coagulation and settling in basins prior to filtration. Chlorine is added for disinfecting purposes, and fluoride is added to the finished water to reduce dental decay.

In February, 1982, the City purchased from Water Distributors, Incorporated, a South Carolina corporation, a water system serving an unincorporated area of Aiken County adjacent to the City limits. This water system, originally known as the "ground water system" because its water supply was four deep wells, consisted of a 125,000 gallon elevated tank, a 300,000 gallon ground reservoir, and accompanying distribution lines. The wells are no longer in service, and the two systems are completely integrated with all water supplied from the North Augusta water treatment plant.

In 1988, the water treatment plant was again expanded from four MGD capacity to eight MGD. This expansion consisted of increasing the filtration rate, installing two additional pumps, and upgrading the chemical feed system.

In 1998, the City contracted for the design of a six MGD expansion to the water treatment plant, a new twenty-four MGD raw water intake and major distribution improvements primarily in the northeastern portion of the City's water system. Construction of these improvements began in July, 1999, and was completed in April, 2001.

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.

During 2014, phase I construction began on a new 30 million gallon raw water storage tank including upgrades to the raw water pump station. Construction is expected to be completed in 2015. Phase II construction of a new water treatment module with two treatment trains on the present site of the existing newer plant site is expected to be completed late 2016 or into 2017. This project will include a new chemical building, new feed systems for the treatment process, a new maintenance building and improvement to the existing SCADA system.

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, 2014

	<u>Present Allocation</u>	<u>Present Use</u>
City of North Augusta	8.672 MGD	4.71485 MGD
City of Aiken	7.134 MGD	4.48966 MGD
Aiken County	1.560 MGD	0.00000 MGD
Breezy Hill	.927 MGD	0.30632 MGD
Cytec Industries, Inc.	.900 MGD	0.05692 MGD
VPSA	.367 MGD	0.31510 MGD
Kimberly Clark	.150 MGD	0.04515 MGD
Bath	.070 MGD	0.03589 MGD
Beech Island W & S	.060 MGD	0.00333 MGD
Langley	.060 MGD	0.03592 MGD
Clearwater	.050 MGD	0.05862 MGD
PACTIV	.050 MGD	0.02397 MGD
Uncommitted	<u>.000 MGD</u>	<u>0.00000 MGD</u>
 TOTAL	 <u>20.000 MGD</u>	 <u>10.08573 MGD</u>

Stormwater Management

On July 1, 2002 the City of North Augusta initiated a Stormwater Management Utility. The monthly fee is based on the Equivalent Residential Unit (ERU), which is comprised of one, one-third acre lot containing a single family residential dwelling structure with a runoff coefficient of 0.35. The Stormwater Management Utility fee billed monthly for residential customers located in the City limits is \$4.00 per ERU. Every single-family, residential customer is billed one ERU. All other developed properties are classified as non-residential developed and billed according to the number of ERU's derived from their primary use classification and parcel size.

The stormwater utility fee is used only for activities relating to stormwater management. The benefits of the stormwater management program include improved water quality, better maintenance of drainage facilities resulting in less street flooding, reduction in soil erosion and higher property values.

Education

The State of South Carolina provides a basic minimal education program for each county within the State. The School District of Aiken County is the administrative unit serving the County of Aiken and the City of North Augusta. The School District of Aiken County is governed by the Aiken County Board of Education, which is composed of nine members elected to four-year terms. State regulations and policies must be followed by the County School Board.

The City of North Augusta is served by four elementary schools, two middle schools, and one high school. North Augusta High School, North Augusta Middle School, and Paul Knox Middle School are members of and accredited by the Southern Association of Secondary Schools and Colleges.

The City of North Augusta has no financial responsibility for any part of the school district. The funding for the school district consists of State of South Carolina, federal government, and Aiken County funds.

Private schooling is available at Our Lady of Peace School, Victory Baptist School, and Walden Hall Christian Montessori School in North Augusta, and at Augusta Preparatory School, Augusta Christian Day School, Episcopal Day School, and Aquinas High School in Augusta, Georgia.

Higher education facilities are provided in the area by the Aiken Technical Education Center, the Aiken Regional Campus of the University of South Carolina, 20 miles away, and by Paine College and Georgia Regents University-Augusta (formerly Augusta State University and the Medical College of Georgia) located in Augusta, Georgia.

Transportation

The City is served by four federal highways and six state highways with Interstate 20 passing through the City limits. The widening of the Thirteenth Street Bridge, completed in the fall of 1991, provides four-lane access from North Augusta on Georgia Avenue from Buena Vista Avenue to downtown Augusta, Georgia.

In 2001, the South Carolina Transportation Infrastructure Bank Board (SCTIB) approved initial funding for the completion of the “Palmetto Parkway”, the South Carolina portion of the I-520 Interstate loop around the Augusta metropolitan area. Construction of Phase 1, 2½ miles from Sand Bar Ferry Road in Augusta, Georgia, to US 1 in North Augusta, was completed in June 2004 at a cost of approximately \$43,000,000. Phase 2 extends another 6 miles to the north, from US 1 to Interstate 20 at US 25. Construction of Phase 2 began in late 2006. Additional funding made available in 2007 for improvements to the US 25 and Interstate 20 interchange area increased the scope of the project. The Palmetto Parkway was completed and opened to traffic in December 2009. The total cost of the Palmetto Parkway, including the Georgia DOT share of the Savannah River Bridge, was approximately \$247 million.

Air service is provided at two airports located in Augusta, Georgia. Augusta Regional Airport at Bush Field is serviced by USAirways Express, and Delta Connection Carriers, Atlantic Southeast Airlines and Regional Elite. Major renovations to the airport terminal, including state of the art technology, were completed in 2007. Located on 1,410 acres, the airport is equipped with all FAA navigational facilities, including one 8,000-foot runway and one 6,000-foot runway, with supporting taxiways and aprons.

Daniel Field is a general aviation type airport located in West Augusta. It contains two 4,000 foot runways providing for complete fixed base operations including charter, student training, sales, service, and UNICOM, available during daylight hours.

Rail freight service to the Augusta metropolitan area is provided by Norfolk Southern Railway and CSX Transportation.

Bus line service to and from the area is provided by Greyhound Lines, Inc. and Southeastern Stages, Inc. Local bus transportation is provided by the Best Friend Express, a transportation system owned and operated by Aiken County.

Industrial Profile

There are approximately seventy manufacturing firms in Aiken County of which three are located in North Augusta. Principal manufactured products include materials for nuclear power, glass fibers, cotton and yarn goods, concrete products, fabricated steel pipes and tanks, tissue products, disposable diapers, automobile parts, wood fixtures, printing and publishing products, electrical wiring devices, clothing products, specialty and industrial chemicals. Details of the major employers are provided in Table XVIII on page 153.

April 20, 2015

Honorable Mayor,
Members of City Council, and
Citizens of North Augusta
North Augusta, South Carolina 29841

Ladies and Gentlemen:

We are pleased to submit the Comprehensive Annual Financial Report of the City of North Augusta, South Carolina for the fiscal year ended December 31, 2014. The report contains a comprehensive analysis of the City's financial position and activities for the fiscal year ended December 31, 2014 and other pertinent financial and demographic information, generally presented on a multi-year basis.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City of North Augusta. To the best of our knowledge and belief, the enclosed data are accurate in all material respects, and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City in accordance with generally accepted accounting principles (GAAP); and all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. Management has established and maintains a system of internal controls to provide for this assurance. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

In accordance with Section 5-13-30 of the South Carolina Code of Laws, an annual audit was performed by Serotta Maddocks Evans & Company, CPA's, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurances the Financial Statements are free of material misstatement. The independent auditor has rendered an unqualified opinion that the City of North Augusta's financial statements for the fiscal year ended December 31, 2014, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read

in 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 22,048 for 2014.

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 400,000 square feet and 181 acres of residential development, including 400 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 that was completed during 2014. 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 few years has spurred additional development of the surrounding vacant lands. New restaurants including a second Zaxby's, McDonald's, Waffle House, Little Casear's, Smallcakes Cupcakes, Dunkin' Doughnuts and a stand-alone Bojangles have all been developed recently. The completed Wal-Mart store opened in late 2014 and will spur additional commercial development interest near this Interchange including the five outparcels in front of the superstore.

The City, partnered with the South Carolina Department of Transportation, completed and opened a Park and Ride Facility in 2014 adjacent to the I-20 Exit 5 Interchange to further promote carpooling to nearby industrial and manufacturing operations, thereby 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 2014. 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 conference center with multiple meeting spaces, and associated structured parking facilities for the stadium and a 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, 27 single family units, 270 luxury apartments, 45,000 square feet of retail space, 60,000 square feet of office space and a Family Y facility. Presently the public/private development agreement is in process which should be completed in the summer of 2015.

The Local Hospitality and Accommodations taxes levied by the City initially in 1998 continued as an excellent revenue stream in 2014. 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, 2013 of \$834,918 was transferred to the Capital Projects Fund on May 13, 2014. The unreserved fund balance in the General Fund at December 31, 2014 of \$944,051 will be transferred to the Capital Projects Fund in May of 2015.

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, 2014 was invested in the South Carolina Local Government Investment Pool, collateralized deposits, and repurchase agreements. The average yield on investments during 2014 was 0.35% which is in line with 2013 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, 2014, the City of North Augusta has two active Revenue Bond issues, dated 2002 and 2014. 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, 2013. This was the thirty-second 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,



Cammie T. Hayes
Director of Finance



Government Finance Officers Association

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

Presented to

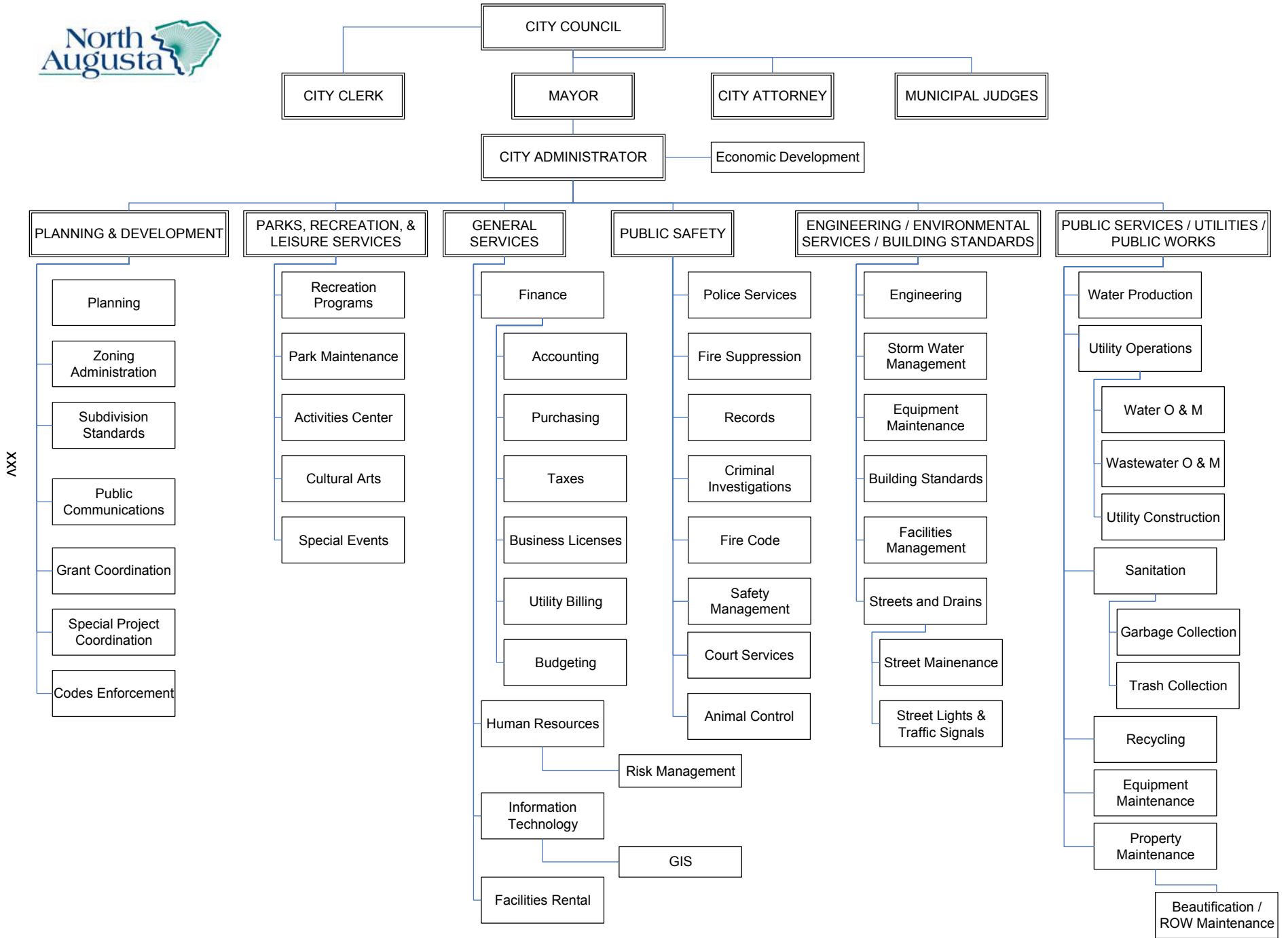
**City of North Augusta
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

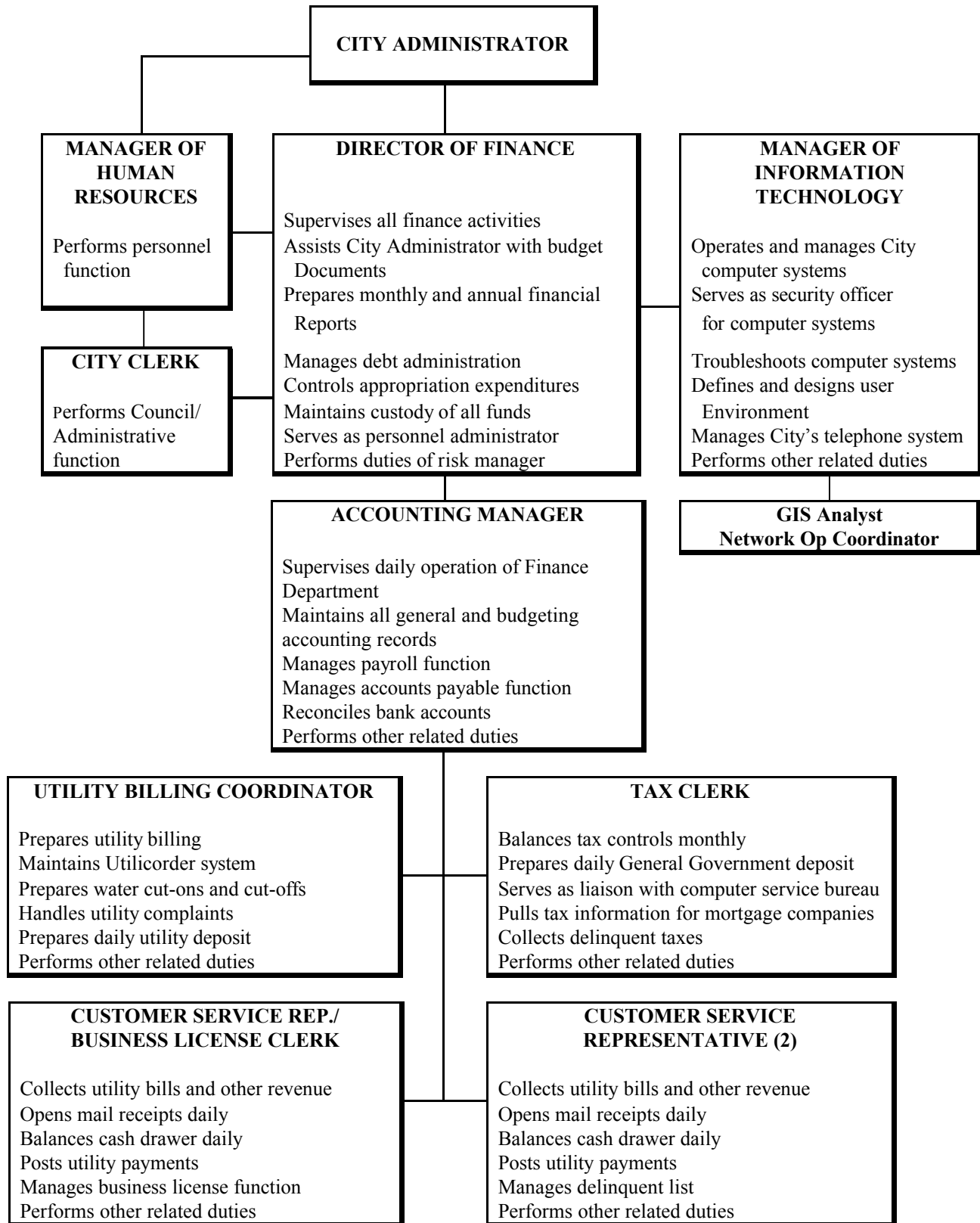
Executive Director/CEO

CITY OF NORTH AUGUSTA ORGANIZATION CHART -2014



AXX

**FINANCE DEPARTMENT
ORGANIZATIONAL CHART - 2014**



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

Cammie T. Hayes, Director of Finance
Richard L. Meyer, Director of Parks, Recreation & Leisure Services
Scott L. Sterling, 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



**FINANCIAL
SECTION**

North
Augusta

South Carolina's Riverfront



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



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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2014, 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.

Other Information

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, capital asset schedules, schedule of fines, assessments and surcharges - general fund 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, capital asset schedules, schedule of fines, assessments and surcharges - general fund and schedule of expenditures of federal awards 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 combining and individual fund financial 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 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 20, 2015 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 20, 2015



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, 2014. 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 \$138,038,124 (*net position*). Of this amount, \$11,035,698 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 \$5,381,244 for the year ended December 31, 2014. The governmental activities contributed \$2,543,709 and the business-type activities contributed \$2,837,535 of the net change in net position.

At the close of the fiscal year ended December 31, 2014, the City's governmental funds reported combined ending fund balances of \$12,296,846, a decrease of \$1,386,413 from the prior year.

At the close of the fiscal year ended December 31, 2014, the fund balance in the General Fund was \$1,135,564. Per the City's financial policies the portion of fund balance committed for capital projects, \$944,051, will be transferred to the Capital Projects Fund in 2015.

Capital Projects Sales Tax III was approved by referendum in November 2010. City projects for Sales Tax III, totaling \$23,575,000 over seven years, began during 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, increased from \$7,567,449 to \$12,295,968 or \$4,728,519 during 2014. During 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.

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 twelve 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 Sales Tax III Fund, which meets the criteria for a major fund and the Capital Projects Fund, which the City elects to present as a Major fund. Information from the other nine governmental funds (six 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.

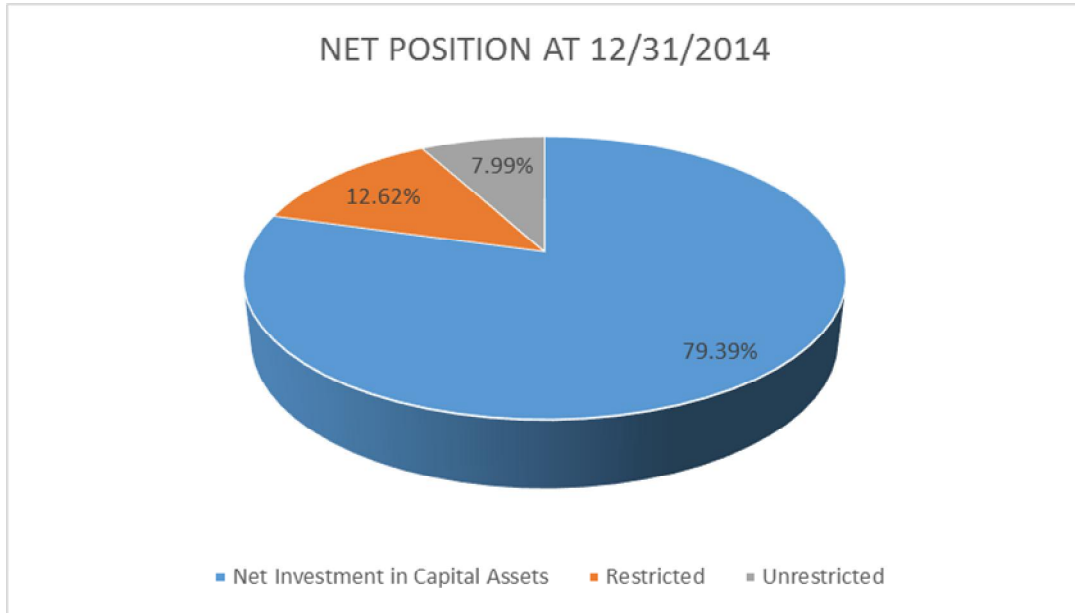
Government-Wide Financial Analysis

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 \$138,038,124 at the close of the most recent fiscal year.

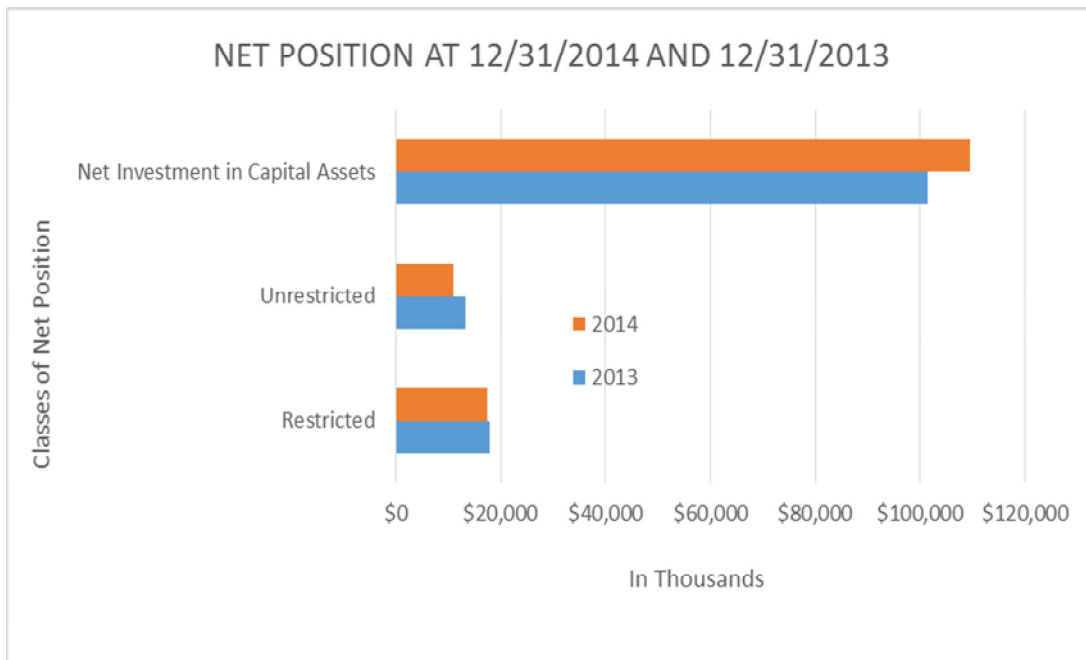
By far, the largest portion of the City’s net position (\$109,581,999, or 79.39%) reflects its investment in capital assets (e.g., land, land improvements, right-of-way and easements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, PSA capital, 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	
	2013	2014	2013	2014	2013	2014
Assets:						
Cash/Investments-Unrestricted	\$7,297,188	\$7,005,123	\$7,452,657	\$6,350,961	\$14,749,845	\$13,356,084
Other Current Assets	399,385	373,957	1,603,644	1,794,069	2,003,029	2,168,026
Cash/Investments-Restricted	7,235,047	6,990,796	10,601,182	12,882,809	17,836,229	19,873,605
Capital assets, net of accumulated depreciation	59,195,928	62,748,272	49,897,728	59,129,695	109,093,656	121,877,967
Service rights, net of accumulated depreciation	-	-	35,994	33,494	35,994	33,494
Deferred charges, net of accumulated depreciation	-	-	9,501	-	9,501	-
TOTAL ASSETS	\$74,127,548	\$77,118,148	\$69,600,706	\$80,191,028	\$143,728,254	\$157,309,176
Liabilities:						
Current liabilities	\$1,039,234	\$1,871,538	\$988,161	\$3,574,665	\$2,027,395	\$5,446,203
Noncurrent liabilities	5,933,547	5,571,815	2,996,056	8,162,339	8,929,603	13,734,154
TOTAL LIABILITIES	\$6,972,781	\$7,443,353	\$3,984,217	\$11,737,004	\$10,956,998	\$19,180,357
Deferred Inflows from Resources:	\$85,695	\$ 90,695	\$ -	\$ -	\$85,695	\$ 90,695
Net Position:						
Net investment in capital assets	\$53,791,597	\$57,779,457	\$47,734,609	\$51,802,542	\$101,526,206	\$109,581,999
Restricted	7,810,702	7,536,710	10,104,431	9,883,717	17,915,133	17,420,427
Unrestricted	5,466,773	4,267,933	7,777,449	6,767,765	13,244,222	11,035,698
TOTAL NET POSITION	\$67,069,072	\$69,584,100	\$65,616,489	\$68,454,024	\$132,685,561	\$138,038,124

An additional portion of the City’s net position (\$17,420,427 or 12.62%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$11,035,698 or 7.99%) 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.



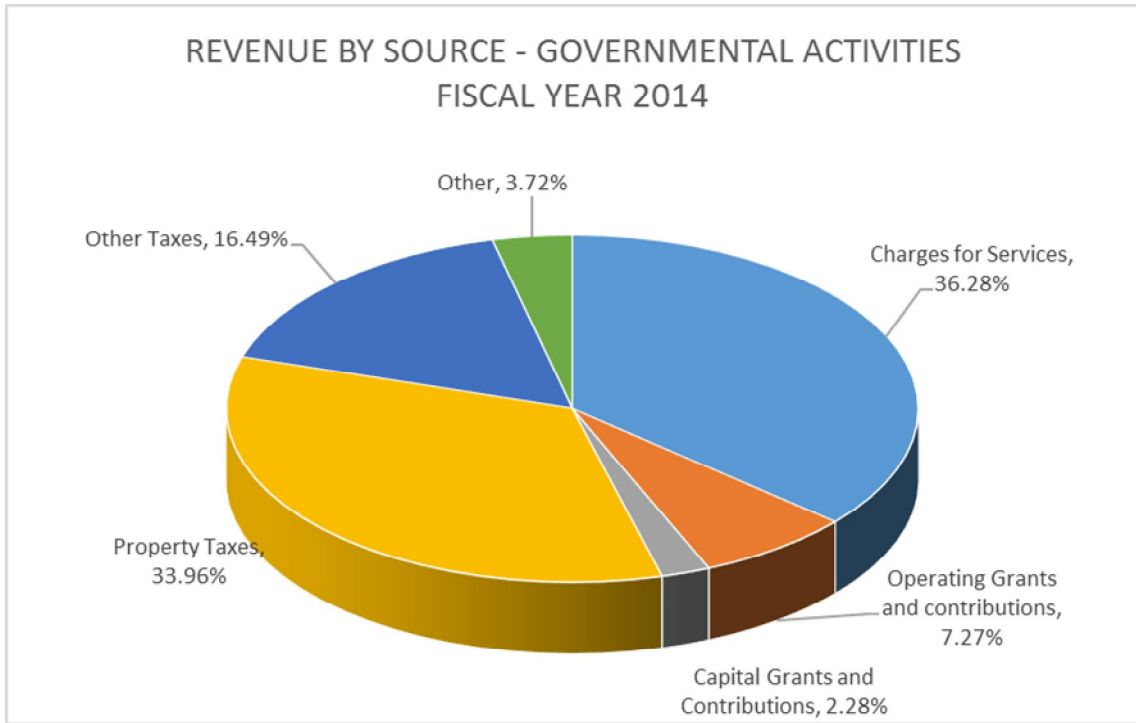
Governmental Activities

Governmental activities increased the City's net position by \$2,543,709, thereby accounting for 47.27% of the total growth in net position. Governmental expenses 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	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services	\$7,006,168	\$7,471,640	\$12,787,275	\$13,548,625	\$19,793,443	\$21,020,265
Operating grants and contributions	872,295	1,496,428	-	264,747	872,295	1,761,175
Capital grants and contributions	1,357,083	468,934	220,936	618,036	1,578,019	1,086,970
General revenues:						
Property taxes	6,858,860	6,993,684	-	-	6,858,860	6,993,684
Other taxes	1,803,482	3,395,144	-	-	1,803,482	3,395,144
Other	702,430	766,376	610,196	695,096	1,312,626	1,461,472
TOTAL REVENUES	\$18,600,318	\$20,592,206	\$13,618,407	\$15,126,504	\$32,218,725	\$35,718,710
Expenses:						
General government	\$3,893,288	\$4,181,576	-	-	\$3,893,288	\$4,181,576
Public safety	6,615,699	7,232,466	-	-	6,615,699	7,232,466
Public works	2,609,477	2,348,897	-	-	2,609,477	2,348,897
Recreation and parks	4,212,673	4,501,259	-	-	4,212,673	4,501,259
Interest and fiscal charges on debt service	313,866	163,147	-	-	313,866	163,147
Loss on debt defeasance	277,682	-	-	-	277,682	-
Water and wastewater	-	-	7,491,321	7,420,051	7,491,321	7,420,051
Sanitation	-	-	3,376,614	3,958,515	3,376,614	3,958,515
Stormwater	-	-	826,121	507,555	826,121	507,555
Savannah Bluff Lock and Dam	-	-	24,000	24,000	24,000	24,000
TOTAL EXPENSES	\$17,922,685	\$18,427,345	\$11,718,056	\$11,910,121	\$29,640,741	\$30,337,466
Increase in net position before transfers	\$677,633	\$2,164,861	\$1,900,351	\$3,216,383	\$2,577,984	\$5,381,244
Transfers	657,011	378,848	(657,011)	(378,848)	-	-
Increase in net position	1,334,644	2,543,709	1,243,340	2,837,535	2,577,984	5,381,244
Net position - Beginning of year	65,734,428	67,069,072	64,373,149	65,616,489	130,107,577	132,685,561
Prior period adjustment	-	(28,681)	-	-	-	(28,681)
Net position - End of year	\$67,069,072	\$69,584,100	\$65,616,489	\$68,454,024	\$132,685,561	\$138,038,124

Governmental activities revenues increased from \$18,600,318 to \$20,592,206 in 2014. Charges for services (\$7,471,640) include business license revenues, franchise fees, construction permits and public safety fines and represent 36.28% of total governmental revenues. These revenues are predominantly elastic in nature and vary with economic trends and are evidence of a recovering economy, increasing from 2013. During 2014 operating grants and contributions increased by \$624,133 while capital grants and contributions decreased by \$888,149. The

increase in operating grants and contributions was due to FEMA grant funding related to winter storm PAX and a community contribution for a City infrastructure project. Property taxes increased by \$134,824 or 1.97% during the year. Other taxes consisting of the One-cent Capital Projects Sales Tax III and the City's Local Hospitality and Accommodations Tax increased by \$1,591,662 due primarily to Sales Tax III funding. Other revenue including investment income increased by \$63,946 from 2013.



In 2014, governmental activities expenses increased by \$504,660 from \$17,922,685 to \$18,427,345. General government expenses increased by \$288,288 or 7.40% primarily due to bond counsel fees and financial advisor fees associated with a potential public/private development known as Project Jackson. Expenses in public safety for 2014 increased by \$616,767 from \$6,615,699 to \$7,232,466 or 9.32%, primarily due to the addition of new officers, construction of a new fire station and payment of a settlement. Public works expenses decreased by \$260,580 or 9.99% from \$2,609,477 to \$2,348,897 in 2014, primarily due to the completion of projects in the prior year. Expenses in recreation and parks increased by \$288,586 or 6.85% in 2014, due to an increase in capital equipment purchases and additional supplies for concessions and operations.

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 \$2,837,535, accounting for 52.73% of the total growth in net position. Charges for services increased by \$761,350 or 5.95%, from \$12,787,275 in 2013 to \$13,548,625 in 2014. This increase is attributed to an increase in wastewater sales coupled with an increase in revenue from recycling fees in the Sanitation Services Fund. Water sales were down for the current year by \$162,949 from \$3,421,529 in 2013 to \$3,258,580 in 2014. Wastewater charges, driven by additional flow from the City's wholesale customer, increased by \$259,364 from \$5,016,120 in 2013 to \$5,275,484 in 2014. Recycling fees in the Sanitation Services Fund increased by \$538,114 or 90.35% from 2013 primarily due to the addition of a large commercial hauling customer. Charges for services in the Stormwater Utility Fund remained relatively constant from 2013.

Expenses for the Water and Wastewater System decreased slightly by \$71,270 or .95%, from \$7,491,321 in 2013 to \$7,420,051 in 2014.

In 2014 the expenses for the Sanitation Services Fund increased by \$581,901 or 17.23% (from \$3,376,614 to \$3,958,515). An increase in the waste stream and the resulting cost of disposal of the waste from a new private commercial hauler accounted for this cost escalation.

The expenses in the Stormwater Utility Fund decreased by \$318,566 or 38.56% (from \$826,121 in 2013 to \$507,555 in 2014). This decrease 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, 2014 was \$1,135,564. Per the City's financial policies, the portion of this fund balance committed for capital projects in the amount of \$944,051 will be transferred to the Capital Projects Fund in 2015. The General Fund had an increase in fund balance from 2013 as restated of \$287,808. The fund balance increase from 2013 is reflective of an improving economy.

General Fund Budgetary Highlights

For the fiscal year 2014 the City adopted a balanced budget in the General Fund. The General Fund budgeted revenues amounted to \$14,746,644 including operating transfers in of \$550,121 from the major enterprise funds. The City does not budget proceeds from capital lease obligations, which amounted to \$312,249 in 2014. For 2014 actual General Fund revenues and

other financing sources exceeded budgeted revenues by \$1,044,454. Current taxes in the General Fund grew by \$531,876 or 9.80%. Revenues from business licenses increased by \$294,202 or 6.21% from \$4,738,535 in 2013 to \$5,032,737 in 2014. Building related permits, reflecting a moderate recovery in the building sector, increased by \$85,775 from \$153,637 in 2013 to \$239,412 in 2014. Revenue from public safety fines increased slightly this year by \$44,074 or 4.52%, from \$975,931 in 2013 to \$1,020,005 in 2014. Charges for services increased by \$31,886 or 2.84% from \$1,122,957 in 2013 to \$1,154,843 in 2014. Intergovernmental revenue increased by \$294,114, or 45.45%, from \$647,154 in 2013 to \$941,268 in 2014. This increase was mostly due to the grant from FEMA for the winter storm. We remain 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 \$1,631, from \$589,058 in 2013 to \$590,689 in 2014.

Budget Amendments – There were no budget amendments in any fund for fiscal year 2014.

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, 2014, amounts to \$121,877,967 (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	
	2013	2014	2013	2014	2013	2014
Land	\$8,193,328	\$8,313,600	\$823,628	\$824,058	\$9,016,956	\$9,137,658
Land improvements	7,396,992	7,227,683	-	-	7,396,992	7,227,683
Right-of-way and easements	2,764,810	2,826,690	62,760	62,760	2,827,570	2,889,450
Buildings	24,205,991	23,503,464	2,463,774	3,811,627	26,669,765	27,315,091
Machinery and equipment	508,802	471,430	545,737	602,154	1,054,539	1,073,584
Furniture and fixtures	801,796	681,157	-	-	801,796	681,157
Vehicles	2,767,576	2,600,778	1,473,473	1,759,947	4,241,049	4,360,725
Infrastructure	12,373,454	11,912,679	-	-	12,373,454	11,912,679
System improvements	-	-	40,695,121	40,186,213	40,695,121	40,186,213
PSA capital	-	-	2,432,122	2,315,437	2,432,122	2,315,437
Construction in progress	183,179	5,210,791	1,401,113	9,567,499	1,584,292	14,778,290
TOTAL CAPITAL ASSETS	\$59,195,928	\$62,748,272	\$49,897,728	\$59,129,695	\$109,093,656	\$121,877,967

The City has committed \$724,080 to the construction of Public Safety Station 3, \$7,214,640 to a raw water storage facility, and \$471,941 to the design of a water plant upgrade. Construction of these projects will commence or continue in 2015 with completion dates into 2016. No additional financing will be required for the design of the new station. The raw water storage facility and water treatment plant are financed through South Carolina

Waterworks and Sewer System Improvement Revenue Bonds. 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 \$6,301,457. 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	
	2013	2014	2013	2014	2013	2014
General Obligation Bonds (GOB)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, net of deferred refunding	-	-	1,121,081	6,301,457	\$1,121,081	6,301,457
TOTAL DEBT	\$ -	\$ -	\$1,121,081	\$6,301,457	\$1,121,081	\$6,301,457

The City's total bonded debt outstanding increased by \$5,180,376 during the current fiscal year. This increase was attributed to the issuance of a South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2014A for a raw water storage facility.

The City's 2002 and 2014A Revenue Bonds, were private issues and therefore not rated. The City's debt coverage requirement, still remaining strong, decreased from 8.43 to 2.76. The City's bond covenants require coverage of 1.25 to issue additional bonds. Please refer to Table XVI on page 150 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 \$1,804,688 in capital leases for furniture, equipment, and machinery, \$4,189,823 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 \$603,000.

Additional information regarding the City's capitalized lease obligations and long-term debt can be found in Notes 4 and 5 on pages 42-47 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, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Equity in pooled cash	\$ 4,681,885	\$ 3,653,294	\$ 8,335,179
Investments	2,323,238	2,697,667	5,020,905
Receivables:			
Taxes, net	125,488	-	125,488
Customers, net	-	1,593,209	1,593,209
Grants	101,579	-	101,579
Other	145,116	-	145,116
Inventory	1,774	200,860	202,634
Current restricted assets (cash and investments)	-	2,668,385	2,668,385
Noncurrent assets:			
Restricted assets (cash and investments)	6,990,796	10,214,424	17,205,220
Capital assets, net:			
Non-depreciable	16,351,081	10,454,317	26,805,398
Depreciable	46,397,191	48,675,378	95,072,569
Service rights, net	-	33,494	33,494
TOTAL ASSETS	\$ 77,118,148	\$ 80,191,028	\$ 157,309,176
LIABILITIES			
Accounts payable	\$ 794,309	\$ 421,838	\$ 1,216,147
Retainage payable	199,869	-	199,869
Accrued salaries, wages, and employee benefits	592,481	143,656	736,137
Claims payable	195,000	-	195,000
Municipal court liability	73,374	-	73,374
Accrued interest payable	13,445	10,079	23,524
Payable from restricted resources:			
Accounts payable	-	1,764,584	1,764,584
Retainage payable	-	726,953	726,953
Accrued bond interest	-	24,014	24,014
Customer deposits	-	483,541	483,541
Liabilities payable from restricted assets	3,060	-	3,060
Noncurrent liabilities:			
Due within one year:			
Capital leases	716,459	458,679	1,175,138
Unearned revenue	-	23,515	23,515
Revenue bonds	-	673,348	673,348
Accrued vacation	418,998	277,852	696,850
Due in more than one year:			
Capital leases	4,252,356	567,017	4,819,373
Unearned revenue	-	533,819	533,819
Revenue bonds	-	5,628,109	5,628,109
Long-term portion of accrued vacation	184,002	-	184,002
TOTAL LIABILITIES	7,443,353	11,737,004	19,180,357
DEFERRED INFLOWS OF RESOURCES			
Deferred assessment fees	90,695	-	90,695
NET POSITION			
Net investment in capital assets	57,779,457	51,802,542	109,581,999
Restricted for:			
Debt service	729,904	-	729,904
Bond indentures	-	8,959,414	8,959,414
Operating agreement - Savannah Bluff Lock and Dam	-	924,303	924,303
Victims assistance - per state regulations	60,140	-	60,140
Public safety - fire division - per state regulations	118,507	-	118,507
Capital projects - sales tax fund per state regulations	6,628,159	-	6,628,159
Unrestricted	4,267,933	6,767,765	11,035,698
TOTAL NET POSITION	69,584,100	68,454,024	138,038,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 77,118,148	\$ 80,191,028	\$ 157,309,176

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities:							
General government	\$ 4,181,576	\$ 5,272,149	\$ 1,097,471	\$ -	\$ 2,188,044	\$ -	\$ 2,188,044
Public safety	7,232,466	1,109,022	98,984	-	(6,024,460)	-	(6,024,460)
Public works	2,348,897	-	299,973	409,377	(1,639,547)	-	(1,639,547)
Recreation and parks	4,501,259	1,090,469	-	59,557	(3,351,233)	-	(3,351,233)
Interest and fiscal charges on debt service	163,147	-	-	-	(163,147)	-	(163,147)
Total governmental activities	<u>18,427,345</u>	<u>7,471,640</u>	<u>1,496,428</u>	<u>468,934</u>	<u>(8,990,343)</u>	<u>-</u>	<u>(8,990,343)</u>
Business-type activities:							
Water and wastewater	7,420,051	8,800,125	-	138,036	-	1,518,110	1,518,110
Sanitation	3,958,515	4,163,934	264,747	480,000	-	950,166	950,166
Stormwater utility	507,555	584,566	-	-	-	77,011	77,011
Savannah Bluff Lock and Dam	24,000	-	-	-	-	(24,000)	(24,000)
Total business-type activities	<u>11,910,121</u>	<u>13,548,625</u>	<u>264,747</u>	<u>618,036</u>	<u>-</u>	<u>2,521,287</u>	<u>2,521,287</u>
Total	<u>\$ 30,337,466</u>	<u>\$ 21,020,265</u>	<u>\$ 1,761,175</u>	<u>\$ 1,086,970</u>	<u>(8,990,343)</u>	<u>2,521,287</u>	<u>(6,469,056)</u>
General revenues:							
Ad valorem property taxes					6,993,684	-	6,993,684
Local hospitality and accommodation taxes					661,531	-	661,531
Capital projects sales taxes					2,733,613	-	2,733,613
Interest on investments					69,440	50,735	120,175
Gain on sale of capital assets					19,072	155,089	174,161
Miscellaneous					677,864	489,272	1,167,136
Transfers					378,848	(378,848)	-
Total general revenues and transfers					<u>11,534,052</u>	<u>316,248</u>	<u>11,850,300</u>
Change in net position					2,543,709	2,837,535	5,381,244
Net position - beginning of year - as previously stated					67,069,072	65,616,489	132,685,561
Prior period adjustment					(28,681)	-	(28,681)
Net position - beginning of year - restated					<u>67,040,391</u>	<u>65,616,489</u>	<u>132,656,880</u>
Net position - end of year					<u>\$ 69,584,100</u>	<u>\$ 68,454,024</u>	<u>\$ 138,038,124</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	GENERAL FUND	SALES TAX III FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Equity in pooled cash	\$ 1,322,211	\$ -	\$ 123,237	\$ 3,236,437	\$ 4,681,885
Investments	491,931	-	-	1,831,307	2,323,238
Receivables:					
Taxes, net of allowance for doubtful accounts of \$47,108 for 2014 and \$28,681 for 2013	125,488	-	-	-	125,488
Grants	3,887	-	97,692	-	101,579
Other	145,116	-	-	-	145,116
Inventory	1,774	-	-	-	1,774
Due from other funds	-	-	-	868	868
Restricted assets (cash and investments)	63,200	1,525,149	2,200,414	3,202,033	6,990,796
TOTAL ASSETS	\$ 2,153,607	\$ 1,525,149	\$ 2,421,343	\$ 8,270,645	\$ 14,370,744
LIABILITIES					
Accounts payable	\$ 225,369	\$ -	\$ 414	\$ 568,526	\$ 794,309
Retainage payable	-	122,885	-	76,984	199,869
Due to other funds	868	-	-	-	868
Accrued salaries, wages, and employee benefits	591,130	-	-	1,351	592,481
Claims payable	-	-	195,000	-	195,000
Municipal court liability	73,374	-	-	-	73,374
Liabilities payable from restricted assets	3,060	-	-	-	3,060
TOTAL LIABILITIES	893,801	122,885	195,414	646,861	1,858,961
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	124,242	-	-	-	124,242
Deferred assessment fees	-	-	-	90,695	90,695
TOTAL DEFERRED INFLOWS OF RESOURCES	124,242	-	-	90,695	214,937
FUND BALANCES					
Nonspendable					
Inventory	1,774	-	-	-	1,774
Restricted for:					
Capital projects	-	1,402,264	2,200,000	3,025,895	6,628,159
Victim's assistance	60,140	-	-	-	60,140
Fire departments	-	-	-	118,507	118,507
Committed for:					
Capital projects	944,051	-	214,918	1,899,636	3,058,605
Housing and development	129,599	-	-	-	129,599
Assigned for:					
Capital projects	-	-	-	2,445,879	2,445,879
Recreation and parks	-	-	-	43,172	43,172
Unassigned	-	-	(188,989)	-	(188,989)
TOTAL FUND BALANCES	1,135,564	1,402,264	2,225,929	7,533,089	12,296,846
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,153,607	\$ 1,525,149	\$ 2,421,343	\$ 8,270,645	

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.	62,748,272
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital leases	(4,968,815)
Accrued vacation	(603,000)
Other long-term assets not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	124,242
Interest payable on long-term debt does not require current financial resources and, therefore, is not reported in the funds.	(13,445)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 69,584,100

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, 2014

	GENERAL FUND	SALES TAX III FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Ad valorem property taxes	\$ 6,030,138	\$ -	\$ 196,271	\$ 767,117	\$ 6,993,526
Local hospitality and accommodation taxes	-	-	-	661,531	661,531
Capital projects sales taxes	-	2,733,613	-	-	2,733,613
Licenses and permits	5,272,149	-	-	-	5,272,149
Fines and forfeitures	1,044,648	-	-	-	1,044,648
Charges for services	1,154,843	-	-	-	1,154,843
Intergovernmental	941,268	-	126,155	120,062	1,187,485
Contributions	-	-	-	368,500	368,500
Miscellaneous/interest earnings	590,689	8,337	109,384	38,894	747,304
TOTAL REVENUES	<u>15,033,735</u>	<u>2,741,950</u>	<u>431,810</u>	<u>1,956,104</u>	<u>20,163,599</u>
<u>EXPENDITURES</u>					
Current:					
General government	2,965,944	-	46,794	692,094	3,704,832
Public safety	6,368,226	-	222,135	39,835	6,630,196
Public works	1,283,961	-	-	60,054	1,344,015
Recreation and parks	3,259,898	-	131,572	-	3,391,470
Debt service:					
Principal	404,121	-	-	343,643	747,764
Interest and fiscal charges	15,185	-	-	163,850	179,035
Capital outlay:					
General government	-	-	-	3,270,716	3,270,716
Public safety	220,282	492,929	-	1,309,773	2,022,984
Public works	7,001	292,423	90,723	224,560	614,707
Recreation and parks	143,754	-	198,747	19,080	361,581
TOTAL EXPENDITURES	<u>14,668,372</u>	<u>785,352</u>	<u>689,971</u>	<u>6,123,605</u>	<u>22,267,300</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	365,363	1,956,598	(258,161)	(4,167,501)	(2,103,701)
<u>OTHER FINANCING SOURCES (USES)</u>					
Capital lease obligations	312,249	-	-	-	312,249
Sales of general capital assets	26,191	-	-	-	26,191
Transfers in	418,923	-	834,918	2,000,000	3,253,841
Transfers out	(834,918)	(1,000,000)	(1,000,000)	(40,075)	(2,874,993)
TOTAL OTHER FINANCING SOURCES	<u>(77,555)</u>	<u>(1,000,000)</u>	<u>(165,082)</u>	<u>1,959,925</u>	<u>717,288</u>
NET CHANGE IN FUND BALANCES	287,808	956,598	(423,243)	(2,207,576)	(1,386,413)
FUND BALANCE - BEGINNING OF YEAR - Restated	847,756	445,666	2,649,172	9,740,665	13,683,259
FUND BALANCE - END OF YEAR	<u>\$ 1,135,564</u>	<u>\$ 1,402,264</u>	<u>\$ 2,225,929</u>	<u>\$ 7,533,089</u>	<u>\$ 12,296,846</u>

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, 2014

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

Net change in fund balances - total governmental funds \$ (1,386,413)

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	\$ 6,217,415	
Contributions of assets to general government	409,377	
Depreciation on general government assets	(3,067,329)	
Net effect on sale of capital assets	<u>(7,119)</u>	
		3,552,344

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	(73,783)	
Principal payments on capital leases	747,764	
Proceeds from capital lease	<u>(312,249)</u>	
		361,732

Revenues in the statement of activities do not provide current financial resources and, therefore, are not reported in the funds. 158

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.

Change in net position of governmental activities		<u>15,888</u>
		<u>\$ 2,543,709</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, 2014

	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET
<u>REVENUES</u>			
Ad valorem property taxes	\$ 5,907,698	\$ 6,030,138	\$ 122,440
Licenses and permits	4,857,540	5,272,149	414,609
Fines and forfeitures	1,035,400	1,044,648	9,248
Charges for services	1,108,206	1,154,843	46,637
Intergovernmental	716,168	941,268	225,100
Miscellaneous	571,511	590,689	19,178
TOTAL REVENUES	<u>14,196,523</u>	<u>15,033,735</u>	<u>837,212</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,127,274	2,965,944	(161,330)
Public safety	6,636,907	6,368,226	(268,681)
Public works	1,274,488	1,283,961	9,473
Recreation and parks	3,213,412	3,259,898	46,486
Capital lease payments	428,063	419,306	(8,757)
Capital outlay:			
Public safety	10,000	220,282	210,282
Public works	7,600	7,001	(599)
Recreation and parks	48,900	143,754	94,854
TOTAL EXPENDITURES	<u>14,746,644</u>	<u>14,668,372</u>	<u>(78,272)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(550,121)</u>	<u>365,363</u>	<u>915,484</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from capital lease obligations	-	312,249	312,249
Sales of general capital assets	-	26,191	26,191
Transfers in	550,121	418,923	(131,198)
Transfers out	-	(834,918)	(834,918)
TOTAL OTHER FINANCING SOURCES (USES)	<u>550,121</u>	<u>(77,555)</u>	<u>(627,676)</u>
NET CHANGE IN FUND BALANCES	-	287,808	287,808
FUND BALANCE - BEGINNING OF YEAR - Restated	-	847,756	847,756
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,135,564</u>	<u>\$ 1,135,564</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	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	\$ 2,064,016	\$ 1,470,180	\$ 119,098	\$ -	\$ 3,653,294
Investments	1,062,418	943,524	691,725	-	2,697,667
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 in 2014 and 2013)	1,496,894	96,315	-	-	1,593,209
Inventory	200,860	-	-	-	200,860
TOTAL CURRENT ASSETS	4,824,188	2,510,019	810,823	-	8,145,030
<u>CURRENT RESTRICTED ASSETS (cash and investments)</u>					
Equity in pooled cash	-	-	-	3,127	3,127
Investments	-	-	-	921,176	921,176
With fiscal agents	1,260,541	-	-	-	1,260,541
Customer deposits	483,541	-	-	-	483,541
TOTAL CURRENT RESTRICTED ASSETS	1,744,082	-	-	924,303	2,668,385
TOTAL CURRENT ASSETS	6,568,270	2,510,019	810,823	924,303	10,813,415
<u>NON-CURRENT RESTRICTED ASSETS (cash and investments)</u>					
Revenue bond improvement and extension account	1,650,310	-	-	-	1,650,310
Revenue bond depreciated or obsolete item account	460,552	-	-	-	460,552
Revenue bond construction account	8,103,562	-	-	-	8,103,562
TOTAL NON-CURRENT RESTRICTED ASSETS	10,214,424	-	-	-	10,214,424
<u>CAPITAL ASSETS, NET</u>					
Non-depreciable	9,623,524	91,235	739,558	-	10,454,317
Depreciable	43,958,279	3,955,742	761,357	-	48,675,378
TOTAL CAPITAL ASSETS	53,581,803	4,046,977	1,500,915	-	59,129,695
<u>SERVICE RIGHTS (net of accumulated amortization of \$66,506 for 2014 and \$64,006 for 2013)</u>					
	33,494	-	-	-	33,494
TOTAL NON-CURRENT ASSETS	63,829,721	4,046,977	1,500,915	-	69,377,613
TOTAL ASSETS	\$ 70,397,991	\$ 6,556,996	\$ 2,311,738	\$ 924,303	\$ 80,191,028

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	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	\$ 265,787	\$ 149,595	\$ 6,456	\$ -	\$ 421,838
Accrued salaries, wages and employee benefits	76,070	56,928	10,658	-	143,656
Accrued vacation	131,727	120,200	25,925	-	277,852
Current portion of capital leases payable	99,591	359,088	-	-	458,679
Accrued interest payable	3,545	6,534	-	-	10,079
Unearned revenue	23,515	-	-	-	23,515
Payable from restricted assets:					
Accounts payable	1,764,584	-	-	-	1,764,584
Retainage payable	726,953	-	-	-	726,953
Accrued bond interest	24,014	-	-	-	24,014
Current portion of revenue bonds payable	673,348	-	-	-	673,348
Customer deposits	483,541	-	-	-	483,541
TOTAL CURRENT LIABILITIES	<u>4,272,675</u>	<u>692,345</u>	<u>43,039</u>	<u>-</u>	<u>5,008,059</u>
<u>NON-CURRENT LIABILITIES</u>					
Capital leases payable	182,922	384,095	-	-	567,017
Revenue bonds payable, net of deferred refunding	5,628,109	-	-	-	5,628,109
Unearned revenue	533,819	-	-	-	533,819
TOTAL NON-CURRENT LIABILITIES	<u>6,344,850</u>	<u>384,095</u>	<u>-</u>	<u>-</u>	<u>6,728,945</u>
TOTAL LIABILITIES	<u>10,617,525</u>	<u>1,076,440</u>	<u>43,039</u>	<u>-</u>	<u>11,737,004</u>
<u>NET POSITION</u>					
<u>NET POSITION</u>					
Net investment in capital assets	46,997,833	3,303,794	1,500,915	-	51,802,542
Restricted per revenue bond indentures	8,959,414	-	-	-	8,959,414
Restricted per operating agreement	-	-	-	924,303	924,303
Unrestricted	3,823,219	2,176,762	767,784	-	6,767,765
TOTAL NET POSITION	<u>59,780,466</u>	<u>5,480,556</u>	<u>2,268,699</u>	<u>924,303</u>	<u>68,454,024</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 70,397,991</u>	<u>\$ 6,556,996</u>	<u>\$ 2,311,738</u>	<u>\$ 924,303</u>	<u>\$ 80,191,028</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, 2014

	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>OPERATING REVENUES</u>					
Metered water sales - net	\$ 3,258,580	\$ -	\$ -	\$ -	\$ 3,258,580
Wastewater service charges	5,275,484	-	-	-	5,275,484
Water tap fees	122,373	-	-	-	122,373
Wastewater tap fees	129,523	-	-	-	129,523
Fire protection fees	14,165	-	-	-	14,165
Sanitation service fees	-	2,579,714	-	-	2,579,714
Recycling fees	-	1,133,694	-	-	1,133,694
Sale of recyclables	-	450,526	-	-	450,526
Stormwater utility fees	-	-	584,566	-	584,566
Other	436,151	40,192	12,929	-	489,272
TOTAL OPERATING REVENUES	<u>9,236,276</u>	<u>4,204,126</u>	<u>597,495</u>	<u>-</u>	<u>14,037,897</u>
<u>OPERATING EXPENSES</u>					
Utilities Finance	603,822	-	-	-	603,822
Utilities Administration	639,807	-	-	-	639,807
Water Operations and Maintenance	638,515	-	-	-	638,515
Water Production and Treatment	1,329,924	-	-	-	1,329,924
Wastewater Operations and Maintenance	3,159,028	-	-	-	3,159,028
Sanitation Operations	-	2,487,927	-	-	2,487,927
Material Recovery Facility	-	929,003	-	-	929,003
Stormwater Utility Operations	-	-	460,218	-	460,218
Savannah Bluff Lock and Dam Operations	-	-	-	24,000	24,000
Depreciation and amortization	1,001,827	526,585	47,337	-	1,575,749
TOTAL OPERATING EXPENSES	<u>7,372,923</u>	<u>3,943,515</u>	<u>507,555</u>	<u>24,000</u>	<u>11,847,993</u>
OPERATING INCOME (LOSS)	<u>1,863,353</u>	<u>260,611</u>	<u>89,940</u>	<u>(24,000)</u>	<u>2,189,904</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Intergovernmental	-	264,747	-	-	264,747
Interest revenue	37,081	7,855	4,200	1,599	50,735
Interest expense and fiscal charges	(47,128)	(15,000)	-	-	(62,128)
Gain on sale/disposal of capital assets	32,635	122,454	-	-	155,089
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>22,588</u>	<u>380,056</u>	<u>4,200</u>	<u>1,599</u>	<u>408,443</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,885,941</u>	<u>640,667</u>	<u>94,140</u>	<u>(22,401)</u>	<u>2,598,347</u>
CONTRIBUTIONS	138,036	480,000	-	-	618,036
TRANSFERS IN	17,547,207	-	14,312	-	17,561,519
TRANSFERS OUT	(17,844,467)	(95,900)	-	-	(17,940,367)
CHANGE IN NET POSITION	<u>1,726,717</u>	<u>1,024,767</u>	<u>108,452</u>	<u>(22,401)</u>	<u>2,837,535</u>
NET POSITION - BEGINNING OF YEAR	58,053,749	4,455,789	2,160,247	946,704	65,616,489
NET POSITION - END OF YEAR	<u>\$ 59,780,466</u>	<u>\$ 5,480,556</u>	<u>\$ 2,268,699</u>	<u>\$ 924,303</u>	<u>\$ 68,454,024</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	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	\$ 8,626,856	\$ 4,107,567	\$ 584,566	\$ -	\$ 13,318,989
Customer deposits	11,828	-	-	-	11,828
Cash paid to suppliers	(1,442,337)	(1,399,187)	(65,889)	(24,000)	(2,931,413)
Cash paid to employees for services	(2,362,368)	(1,933,084)	(396,227)	-	(4,691,679)
Other operating cash receipts	412,636	40,192	12,929	-	465,757
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>5,246,615</u>	<u>815,488</u>	<u>135,379</u>	<u>(24,000)</u>	<u>6,173,482</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers in from other funds	17,547,207	-	-	-	17,547,207
Transfers out to other funds	(17,844,467)	(95,900)	14,312	-	(17,926,055)
Operating grants	-	264,747	-	-	264,747
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(297,260)</u>	<u>168,847</u>	<u>14,312</u>	<u>-</u>	<u>(114,101)</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	(8,082,574)	(1,033,655)	(647,376)	-	(9,763,605)
Proceeds received from sales of capital assets	38,325	201,850	-	-	240,175
Proceeds received from issuance of revenue bonds	5,441,946	-	-	-	5,441,946
Principal paid on revenue bonds	(261,570)	-	-	-	(261,570)
Principal paid on capitalized leases	(100,956)	(447,562)	-	-	(548,518)
Interest paid	(47,128)	(15,000)	-	-	(62,128)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,988,442)</u>	<u>(1,294,367)</u>	<u>(647,376)</u>	<u>-</u>	<u>(4,930,185)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Interest on investments	37,081	7,855	4,200	1,599	50,735
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>37,081</u>	<u>7,855</u>	<u>4,200</u>	<u>1,599</u>	<u>50,735</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,997,994	(302,177)	(493,485)	(22,401)	1,179,931
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	13,086,946	2,715,881	1,304,308	946,704	18,053,839
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,084,940</u>	<u>\$ 2,413,704</u>	<u>\$ 810,823</u>	<u>\$ 924,303</u>	<u>\$ 19,233,770</u>

See notes to financial statements

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	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 FOR) OPERATING ACTIVITIES</u>					
OPERATING INCOME (LOSS)	\$ 1,863,353	\$ 260,611	\$ 89,940	\$ (24,000)	\$ 2,189,904
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	1,001,827	526,585	47,337	-	1,575,749
Change in assets and liabilities:					
Decrease in accounts receivable	(173,269)	(56,367)	-	-	(229,636)
Increase in inventory	39,211	-	-	-	39,211
Decrease in prepaid bond insurance expense	9,501	-	-	-	9,501
Increase in accounts payable	1,766,379	62,809	6,077	-	1,835,265
Increase in retainage payable	726,953	-	-	-	726,953
Increase in customer deposits	11,828	-	-	-	11,828
Increase (decrease) in accrued salaries, wages and employee benefits	10,159	5,953	(3,654)	-	12,458
Increase (decrease) in accrued vacation	14,188	15,897	(4,321)	-	25,764
Decrease in unearned revenue	(23,515)	-	-	-	(23,515)
TOTAL ADJUSTMENTS	3,383,262	554,877	45,439	-	3,983,578
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 5,246,615</u>	<u>\$ 815,488</u>	<u>\$ 135,379</u>	<u>\$ (24,000)</u>	<u>\$ 6,173,482</u>
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>					
Capital assets purchased with proceeds from a capital lease	<u>\$ 249,971</u>	<u>\$ 282,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,176</u>
Capital assets contributed	<u>\$ 114,521</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,521</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>					
Equity in pooled cash	\$ 2,064,016	\$ 1,470,180	\$ 119,098	\$ -	\$ 3,653,294
Investments	1,062,418	943,524	691,725	-	2,697,667
Current restricted assets	1,744,082	-	-	924,303	2,668,385
Non-current restricted assets	10,214,424	-	-	-	10,214,424
CASH AND CASH EQUIVALENTS	<u>\$ 15,084,940</u>	<u>\$ 2,413,704</u>	<u>\$ 810,823</u>	<u>\$ 924,303</u>	<u>\$ 19,233,770</u>

See notes to financial statements

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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, 2014

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, 2014

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, 2014, expenditures exceeded budget at the functional level in General Fund - Public Works by approximately \$9,000 and General Fund - Recreation and Parks by approximately \$138,000. The over-expenditures were due to vehicle operating costs and repairs that were higher than expected and the purchase of automobile and equipment with capital lease proceeds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014

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 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 expenses during the period in which they are incurred.

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.

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has two items that qualify for reporting under this category. One is the deferred assessment fees charged to developers for future road improvements in the vicinity of developments. The fees are deferred and will be recognized at the time the funds are expended on the road improvements. Also, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Fund Balance

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

- Net investment in capital assets - 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 and does not require formal action to impose, modify, or remove any fund balance assignment.
- 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, 2014

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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Reclassifications

Certain amounts from 2013 have been reclassified to conform with 2014 presentation. These reclassifications have no effect on the change in net position for the year ended December 31, 2014.

T. New Accounting Pronouncements Adopted

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. This statement did not affect the City's financial statements for the year ending December 31, 2014.

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. This statement did not affect the City's financial statements for the year ending December 31, 2014.

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. This statement did not affect the City's financial statements for the year ending December 31, 2014.

U. New Accounting Pronouncements to be Adopted in Future Years

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.

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

As of December 31, 2014, the City had the following investments:

	<u>MATURITIES</u>	<u>FAIR VALUE</u>
State Treasurer's Investment Pool	Daily	\$ 17,073,246
Demand Deposit Accounts	Daily	16,550,751
Bank of America Treasury Reserves	Daily	469,169
Total Investments		\$ 34,093,166

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;
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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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.

At December 31, 2014, 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

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

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 51% and the Deposit on Demand Accounts comprise 47% 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, 2014, the carrying amount of the City's deposits was approximately \$15,685,000 and the bank balance was approximately \$16,551,000. 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, 2014, 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, 2014, 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, 2014

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

Governmental activities - Net Position Net Investment in Capital Assets

	BALANCE 12/31/13	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/14
Capital assets, not being depreciated:					
Land	\$ 8,193,328	\$ 120,272	\$ -	\$ -	\$ 8,313,600
Construction in progress	183,179	5,169,563	(141,951)	-	5,210,791
Right-of-way	2,764,810	61,880	-	-	2,826,690
Total capital assets, not being depreciated	11,141,317	5,351,715	(141,951)	-	16,351,081
Capital assets, being depreciated:					
Land improvements	13,318,708	610,253	(39,035)	-	13,889,926
Buildings	31,612,846	-	-	-	31,612,846
Machinery and equipment	1,695,169	123,323	-	-	1,818,492
Furniture and fixtures	1,547,977	-	-	-	1,547,977
Vehicles	5,450,406	285,084	(68,134)	-	5,667,356
Infrastructure	21,456,053	398,368	-	-	21,854,421
Total capital assets, being depreciated	75,081,159	1,417,028	(107,169)	-	76,391,018
Less accumulated depreciation for:					
Land improvements	(5,921,716)	(779,562)	39,035	-	(6,662,243)
Buildings	(7,406,855)	(702,527)	-	-	(8,109,382)
Machinery and equipment	(1,186,367)	(160,695)	-	-	(1,347,062)
Furniture and fixtures	(746,181)	(120,639)	-	-	(866,820)
Vehicles	(2,682,830)	(444,763)	61,015	-	(3,066,578)
Infrastructure	(9,082,599)	(859,143)	-	-	(9,941,742)
Total accumulated depreciation	(27,026,548)	(3,067,329)	100,050	-	(29,993,827)
Total capital assets being depreciated, net	48,054,611	(1,650,301)	(7,119)	-	46,397,191
Governmental activities capital assets, net	59,195,928	3,701,414	(149,070)	-	62,748,272
Related debt	(5,404,330)	(312,249)	747,764	-	(4,968,815)
Net investment in capital assets	\$ 53,791,598	\$ 3,389,165	\$ 598,694	\$ -	\$ 57,779,457

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 - CAPITAL ASSETS (continued)

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

General Government	
City Council	\$ 408,301
City Administration	3,202
Finance	1,921
Planning and Development	2,846
Building Standards	7,642
City Buildings	40,932
Public Safety	554,408
Public Works	
Engineering	3,325
Street Light/Traffic Signals	133,123
Streets and Drains	846,887
Recreation, Parks and Leisure Services	
Recreation and Parks	997,245
Property Maintenance	<u>67,497</u>
	<u>\$ 3,067,329</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 - CAPITAL ASSETS (continued)

Business-type activities - Net Position Net Investment in Capital Assets:

	BALANCE 12/31/13	ADDITIONS	DISPOSALS	TRANSFERS	BALANCE 12/31/14
Capital assets, not being depreciated:					
Land	\$ 823,628	\$ 430	\$ -	\$ -	\$ 824,058
Construction in progress	1,401,113	8,573,473	(407,087)	-	9,567,499
Easements	62,760	-	-	-	62,760
Total capital assets, not being depreciated	2,287,501	8,573,903	(407,087)	-	10,454,317
Capital assets, being depreciated:					
Buildings	4,759,622	1,440,742	(15,651)	-	6,184,713
Machinery and equipment	2,364,901	206,549	(39,460)	-	2,531,990
Vehicles	3,825,311	839,148	(545,025)	-	4,119,434
System improvements	54,324,674	237,046	-	-	54,561,720
PSA capital	4,667,405	-	-	-	4,667,405
Total capital assets, being depreciated	69,941,913	2,723,485	(600,136)	-	72,065,262
Less accumulated depreciation for:					
Buildings	(2,295,848)	(92,889)	15,651	-	(2,373,086)
Machinery and equipment	(1,819,164)	(150,132)	39,460	-	(1,929,836)
Vehicles	(2,351,838)	(467,586)	459,937	-	(2,359,487)
System improvements	(13,629,553)	(745,954)	-	-	(14,375,507)
PSA capital	(2,235,283)	(116,685)	-	-	(2,351,968)
Total accumulated Depreciation	(22,331,686)	(1,573,246)	515,048	-	(23,389,884)
Total capital assets being depreciated, net	47,610,227	(1,150,239)	85,088	-	48,675,378
Business-type activities capital assets, net	49,897,728	9,724,142	(492,175)	-	59,129,695
Related debt	(2,163,119)	(5,974,122)	810,088	-	(7,327,153)
Net investment in capital assets	\$ 47,734,609	\$ 3,750,020	\$ 317,913	\$ -	\$ 51,802,542

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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	\$	999,327
Sanitation		526,583
Stormwater		47,336
	\$	1,573,246

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, 2014:

	GOVERN- MENTAL FUNDS	WATER AND WASTE- WATER	SANI- TATION	TOTAL
Machinery and equipment	\$ 398,549	\$ 271,796	\$ 192,806	\$ 863,151
Vehicles	1,404,836	229,842	1,596,042	3,230,720
Buildings	6,350,000	-	-	6,350,000
	8,153,385	501,638	1,788,848	10,443,871
Accumulated depreciation	(1,353,118)	(119,841)	(697,434)	(2,170,393)
Carrying value	\$ 6,800,267	\$ 381,797	\$ 1,091,414	\$ 8,273,478

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014:

YEAR ENDING DECEMBER 31,	GOVERN- MENTAL FUNDS	BUSINESS- TYPE FUNDS		
		WATER AND WASTE- WATER	SANI- TATION	TOTAL
2015	\$ 365,147	\$ 132,997	\$ 348,222	\$ 846,366
2016	231,331	84,257	220,609	536,197
2017	127,559	46,460	121,647	295,666
2018	74,948	27,299	71,475	173,722
Total minimum lease payments	798,985	291,013	761,953	1,851,951
Amount representing interest	(19,993)	(8,500)	(18,770)	(47,263)
Present value of minimum lease payments	\$ 778,992	\$ 282,513	\$ 743,183	\$ 1,804,688

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, 2014, are as follows:

	PRINCIPAL	INTEREST	TOTAL
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	409,511	97,982	507,493
2020-2024	2,281,131	256,334	2,537,465
	\$ 4,189,823	\$ 885,107	\$ 5,074,930

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5 - LONG-TERM DEBT

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Balance 01/01/14	Additions	Reductions	Balance 12/31/14	Due Within One Year
<u>Governmental Activities</u>					
Capital leases					
Municipal Center lease	\$ 4,533,466	\$ -	\$ (343,643)	\$ 4,189,823	\$ 354,941
Capitalized leases	870,864	312,249	(404,121)	778,992	361,518
Total capital leases	5,404,330	312,249	(747,764)	4,968,815	716,459
Other liabilities					
Compensated absences	529,217	613,091	(539,308)	603,000	418,998
Total other liabilities	529,217	613,091	(539,308)	603,000	418,998
 Total	 \$ 5,933,547	 \$ 925,340	 \$(1,287,072)	 \$ 5,571,815	 \$ 1,135,457

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, 2014, the total amount of defeased debt outstanding but removed from the City's financial statements amounted to \$2,735,000.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014, the balance due on the obligation was \$868.

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, 2014, was as follows:

	Balance 01/01/14	Additions	Reductions	Balance 12/31/14	Due Within One Year
<u>Business-Type Activities</u>					
Revenue bonds payable					
Revenue bonds	\$ 1,121,081	\$ 5,441,946	\$ (261,570)	\$ 6,301,457	\$ 673,348
Total revenue bonds	1,121,081	5,441,946	(261,570)	6,301,457	673,348
Capital leases					
Capitalized leases	1,042,038	532,176	(548,518)	1,025,696	458,678
Total capital leases	1,042,038	532,176	(548,518)	1,025,696	458,678
Total	\$ 2,163,119	\$ 5,974,122	\$ (810,088)	\$ 7,327,153	\$ 1,132,026

Revenue Bond Payable

Revenue bond payable (recorded as a liability in the Water and Wastewater System Fund) at December 31, 2014, is comprised of the following individual issues:

\$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%.

\$ 859,511

\$13,000,000 Water and Wastewater (Series 20014A) serial bonds, originally dated March 20, 2014 (SC Drinking Water Revolving Loan Fund Number 3-060-14-0210003-01) due in 80 quarterly installments of \$197,561.47 beginning May 1, 2015 through February 1, 2035; interest at 2.0%. Total draws as of December 31, 2014 are \$5,441,946. Total draws remaining are \$7,558,054.

5,441,946

\$ 6,301,457

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 5 - LONG-TERM DEBT (continued)

The annual requirements to amortize each of the City's outstanding revenue bonds as of December 31, 2014, are as follows:

2002 REVENUE BOND ISSUE			
	PRINCIPAL	INTEREST	TOTAL
2015	\$ 273,672	\$ 32,662	\$ 306,334
2016	286,260	20,074	306,334
2017	299,579	6,755	306,334
	\$ 859,511	\$ 59,491	\$ 919,002

2014A REVENUE BOND ISSUE			
	PRINCIPAL	INTEREST	TOTAL
2015	\$ 399,676	\$ 193,008	\$ 592,684
2016	542,290	247,956	790,246
2017	553,217	237,029	790,246
2018	564,365	225,881	790,246
2019	575,737	214,509	790,246
2020 - 2022	2,806,661	834,777	3,641,438
	\$ 5,441,946	\$ 1,953,160	\$ 7,395,106

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

FUNDS

PURPOSES

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 5 - LONG-TERM DEBT (continued)

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.

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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 7 - PENSION PLAN (continued)

2. Funding Policy

Plan members were required to contribute 7.5% of their gross earnings for the period of January 1, 2014 to June 30, 2014 and 8% of their gross earnings for the period of July 1, 2014 to December 31, 2014. 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, 2014 to June 30, 2014 and 10.75% for July 1, 2014 to December 31, 2014. The City's contributions to SCRS for the years ending December 2014, 2013, and 2012 were approximately \$742,000, \$691,000 and \$647,000, respectively, equal to the required contributions for each year.

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 7.84% of their gross earnings for the period of January 1, 2014 to June 30, 2014 and 8.41% of their gross earnings for the period of July 1, 2014 to December 31, 2014. The City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 12.44% of gross earnings for the period of January 1, 2014 to June 30, 2014 and 13.01% of gross earnings for the period of July 1, 2014 to December 31, 2014. The City's contributions to PORS for the years ending December 2014, 2013, and 2012, were approximately \$419,500, \$382,000, and \$362,000, respectively, equal to the required contributions for each year.

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivable and payable balances at December 31, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Riverfront/ Central Core Redevelopment	General Fund	\$ 868	Tax Increment Revenue Obligation (refer to Note 5)
		<u>\$ 868</u>	

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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

The following interfund transfers are reflected in the fund financial statements at December 31, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 418,923	\$ 834,918
Sales Tax III Fund	-	1,000,000
Capital Projects Fund	834,918	1,000,000
Riverfront/ Central Core Redevelopment	-	40,075
Project Jackson Fund	2,000,000	-
Total Governmental Funds	<u>3,253,841</u>	<u>2,874,993</u>
Enterprise Funds:		
Water and Wastewater Fund	17,547,207	17,844,467
Sanitation Fund	-	95,900
Stormwater Fund	14,312	-
Total Enterprise Funds	<u>17,561,519</u>	<u>17,940,367</u>
Total	<u>\$ 20,815,360</u>	<u>\$ 20,815,360</u>

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	118	Workers' compensation	\$725,000
SC Municipal Insurance/Risk Financing Fund	107	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, 2014

NOTE 10 - COMMITMENTS

Significant commitments at December 31, 2014 are composed of the following:

	Project Authorization	Expended to December 31, 2014	Commitments	Required Future Financing
Public Safety Station 3	\$ 2,069,000	\$ 1,344,920	\$ 724,080	-
Raw Water Storage Facility	12,036,100	4,821,460	7,214,640	-
Water Plant Upgrade	1,317,880	845,939	471,941	-

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 February 2015, the City issued the City of North Augusta, South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2015, 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. 2015-01. The City is required to establish a Debt Service Fund to be held by Bank of New York Mellon and a 2015 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 January 2015, the City entered into a contract with a private company in the amount of \$14,813,081 for the construction of phase II of the Water Treatment Plant Improvements.

In January 2015, the City approved the organization of the North Augusta Public Facilities Corporation (the “Corporation”) to assist with financing a parking deck. The Corporation issued \$10,000,000 in bonds to fund the construction. The City also entered into an agreement to lease the parking deck from the Corporation.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 13 - PRIOR PERIOD ADJUSTMENT

During 2014, the City discovered that the ad valorem property tax revenues had not been properly recorded in the general fund using the modified accrual basis of accounting and an allowance for doubtful account had not been recorded. The Company has restated its previously issued 2013 financial statements for matters related to the following previously reported items: taxes receivable, unavailable revenue - property taxes and ad valorem property tax revenues. The accompanying financial statements for 2013 have been restated to reflect the corrections. Also, general fund - fund balance at January 01, 2013, was decreased by \$128,319 as a result of adjustments to previously unrecorded allowance for doubtful account and unavailable revenue - property taxes in previous years. Also, governmental activities - net position at January 01, 2013, was decreased by \$28,681 as a result of adjustments to previously unrecorded allowance for doubtful account in previous years.

The following is a summary of the restatements for 2013:

Decrease of previously reported ad valorem property tax revenues	\$ 24,446
Total reduction in 2013 net fund balance	\$ 24,446

The effect on the City's previously issued 2013 financial statements is summarized as follows:

Balance Sheet - General Fund as of December 31, 2013:

	<i>Previously Reported</i>	<i>Increase (Decrease)</i>	<i>Restated</i>
Taxes Receivable, net	\$ 154,320	\$ (28,681)	\$ 125,639
Total Assets	1,839,926	(28,681)	1,811,245
Unavailable revenue - property taxes	-	124,084	124,084
Total Deferred Inflow of Resources	-	124,084	124,084
Fund Balance:			
Fund Balance - December 31, 2012	1,148,026	(128,319)	1,019,707
Net Change in Fund Balance for 2013	(147,505)	(24,446)	(171,951)
Fund Balance - December 31, 2013	1,000,521	(152,765)	847,756
Total Liabilities, Deferred Inflows of Resources and Fund Balance	1,839,926	(28,681)	1,811,245

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund for the Year Ended December 31, 2013:

	<i>Previously Reported</i>	<i>Increase (Decrease)</i>	<i>Restated</i>
Ad valorem property taxes	\$ 5,506,250	\$ (24,446)	\$ 5,481,804
Total revenues	13,748,630	(24,446)	13,724,184
Net Change in Fund Balance	(147,505)	(24,446)	(171,951)



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, 2014 AND 2013

	2014	2013 Restated
<u>ASSETS</u>		
Equity in pooled cash	\$ 1,322,211	\$ 1,126,726
Investments	491,931	491,114
Taxes receivable, net of allowance for doubtful accounts of \$47,108 for 2014 and \$28,681 for 2013	125,488	125,639
Grants receivable	3,887	28,797
Other receivables	145,116	-
Inventory	1,774	1,630
Cash, restricted	63,200	37,339
 TOTAL ASSETS	 \$ 2,153,607	 \$ 1,811,245
 <u>LIABILITIES</u>		
Accounts payable	\$ 225,369	\$ 207,085
Due to other funds	868	1,268
Accrued salaries, wages and employee benefits	591,130	562,716
Municipal Court liability	73,374	63,838
Liabilities payable from restricted assets	3,060	4,498
 TOTAL LIABILITIES	 893,801	 839,405
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - property taxes	124,242	124,084
 <u>FUND BALANCE</u>		
Fund balance:		
Nonspendable:		
Inventory	1,774	1,630
Restricted for:		
Victims assistance	60,140	32,841
Committed for:		
Capital projects	944,051	682,153
Housing/landscaping rehabilitation	129,599	131,132
 TOTAL FUND BALANCE	 1,135,564	 847,756
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ 2,153,607	 \$ 1,811,245

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013 Restated	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	REVENUES			
Ad valorem property taxes	\$ 5,907,698	\$ 6,030,138	\$ 122,440	\$ 5,481,804
Licenses and permits	4,857,540	5,272,149	414,609	4,892,172
Fines and forfeitures	1,035,400	1,044,648	9,248	991,039
Charges for services	1,108,206	1,154,843	46,637	1,122,957
Intergovernmental	716,168	941,268	225,100	647,154
Miscellaneous	571,511	590,689	19,178	589,058
TOTAL REVENUES	14,196,523	15,033,735	837,212	13,724,184
EXPENDITURES				
Current:				
General government	3,127,274	2,965,944	(161,330)	2,933,250
Public safety	6,636,907	6,368,226	(268,681)	5,979,856
Public works	1,274,488	1,283,961	9,473	1,150,821
Recreation and parks	3,213,412	3,259,898	46,486	3,061,811
Capital lease payments	428,063	419,306	(8,757)	415,007
Capital outlay:				
General government	-	-	-	1,296
Public safety	10,000	220,282	210,282	229,944
Public works	7,600	7,001	(599)	70,135
Recreation and parks	48,900	143,754	94,854	44,691
TOTAL EXPENDITURES	14,746,644	14,668,372	(78,272)	13,886,811
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forward	\$ (550,121)	\$ 365,363	\$ 915,484	\$ (162,627)

(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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013 Restated	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	BUDGET	ACTUAL	BUDGET	ACTUAL
<u>EXPENDITURES</u> - Continued				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES - forwarded	\$ (550,121)	\$ 365,363	\$ 915,484	\$ (162,627)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from capital lease obligations	-	312,249	312,249	309,494
Sales of general capital assets	-	26,191	26,191	-
Transfers in	550,121	418,923	(131,198)	686,266
Transfers out	-	(834,918)	(834,918)	(1,005,084)
 TOTAL OTHER FINANCING SOURCES (USES)	 550,121	 (77,555)	 (627,676)	 (9,324)
 NET CHANGE IN FUND BALANCES	 -	 287,808	 287,808	 (171,951)
 FUND BALANCE - BEGINNING OF YEAR as previously reported	 -	 847,756	 847,756	 1,148,026
PRIOR PERIOD ADJUSTMENT	-	-	-	(128,319)
FUND BALANCE - BEGINNING OF YEAR Restated	-	847,756	847,756	1,019,707
 FUND BALANCE - END OF YEAR	 \$ -	 \$ 1,135,564	 \$ 1,135,564	 \$ 847,756

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013 Restated	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>TAXES</u>			
Current	\$ 5,845,698	\$ 5,956,887	\$ 111,189	\$ 5,425,011
Delinquent	10,000	4,486	(5,514)	2,517
Penalties	52,000	68,765	16,765	54,276
TOTAL	<u>5,907,698</u>	<u>6,030,138</u>	<u>122,440</u>	<u>5,481,804</u>
<u>LICENSES AND PERMITS</u>				
Business licenses	4,697,540	5,032,737	335,197	4,738,535
Building permits	130,000	202,187	72,187	124,224
Electrical permits	9,000	11,796	2,796	8,969
Mechanical permits	10,000	14,621	4,621	9,974
Plumbing permits	11,000	10,808	(192)	10,470
TOTAL	<u>4,857,540</u>	<u>5,272,149</u>	<u>414,609</u>	<u>4,892,172</u>
<u>FINES AND FORFEITURES</u>				
Public safety fines	1,015,400	1,020,005	4,605	975,931
Drug related fines	20,000	24,643	4,643	15,108
TOTAL	<u>1,035,400</u>	<u>1,044,648</u>	<u>9,248</u>	<u>991,039</u>
<u>CHARGES FOR SERVICES</u>				
Fire protection fees	63,144	64,374	1,230	64,116
Customer street light fees	61,057	62,664	1,607	60,381
Municipal Center rentals	102,800	97,147	(5,653)	116,497
Rec. fees - special programs	27,000	26,768	(232)	21,663
Rec. fees - volleyball	4,005	5,305	1,300	6,300
Rec. fees - soccer	64,350	54,283	(10,067)	61,043
Rec. fees - miscellaneous	15,000	32,799	17,799	30,500
Rec. fees - basketball	41,825	41,153	(672)	47,252
Rec. fees - softball	26,730	39,630	12,900	32,658
Rec. fees - football	38,025	42,791	4,766	44,597
Rec. fees - baseball	66,140	73,329	7,189	68,337
Concession stand	115,000	142,884	27,884	112,106
Community Center fees	70,650	43,481	(27,169)	63,175
Activities Center fees	187,480	154,939	(32,541)	151,983
Recreation facilities rentals	21,000	26,858	5,858	29,192
Activities Center tournaments	204,000	246,438	42,438	213,157
TOTAL	<u>\$ 1,108,206</u>	<u>\$ 1,154,843</u>	<u>\$ 46,637</u>	<u>\$ 1,122,957</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013 Restated	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>INTERGOVERNMENTAL</u>				
State of South Carolina:				
State shared revenue	\$ 521,568	\$ 583,532	\$ 61,964	\$ 457,940
Accommodations tax	30,000	42,566	12,566	32,248
Merchants' inventory tax	54,700	54,790	90	54,790
Local option sales tax	18,000	19,407	1,407	18,555
SCDOT traffic signals	54,900	63,240	8,340	56,068
Law enforcement net grant	26,000	28,676	2,676	27,553
Department of Justice grant	11,000	2,379	(8,621)	-
FEMA grant	-	146,678	146,678	-
TOTAL	716,168	941,268	225,100	647,154
<u>MISCELLANEOUS</u>				
Other	389,000	380,829	(8,171)	384,404
Communication tower rental	162,511	193,029	30,518	187,649
Interest earnings	20,000	16,831	(3,169)	17,005
TOTAL	571,511	590,689	19,178	589,058
TOTAL REVENUES	\$ 14,196,523	\$ 15,033,735	\$ 837,212	\$ 13,724,184

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
City Council -				
Personal services:				
Salaries and wages	\$ 102,649	\$ 102,926	\$ 277	\$ 100,206
FICA	7,853	6,430	(1,423)	7,028
Employee retirement	9,051	8,693	(358)	9,113
Employee insurance	20,198	19,726	(472)	18,303
Workers' compensation	148	86	(62)	57
Operating expenditures:				
General supplies/postage	4,025	4,045	20	5,836
Dues/training/travel	8,250	6,752	(1,498)	7,385
Contracts/repairs	1,200	2,207	1,007	875
Advertising	300	264	(36)	-
Special department supplies	850	816	(34)	489
Insurance	3,980	1,380	(2,600)	1,581
TOTAL	\$ 158,504	\$ 153,325	\$ (5,179)	\$ 150,873

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Administration -				
Personal services:				
Salaries and wages	\$ 235,236	\$ 235,654	\$ 418	\$ 235,026
FICA	17,996	16,347	(1,649)	17,920
Employee retirement	25,288	24,329	(959)	25,933
Employee insurance	22,108	21,592	(516)	20,039
Workers' compensation	875	497	(378)	325
Operating expenditures:				
General supplies/postage	4,650	3,997	(653)	3,234
Dues/training/travel	10,555	12,643	2,088	9,360
Contracts/repairs	6,050	5,483	(567)	5,926
Professional services	30,000	25,488	(4,512)	27,712
Insurance	2,012	1,402	(610)	1,639
TOTAL	\$ 354,770	\$ 347,432	\$ (7,338)	\$ 347,114

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Justice and Law -				
Personal services:				
Salaries and wages	\$ 107,743	\$ 108,037	\$ 294	\$ 114,268
FICA	8,243	7,618	(625)	8,690
Employee retirement	11,583	10,503	(1,080)	11,622
Employee insurance	7,781	7,597	(184)	7,054
Workers' compensation	268	157	(111)	103
Operating expenditures:				
General supplies/postage	100	37	(63)	-
State fees/fines	538,295	494,779	(43,516)	513,442
Dues/training/travel	3,000	1,162	(1,838)	957
Data processing	-	-	-	1,570
Contracts and repairs	1,200	1,139	(61)	1,085
Jury services	3,000	930	(2,070)	980
Professional services	10,325	6,866	(3,459)	4,936
Juvenile detention	3,000	150	(2,850)	-
Insurance	960	564	(396)	691
TOTAL	695,498	639,539	(55,959)	665,398
Community Promotion -				
Personal services:				
Salaries and wages	54,060	54,207	147	53,697
FICA	4,136	3,958	(178)	4,228
Employee retirement	5,812	5,591	(221)	5,777
Employee insurance	7,022	6,856	(166)	7,253
Workers' compensation	268	127	(141)	84
Operating expenditures:				
Contributions	58,520	58,520	-	57,521
Dues/training/travel	5,931	5,931	-	5,931
Professional services	5,000	6,449	1,449	-
Special department supplies	21,400	23,781	2,381	17,710
Insurance	798	556	(242)	685
TOTAL	\$ 162,947	\$ 165,976	\$ 3,029	\$ 152,886

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
Finance -				
Personal services:				
Salaries and wages	\$ 319,104	\$ 336,305	\$ 17,201	\$ 279,144
FICA	24,412	22,973	(1,439)	21,612
Employee retirement	34,304	34,420	116	30,077
Employee insurance	33,003	32,232	(771)	27,228
Workers' compensation	1,014	847	(167)	1,564
Operating expenditures:				
General supplies/postage	6,700	7,705	1,005	6,114
Dues/training/travel	6,325	5,861	(464)	6,771
Auto operating	2,375	1,921	(454)	2,218
Data processing	20,720	19,100	(1,620)	20,686
Contracts/repairs	37,080	34,957	(2,123)	35,353
Advertising	1,000	696	(304)	941
Professional services	18,000	17,954	(46)	17,975
Insurance	2,052	1,430	(622)	1,280
TOTAL	\$ 506,089	\$ 516,401	\$ 10,312	\$ 450,963

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Building Standards -				
Personal services:				
Salaries and wages	\$ 199,669	\$ 168,020	\$ (31,649)	\$ 214,584
FICA	15,275	11,705	(3,570)	16,416
Employee retirement	21,465	17,100	(4,365)	23,033
Employee insurance	24,438	23,867	(571)	22,151
Workers' compensation	6,674	3,871	(2,803)	2,536
Operating expenditures:				
General supplies/postage	3,000	2,918	(82)	2,818
Dues/training/travel	1,582	1,139	(443)	1,720
Auto operating	7,050	4,926	(2,124)	7,366
Data processing	6,000	6,000	-	6,383
Contracts/repairs	2,420	4,454	2,034	2,315
Uniforms/clothing	975	1,017	42	868
Special department supplies	1,800	1,639	(161)	1,836
Insurance	6,950	4,843	(2,107)	5,021
Capital lease payments	3,178	3,178	-	3,178
TOTAL	\$ 300,476	\$ 254,677	\$ (45,799)	\$ 310,225

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>GENERAL GOVERNMENT -</u>			
Continued				
Planning and Development -				
Personal services:				
Salaries and wages	\$ 150,096	\$ 142,344	\$ (7,752)	\$ 138,528
FICA	11,483	10,435	(1,048)	10,852
Employee retirement	16,136	14,682	(1,454)	14,885
Employee insurance	15,574	15,210	(364)	13,982
Workers' compensation	1,256	705	(551)	461
Operating expenditures:				
General supplies/postage	3,900	1,632	(2,268)	1,217
Dues/training/travel	7,000	4,369	(2,631)	3,169
Auto operating	800	1,207	407	881
Data processing	6,875	7,000	125	6,495
Contracts/repairs	4,800	2,216	(2,584)	2,585
Advertising	1,000	189	(811)	206
Professional services	30,000	22,458	(7,542)	11,843
Special department supplies	3,500	1,583	(1,917)	1,012
Insurance	6,054	4,219	(1,835)	4,481
Capital lease payments	4,095	4,095	-	4,095
TOTAL	<u>\$ 262,569</u>	<u>\$ 232,344</u>	<u>\$ (30,225)</u>	<u>\$ 214,692</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>GENERAL GOVERNMENT -</u>				
Continued				
City Buildings -				
Personal services:				
Salaries and wages	\$ 92,606	\$ 90,406	\$ (2,200)	\$ 85,679
Overtime pay	5,000	4,994	(6)	5,722
FICA	7,469	6,965	(504)	7,163
Employee retirement	10,493	9,856	(637)	9,829
Employee insurance	23,620	23,068	(552)	21,410
Workers' compensation	830	848	18	298
Operating expenditures:				
General supplies/postage	34,200	28,878	(5,322)	34,188
Utility services	265,000	264,201	(799)	260,840
Data processing	1,600	1,262	(338)	1,657
Contracts/repairs	122,850	103,317	(19,533)	108,276
Uniforms	1,000	677	(323)	313
Advertising	8,000	8,063	63	7,997
Professional services	19,940	19,372	(568)	10,148
Special department supplies	45,654	55,282	9,628	49,175
Insurance	55,432	46,334	(9,098)	45,677
Capital outlay:				
Furniture and fixtures	-	-	-	1,296
TOTAL	\$ 693,694	\$ 663,523	\$ (30,171)	\$ 649,668
TOTAL GENERAL GOVERNMENT	\$ 3,134,547	\$ 2,973,217	\$ (161,330)	\$ 2,941,819

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC SAFETY -</u>				
Police and Fire -				
Personal services:				
Salaries and wages	\$ 3,887,062	\$ 3,799,033	\$ (88,029)	\$ 3,593,459
Overtime pay	121,200	129,347	8,147	132,678
FICA	306,633	276,313	(30,320)	282,100
Employee retirement	510,284	469,678	(40,606)	463,089
Employee insurance	549,565	538,253	(11,312)	485,741
Workers' compensation	97,568	77,283	(20,285)	67,835
Unemployment insurance	3,000	177	(2,823)	177
Operating expenditures:				
General supplies/postage	22,000	20,293	(1,707)	18,993
Dues/training/travel	42,735	40,602	(2,133)	37,402
Auto operating	299,450	268,217	(31,233)	250,934
Data processing	73,265	71,217	(2,048)	64,840
Contracts/repairs	248,368	265,076	16,708	237,349
Uniforms/clothing	110,550	89,226	(21,324)	78,961
CVA expenditures	15,000	14,543	(457)	-
LEN grant	26,000	29,012	3,012	-
NAPS drug related account	20,000	24,643	4,643	15,108
Advertising	4,500	4,519	19	2,579
Professional services	43,460	38,135	(5,325)	27,742
Special department supplies	127,826	115,859	(11,967)	132,640
Insurance	128,441	96,800	(31,641)	88,229
Capital lease payments	277,104	271,889	(5,215)	279,164
Capital outlay:				
Automotive equipment	-	211,173	211,173	229,944
Machines and equipment	10,000	9,109	(891)	-
TOTAL PUBLIC SAFETY	\$ 6,924,011	\$ 6,860,397	\$ (63,614)	\$ 6,488,964

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC WORKS -</u>			
Engineering -				
Personal services:				
Salaries and wages	\$ 73,393	\$ 73,593	\$ 200	\$ 73,247
FICA	5,615	5,367	(248)	5,701
Employee retirement	7,890	7,591	(299)	7,843
Employee insurance	14,223	13,887	(336)	12,892
Workers' compensation	4,656	2,772	(1,884)	4,221
Operating expenditures:				
General supplies/postage	500	209	(291)	398
Dues/training/travel	1,150	1,203	53	1,383
Auto operating	3,525	2,898	(627)	3,227
Data processing	7,000	7,062	62	1,993
Contracts/repairs	2,100	1,598	(502)	2,225
Uniforms/clothing	750	379	(371)	727
Professional services	-	-	-	450
Advertising	100	52	(48)	-
Special department supplies	1,500	723	(777)	2,036
Insurance	2,748	1,915	(833)	2,133
TOTAL	\$ 125,150	\$ 119,249	\$ (5,901)	\$ 118,476

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>PUBLIC WORKS -</u>			
Continued				
Street Lighting and Traffic Signals -				
Personal services:				
Workers' compensation	\$ 92	\$ 54	\$ (38)	\$ 38
Operating expenditures:				
Dues/training/travel	2,450	246	(2,204)	1,482
Utility services	425,000	433,345	8,345	426,809
Contracts/repairs	6,000	9,850	3,850	3,273
Professional services	3,000	5,181	2,181	-
Special department supplies	6,000	5,599	(401)	11,057
TOTAL	442,542	454,275	11,733	442,659
Streets and Drains -				
Personal services:				
Salaries and wages	370,004	366,785	(3,219)	295,530
Overtime pay	7,500	10,230	2,730	6,369
FICA	28,880	27,213	(1,667)	23,005
Employee retirement	40,582	38,858	(1,724)	31,896
Employee insurance	66,055	64,511	(1,544)	53,531
Workers' compensation	24,446	28,698	4,252	11,482
Operating expenditures:				
General supplies/postage	500	741	241	661
Dues/training/travel	1,267	306	(961)	1,406
Auto operating	43,100	53,640	10,540	52,554
Contracts/repairs	27,940	38,543	10,603	31,102
Building materials/supplies	65,000	53,186	(11,814)	59,245
Uniforms/clothing	5,400	5,303	(97)	4,568
Streets and Drains - forward	\$ 680,674	\$ 688,014	\$ 7,340	\$ 571,349

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>PUBLIC WORKS -</u>				
Continued				
Streets and Drains - forwarded	\$ 680,674	\$ 688,014	\$ 7,340	\$ 571,349
Operating expenditures:				
Continued				
Professional services	270	40	(230)	658
Special department supplies	14,600	14,890	290	10,742
Judgments/settlements	500	-	(500)	-
Insurance	10,752	7,493	(3,259)	6,937
Capital lease payments	62,026	62,024	(2)	64,762
Capital outlay:				
Automotive equipment	-	-	-	37,069
Machines/equipment	7,600	7,001	(599)	33,066
TOTAL	776,422	779,462	3,040	724,583
TOTAL PUBLIC WORKS	\$ 1,344,114	\$ 1,352,986	\$ 8,872	\$ 1,285,718

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Recreation -				
Personal services:				
Salaries and wages	\$ 308,895	\$ 309,419	\$ 524	\$ 294,148
Overtime pay	8,000	6,312	(1,688)	5,439
FICA	24,243	22,644	(1,599)	22,898
Employee retirement	34,067	32,316	(1,751)	31,785
Employee insurance	23,045	22,507	(538)	20,889
Workers' compensation	10,414	5,998	(4,416)	3,930
Operating expenditures:				
General supplies/postage	2,400	2,447	47	2,397
Dues/training/travel	8,910	10,032	1,122	6,362
Auto operating	3,480	1,044	(2,436)	1,585
Data processing	-	-	-	480
Contract/repairs	7,750	4,628	(3,122)	4,551
Uniforms/clothing	900	154	(746)	598
Advertising	1,300	1,148	(152)	1,409
Rent	800	-	(800)	-
Professional services	27,620	30,020	2,400	36,431
Special department supplies	24,200	70,693	46,493	32,730
Basketball program	37,200	33,282	(3,918)	36,365
Softball program	25,000	31,408	6,408	29,130
Football program	33,500	38,684	5,184	40,030
Baseball program	66,000	69,835	3,835	59,565
Soccer program	54,500	33,881	(20,619)	56,329
Volleyball program	4,200	3,885	(315)	4,893
Concession stand supplies	92,000	121,449	29,449	97,826
Insurance	13,444	9,369	(4,075)	10,210
Capital outlay:				
Furniture/fixtures	1,500	1,356	(144)	953
Machines/equipment	3,500	2,900	(600)	-
TOTAL	\$ 816,868	\$ 865,411	\$ 48,543	\$ 800,933

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
Parks -				
Personal services:				
Salaries and wages	\$ 189,556	\$ 189,999	\$ 443	\$ 176,832
Overtime pay	10,000	14,324	4,324	9,365
FICA	15,267	14,721	(546)	14,404
Employee retirement	21,453	21,142	(311)	20,089
Employee insurance	38,064	37,174	(890)	34,503
Workers' compensation	6,144	3,064	(3,080)	2,007
Operating expenditures:				
General supplies/postage	1,500	469	(1,031)	2,791
Dues/training/travel	1,150	1,148	(2)	212
Auto operating	15,650	14,174	(1,476)	13,386
Utility services	51,000	66,920	15,920	57,235
Contracts/repairs	53,950	55,229	1,279	48,810
Building materials/supplies	15,100	13,499	(1,601)	15,721
Uniforms/clothing	2,100	1,585	(515)	1,967
Advertising	300	-	(300)	-
Professional services	180	-	(180)	204
Special department supplies	18,500	15,752	(2,748)	16,886
Insurance	9,236	6,436	(2,800)	7,404
Capital lease payments	11,093	11,092	(1)	13,086
Capital outlay:				
Buildings/fixed equipment	5,000	4,525	(475)	5,300
Machines/equipment	8,900	8,046	(854)	-
Park improvements	5,000	4,525	(475)	-
TOTAL	\$ 479,143	\$ 483,824	\$ 4,681	\$ 440,202

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>RECREATION AND PARKS -</u>				
Continued				
Property Maintenance -				
Personal services:				
Salaries and wages	\$ 475,588	\$ 444,262	\$ (31,326)	\$ 433,695
Overtime pay	7,460	10,706	3,246	4,269
FICA	37,007	31,588	(5,419)	32,548
Employee retirement	52,004	46,889	(5,115)	47,325
Employee insurance	83,261	81,315	(1,946)	75,472
Workers' compensation	37,156	28,859	(8,297)	16,273
Operating expenditures:				
General supplies/postage	1,400	1,432	32	1,277
Dues/training/travel	2,200	2,536	336	1,705
Auto operating	36,595	40,948	4,353	43,327
Utility services	15,647	17,240	1,593	15,358
Data processing	700	505	(195)	573
Contracts/repairs	33,359	41,413	8,054	33,118
Building materials/supplies	4,750	5,063	313	5,524
Uniforms/clothing	5,900	6,463	563	7,277
Advertising	500	66	(434)	410
Professional services	99,180	113,606	14,426	110,028
Special department supplies	119,280	124,324	5,044	115,680
Insurance	13,688	9,539	(4,149)	10,361
Capital lease payments	70,567	67,028	(3,539)	50,722
Capital outlay:				
Machines/equipment	8,500	107,976	99,476	21,707
 TOTAL	 \$ 1,104,742	 \$ 1,181,758	 \$ 77,016	 \$ 1,026,649

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES COMPARED WITH BUDGET
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
Community Center -				
Personal services:				
Salaries and wages	\$ 72,323	\$ 72,519	\$ 196	\$ 71,886
Overtime pay	1,800	1,604	(196)	1,899
FICA	5,671	5,439	(232)	5,828
Employee retirement	7,969	7,653	(316)	7,930
Employee insurance	11,854	11,574	(280)	10,745
Workers' compensation	814	330	(484)	216
Operating expenditures:				
General supplies/postage	2,800	134	(2,666)	-
Auto operating	400	369	(31)	396
Utility services	20,900	21,847	947	20,573
Contracts/repairs	16,200	12,405	(3,795)	10,329
Uniforms/clothing	650	693	43	648
Advertising	3,000	2,239	(761)	2,882
Professional services	24,000	25,117	1,117	24,677
Special department supplies	12,500	8,238	(4,262)	11,077
Insurance	3,888	2,709	(1,179)	2,787
Capital outlay:				
Machines, equipment, and furniture	-	-	-	1,929
 TOTAL	 \$ 184,769	 \$ 172,870	 \$ (11,899)	 \$ 173,802

(continued)

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

YEAR ENDED DECEMBER 31, 2014

With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>RECREATION AND PARKS -</u>			
Continued				
RVP Activities Center -				
Personal services:				
Salaries and wages	\$ 271,008	\$ 272,061	\$ 1,053	\$ 263,148
Overtime pay	11,000	13,398	2,398	13,129
FICA	21,574	20,242	(1,332)	21,148
Employee retirement	30,316	29,507	(809)	29,712
Employee insurance	46,875	45,779	(1,096)	42,489
Workers' compensation	5,312	1,702	(3,610)	1,115
Operating expenditures:				
General supplies/postage	7,500	6,814	(686)	7,297
Dues/training/travel	1,100	1,168	68	971
Auto operating	3,200	1,134	(2,066)	725
Utility services	121,000	127,695	6,695	119,745
Data processing	1,000	1,480	480	1,000
Contracts/repairs	70,295	61,496	(8,799)	61,878
Uniforms/clothing	1,400	663	(737)	118
Advertising	2,300	1,235	(1,065)	1,154
Professional services	180	50	(130)	404
Tournaments/special events	122,500	155,842	33,342	129,515
Special department supplies	14,500	15,628	1,128	12,484
Insurance	10,890	7,589	(3,301)	7,890
Capital outlay:				
Furniture/fixtures	1,500	1,173	(327)	-
Machines/equipment	15,000	13,253	(1,747)	14,802
TOTAL	758,450	777,909	19,459	728,724
TOTAL RECREATION AND PARKS	3,343,972	3,481,772	137,800	3,170,310
TOTAL EXPENDITURES	\$ 14,746,644	\$ 14,668,372	\$ (78,272)	\$ 13,886,811

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 SALES TAX III FUND
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>RESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 1,525,149	\$ 445,666
 TOTAL ASSETS	 \$ 1,525,149	 \$ 445,666
 <u>LIABILITIES</u>		
Retainage payable	\$ 122,885	\$ -
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Capital Projects	1,402,264	445,666
 TOTAL FUND BALANCE	 1,402,264	 445,666
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 1,525,149	 \$ 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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>REVENUES</u>		
Capital projects sales taxes	\$ 2,733,613	\$ 462,372
Interest on investments	<u>8,337</u>	<u>365</u>
 TOTAL REVENUES	 <u>2,741,950</u>	 <u>462,737</u>
<u>EXPENDITURES</u>		
Capital outlay:		
Public safety	492,929	16,081
Public works	<u>292,423</u>	<u>990</u>
 TOTAL EXPENDITURES	 <u>785,352</u>	 <u>17,071</u>
<u>OTHER FINANCING USES</u>		
Transfers out	<u>1,000,000</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 956,598	 445,666
 FUND BALANCE - BEGINNING OF YEAR	 <u>445,666</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 1,402,264</u></u>	 <u><u>\$ 445,666</u></u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
Equity in pooled cash	\$ 123,237	\$ 549,172
Grants receivable	97,692	-
Restricted assets (cash and investments)	2,200,414	2,107,710
 TOTAL ASSETS	 \$ 2,421,343	 \$ 2,656,882
 <u>LIABILITIES</u>		
Accounts payable	\$ 414	\$ 7,710
Claims payable	195,000	-
 TOTAL LIABILITIES	 195,414	 7,710
 <u>FUND BALANCE</u>		
Fund balance:		
Restricted for:		
Capital Projects	2,200,000	2,100,000
Committed for:		
Capital Projects	214,918	337,282
Assigned for:		
Capital Projects	-	211,890
Unassigned	(188,989)	-
 TOTAL FUND BALANCE	 2,225,929	 2,649,172
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 2,421,343	 \$ 2,656,882

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>REVENUES</u>		
Ad valorem property taxes	\$ 196,271	\$ 640,969
Intergovernmental	126,155	167,818
Interest	11,692	17,512
Miscellaneous	97,692	42,370
TOTAL REVENUES	431,810	868,669
<u>EXPENDITURES</u>		
Current:		
General government	46,794	48,415
Public safety	222,135	33,224
Recreation and parks	131,572	80,131
Capital outlay:		
General government	-	105,346
Public works	90,723	-
Recreation and parks	198,747	153,909
General Obligation Bond payments:		
Principal	-	3,390,000
Interest	-	404,283
TOTAL EXPENDITURES	689,971	4,215,308
DEFICIENCY OF REVENUES OVER EXPENDITURES	(258,161)	(3,346,639)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	834,918	1,005,084
Transfers out	(1,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(165,082)	1,005,084
NET CHANGE IN FUND BALANCE	(423,243)	(2,341,555)
FUND BALANCE - BEGINNING OF YEAR	2,649,172	4,990,727
FUND BALANCE - END OF YEAR	\$ 2,225,929	\$ 2,649,172



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.

Project Jackson Construction Fund - to account for the receipt and disbursement of monies designated for construction projects related to a new parking deck and a potential baseball stadium with surrounding development.

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, 2014
 With Comparative Totals for December 31, 2013

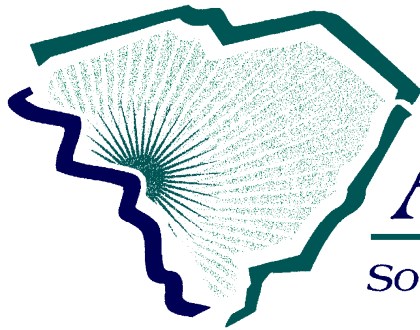
	CAPITAL PROJECTS FUNDS				
	SALES TAX FUND	SALES TAX II FUND	STREET IMPROVEMENTS FUND	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<u>ASSETS</u>					
Equity in pooled cash	\$ -	\$ -	\$ 668,664	\$ 198,753	\$ 265,759
Investments	-	-	-	1,072,409	110,245
Grant receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted assets (cash and investments)	399,555	1,873,077	153,794	-	656,363
TOTAL ASSETS	\$ 399,555	\$ 1,873,077	\$ 822,458	\$ 1,271,162	\$ 1,032,367
<u>LIABILITIES</u>					
Accounts payable	\$ -	\$ 1,749	\$ 53,794	\$ 229,863	\$ -
Retainage payable	-	-	-	-	-
Accrued salary and wages	-	1,351	-	-	-
TOTAL LIABILITIES	-	3,100	53,794	229,863	-
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred assessment fees	-	-	-	-	90,695
<u>FUND BALANCES</u>					
Fund balances:					
Restricted for:					
Capital projects	399,555	1,869,977	100,000	-	656,363
Public safety (Fire Division)	-	-	-	-	-
Committed for:					
Capital projects	-	-	280,000	-	256,458
Assigned for:					
Capital projects	-	-	388,664	1,041,299	28,851
Recreation and parks	-	-	-	-	-
TOTAL FUND BALANCES	399,555	1,869,977	768,664	1,041,299	941,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 399,555	\$ 1,873,077	\$ 822,458	\$ 1,271,162	\$ 1,032,367

SPECIAL REVENUE FUNDS					
PROJECT JACKSON CONSTRUCTION FUND	RECREATION FUND	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	TOTALS	
				2014	2013
\$ 1,154,300	\$ 53,371	\$ -	\$ 895,590	\$ 3,236,437	\$ 3,308,643
-	-	-	648,653	1,831,307	1,821,533
-	-	-	-	-	214,638
-	-	-	868	868	1,268
-	-	119,244	-	3,202,033	4,644,332
<u>\$ 1,154,300</u>	<u>\$ 53,371</u>	<u>\$ 119,244</u>	<u>\$ 1,545,111</u>	<u>\$ 8,270,645</u>	<u>\$ 9,990,414</u>
\$ 272,184	\$ 10,199	\$ 737	\$ -	\$ 568,526	\$ 164,054
76,984	-	-	-	76,984	-
-	-	-	-	1,351	-
<u>349,168</u>	<u>10,199</u>	<u>737</u>	<u>-</u>	<u>646,861</u>	<u>164,054</u>
-	-	-	-	90,695	85,695
-	-	-	-	3,025,895	4,422,979
-	-	118,507	-	118,507	96,946
805,132	-	-	558,046	1,899,636	1,197,701
-	-	-	987,065	2,445,879	3,984,003
-	43,172	-	-	43,172	39,036
<u>805,132</u>	<u>43,172</u>	<u>118,507</u>	<u>1,545,111</u>	<u>7,533,089</u>	<u>9,740,665</u>
<u>\$ 1,154,300</u>	<u>\$ 53,371</u>	<u>\$ 119,244</u>	<u>\$ 1,545,111</u>	<u>\$ 8,270,645</u>	<u>\$ 9,990,414</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2014
 With Comparative Totals for December 31, 2013

	CAPITAL PROJECTS FUNDS				
	SALES TAX FUND	SALES TAX II FUND	STREET IMPROVEMENTS FUND	TAX INCREMENT FUND	TRANSPORTATION IMPROVEMENT FUND
<u>REVENUES</u>					
Ad valorem property taxes - TIF District	\$ -	\$ -	\$ -	\$ 767,117	\$ -
Capital projects sales tax	-	-	-	-	-
Local hospitality and accommodations taxes	-	-	-	-	-
Intergovernmental	-	-	59,557	-	-
Interest on investments/loans	1,098	8,856	3,268	8,329	2,942
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	-
TOTAL REVENUES	1,098	8,856	62,825	775,446	2,942
<u>EXPENDITURES</u>					
Current:					
General government	-	68,666	-	623,428	-
Public safety	-	-	-	-	-
Public works	-	-	60,054	-	-
Capital lease payments	-	-	-	-	-
Capital outlay:					
General government	-	-	-	1,706,841	-
Public safety	-	1,309,773	-	-	-
Public works	-	6,305	24,702	-	193,553
Recreation and parks	11,588	5,062	-	-	-
TOTAL EXPENDITURES	11,588	1,389,806	84,756	2,330,269	193,553
<u>OTHER FINANCING USES</u>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING USES	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(10,490)	(1,380,950)	(21,931)	(1,554,823)	(190,611)
FUND BALANCE - BEGINNING OF YEAR	410,045	3,250,927	790,595	2,596,122	1,132,283
FUND BALANCE - END OF YEAR	\$ 399,555	\$ 1,869,977	\$ 768,664	\$ 1,041,299	\$ 941,672

PROJECT JACKSON CONSTRUCTION FUND	SPECIAL REVENUE FUNDS			TOTALS	
	RECREATION	FIREMAN'S FUND	RIVERFRONT/ CENTRAL CORE REDEVELOPMENT FUND	2014	2013
\$ -	\$ -	\$ -	\$ -	\$ 767,117	\$ 711,641
-	-	-	-	-	718,139
-	-	-	661,531	661,531	622,971
-	-	60,505	-	120,062	326,787
507	252	891	6,437	32,580	35,886
368,500	-	-	-	368,500	1,000
-	6,314	-	-	6,314	12,000
<u>369,007</u>	<u>6,566</u>	<u>61,396</u>	<u>667,968</u>	<u>1,956,104</u>	<u>2,428,424</u>
-	-	-	-	692,094	321,146
-	-	39,835	-	39,835	45,426
-	-	-	-	60,054	6,847
-	-	-	507,493	507,493	507,493
1,563,875	-	-	-	3,270,716	51,644
-	-	-	-	1,309,773	46,209
-	-	-	-	224,560	588,066
-	2,430	-	-	19,080	44,699
<u>1,563,875</u>	<u>2,430</u>	<u>39,835</u>	<u>507,493</u>	<u>6,123,605</u>	<u>1,611,530</u>
2,000,000	-	-	-	2,000,000	-
-	-	-	(40,075)	(40,075)	(40,075)
<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>(40,075)</u>	<u>1,959,925</u>	<u>(40,075)</u>
805,132	4,136	21,561	120,400	(2,207,576)	776,819
-	39,036	96,946	1,424,711	9,740,665	8,963,846
<u>\$ 805,132</u>	<u>\$ 43,172</u>	<u>\$ 118,507</u>	<u>\$ 1,545,111</u>	<u>\$ 7,533,089</u>	<u>\$ 9,740,665</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, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
<u>CURRENT UNRESTRICTED ASSETS</u>		
Equity in pooled cash	\$ 2,064,016	\$ 1,581,757
Investments	1,062,418	1,850,711
Customer accounts receivable (net of allowance for doubtful accounts of \$26,000 for 2014 and 2013)	1,496,894	1,323,625
Inventory	200,860	240,071
TOTAL CURRENT UNRESTRICTED ASSETS	4,824,188	4,996,164
<u>CURRENT RESTRICTED ASSETS</u> (cash and investments)		
With fiscal agents	1,260,541	463,078
Customer deposits	483,541	471,713
TOTAL CURRENT RESTRICTED ASSETS	1,744,082	934,791
TOTAL CURRENT ASSETS	6,568,270	5,930,955
<u>NON-CURRENT UNRESTRICTED ASSETS</u>		
Prepaid bond insurance expense	-	9,501
<u>NON-CURRENT RESTRICTED ASSETS</u>		
Revenue bond improvement and extension cash and investments	1,650,310	1,544,459
Revenue bond depreciation or obsolete item cash and investments	460,552	406,446
Revenue bond construction cash and investments	8,103,562	6,768,782
TOTAL NON-CURRENT RESTRICTED ASSETS	10,214,424	8,719,687
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	9,623,524	1,604,633
Depreciable	43,958,279	44,535,121
TOTAL CAPITAL ASSETS, NET	53,581,803	46,139,754
<u>SERVICE RIGHTS</u> (net of accumulated amortization of \$66,506 for 2014 and \$64,006 for 2013)		
	33,494	35,994
TOTAL ASSETS	\$ 70,397,991	\$ 60,835,891

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u> (payable from current assets)		
Accounts payable	\$ 265,787	\$ 262,968
Accrued salaries, wages and employee benefits	76,070	65,911
Accrued vacation	131,727	117,539
Current portion of capital leases payable	99,591	50,017
Accrued interest payable	3,545	3,545
Unearned revenue	23,515	23,515
TOTAL CURRENT LIABILITIES (payable from current assets)	600,235	523,495
<u>CURRENT LIABILITIES</u> (payable from restricted assets)		
Accounts payable	1,764,584	1,024
Retainage payable	726,953	-
Accrued bond interest	24,014	24,014
Current portion of revenue bonds payable	673,348	261,570
Customer deposits	483,541	471,713
TOTAL CURRENT LIABILITIES (payable from restricted assets)	3,672,440	758,321
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	182,922	83,481
Revenue bonds payable	5,628,109	859,511
Unearned revenue	533,819	557,334
TOTAL LONG-TERM LIABILITIES	6,344,850	1,500,326
TOTAL LIABILITIES	10,617,525	2,782,142
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Net investment in capital assets	46,997,833	44,885,175
Restricted per revenue bond indentures	8,959,414	9,157,727
Unrestricted	3,823,219	4,010,847
TOTAL NET POSITION	59,780,466	58,053,749
TOTAL LIABILITIES AND NET POSITION	\$ 70,397,991	\$ 60,835,891

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, 2014 AND 2013

	2014	2013
<u>OPERATING REVENUES</u>		
Metered water sales - net	\$ 3,258,580	\$ 3,421,529
Wastewater service charges	5,275,484	5,016,120
Water tap fees	122,373	27,857
Wastewater tap fees	129,523	87,541
Fire protection fees	14,165	11,477
Other	436,151	453,793
TOTAL OPERATING REVENUES	9,236,276	9,018,317
<u>OPERATING EXPENSES</u>		
Utilities Finance	603,822	614,192
Utilities Administration	639,807	523,846
Water Operations and Maintenance	638,515	618,416
Water Production and Treatment	1,329,924	1,380,813
Wastewater Operations and Maintenance	3,159,028	3,297,617
Depreciation and amortization	1,001,827	1,001,664
TOTAL OPERATING EXPENSES	7,372,923	7,436,548
OPERATING INCOME	1,863,353	1,581,769
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	37,081	33,977
Interest expense and fiscal charges	(47,128)	(59,216)
Amortization of bond issuance costs and deferred refunding	-	(2,377)
Gain on sale of capital assets	32,635	6,820
TOTAL NONOPERATING REVENUES (EXPENSES)	22,588	(20,796)
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	1,885,941	1,560,973
CAPITAL CONTRIBUTIONS	138,036	220,936
TRANSFERS IN	17,547,207	10,679,797
TRANSFERS OUT	(17,844,467)	(11,121,010)
CHANGE IN NET POSITION	1,726,717	1,340,696
NET POSITION - BEGINNING OF YEAR	58,053,749	56,713,053
NET POSITION - END OF YEAR	\$ 59,780,466	\$ 58,053,749

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 8,626,856	\$ 8,606,093
Customer deposits	11,828	12,884
Cash paid to suppliers	(1,442,337)	(4,084,357)
Cash paid to employees for services	(2,362,368)	(2,318,342)
Other operating cash receipts	412,636	430,278
	5,246,615	2,646,556
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers in from other funds	17,547,207	10,679,797
Transfers out to other funds	(17,844,467)	(11,121,010)
	(297,260)	(441,213)
<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	38,325	6,820
Purchase and construction of capital assets	(8,082,574)	(712,970)
Proceeds received from issuance of revenue bonds	5,441,946	-
Principal paid on revenue bonds	(261,570)	(250,002)
Principal paid on capitalized leases	(100,956)	(73,095)
Principal paid on PSA obligation	-	(1,106,332)
Interest paid on revenue bonds	(44,764)	(56,332)
Interest paid on capital leases	(2,364)	(2,884)
	(2,988,442)	(2,171,280)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	37,081	33,977
	37,081	33,977
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,997,994	68,040
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	13,086,946	13,018,906
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 15,084,940	\$ 13,086,946

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 1,863,353	\$ 1,581,769
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,001,827	1,001,664
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(173,269)	41,569
Decrease in inventory	39,211	9,963
Decrease in prepaid bond insurance expense	9,501	-
Increase in accounts payable	1,766,379	9,360
Increase in retainage payable	726,953	-
Increase in customer deposits	11,828	12,884
Increase in accrued salaries, wages and employee benefits	10,159	8,261
Increase in accrued vacation	14,188	4,601
(Decrease) in unearned revenue	(23,515)	(23,515)
 TOTAL ADJUSTMENTS	 3,383,262	 1,064,787
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 5,246,615	 \$ 2,646,556
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 249,971	\$ 42,900
Capital assets contributed by subdividers/developers	\$ 114,521	\$ 197,421
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 2,064,016	\$ 1,581,757
Investments	1,062,418	1,850,711
Current restricted assets	1,744,082	934,791
Non-current restricted assets	10,214,424	8,719,687
 CASH AND CASH EQUIVALENTS	 \$ 15,084,940	 \$ 13,086,946

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>OPERATING REVENUES</u>			
Metered water sales - net	\$ 3,264,237	\$ 3,258,580	\$ (5,657)	\$ 3,421,529
Wastewater service charges	5,019,899	5,275,484	255,585	5,016,120
Water tap fees	55,000	122,373	67,373	27,857
Wastewater tap fees	85,000	129,523	44,523	87,541
Fire protection fees	11,477	14,165	2,688	11,477
Other	301,340	436,151	134,811	453,793
TOTAL OPERATING REVENUES	8,736,953	9,236,276	499,323	9,018,317
 <u>OPERATING EXPENSES</u>				
Utilities Finance	646,050	603,822	(42,228)	614,192
Utilities Administration	604,779	639,807	35,028	523,846
Water Operations and Maintenance	646,859	638,515	(8,344)	618,416
Water Production and Treatment	1,323,670	1,329,924	6,254	1,380,813
Wastewater Operations and Maintenance	3,140,351	3,159,028	18,677	3,297,617
Depreciation and amortization	-	1,001,827	1,001,827	1,001,664
TOTAL OPERATING EXPENSES	6,361,709	7,372,923	1,011,214	7,436,548
 <u>NONOPERATING REVENUES</u> <u>(EXPENSES)</u>				
Interest revenue	16,000	37,081	21,081	33,977
Interest expense and fiscal charges	-	(47,128)	(47,128)	(59,216)
Amortization of bond issuance costs and deferred refunding	-	-	-	(2,377)
Gain on sale of capital assets	-	32,635	32,635	6,820
TOTAL NONOPERATING REVENUES (EXPENSES)	16,000	22,588	6,588	(20,796)
INCOME BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	2,391,244	1,885,941	(505,303)	1,560,973
CAPITAL CONTRIBUTIONS	-	138,036	138,036	220,936
TRANSFERS IN	8,724,953	17,547,207	8,822,254	10,679,797
TRANSFERS OUT	(9,088,124)	(17,844,467)	(8,756,343)	(11,121,010)
NET INCOME	\$ 2,028,073	\$ 1,726,717	\$ (301,356)	\$ 1,340,696

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>UTILITIES FINANCE</u>			
Personal services:				
Salaries and wages	\$ 256,918	\$ 259,852	\$ 2,934	\$ 256,811
FICA	19,655	17,918	(1,737)	18,864
Employee retirement	29,498	28,378	(1,120)	28,671
Employee insurance	31,899	31,164	(735)	29,793
Workers' compensation	1,044	581	(463)	381
Operating expenses:				
General supplies/postage	109,386	78,354	(31,032)	112,984
Dues/training/travel	1,550	538	(1,012)	1,962
Data processing	69,900	71,666	1,766	61,835
Contracts and repairs	64,100	63,249	(851)	56,928
Professional services	32,900	19,050	(13,850)	14,591
Insurance	1,200	836	(364)	-
Bad debts	28,000	32,236	4,236	31,372
TOTAL UTILITIES FINANCE	\$ 646,050	\$ 603,822	\$ (42,228)	\$ 614,192

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEAR ENDED DECEMBER 31, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>UTILITIES ADMINISTRATION</u>				
Personal services:				
Salaries and wages	\$ 334,720	\$ 320,213	\$ (14,507)	\$ 303,820
Overtime pay	4,728	6,455	1,727	6,842
FICA	25,968	22,475	(3,493)	22,988
Employee retirement	36,491	33,228	(3,263)	32,588
Employee insurance	57,978	57,487	(491)	55,059
Workers' compensation	20,752	12,126	(8,626)	7,942
Unemployment insurance	650	52	(598)	52
Operating expenses:				
General supplies/postage	1,600	2,173	573	1,440
Dues/training/travel	5,980	6,436	456	5,044
Auto operating	15,176	15,130	(46)	16,031
Utility services	18,504	12,528	(5,976)	10,988
Contracts and repairs	13,300	14,956	1,656	9,169
Building material	800	523	(277)	1,543
Uniforms and clothing	2,435	2,876	441	2,996
Advertising	150	-	(150)	-
Professional services	4,112	85,418	81,306	230
Special department supplies	6,033	9,124	3,091	5,655
Insurance	55,402	38,607	(16,795)	41,459
TOTAL UTILITIES ADMINISTRATION	<u>\$ 604,779</u>	<u>\$ 639,807</u>	<u>\$ 35,028</u>	<u>\$ 523,846</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEAR ENDED DECEMBER 31, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER OPERATIONS AND MAINTENANCE</u>			
Personal services:				
Salaries and wages	\$ 315,626	\$ 300,116	\$ (15,510)	\$ 307,787
Overtime pay	25,960	14,053	(11,907)	23,328
FICA	26,132	22,210	(3,922)	25,045
Employee retirement	36,721	32,431	(4,290)	36,076
Employee insurance	57,980	56,625	(1,355)	54,208
Workers' compensation	7,712	5,183	(2,529)	21,342
Operating expenses:				
Dues/training	1,700	1,040	(660)	1,697
Auto operating	48,504	39,006	(9,498)	35,777
Contracts and repairs	28,310	25,076	(3,234)	13,621
Building material	13,620	16,452	2,832	15,738
Uniforms and clothing	3,000	4,178	1,178	3,673
Advertising	150	66	(84)	176
Professional services	180	144	(36)	262
Special department supplies	75,700	113,406	37,706	75,221
Judgments/settlements	500	-	(500)	-
Insurance	5,064	8,529	3,465	4,465
TOTAL WATER OPERATIONS AND MAINTENANCE	\$ 646,859	\$ 638,515	\$ (8,344)	\$ 618,416

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
 YEAR ENDED DECEMBER 31, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
	<u>WATER PRODUCTION AND TREATMENT</u>			
Personal services:				
Salaries and wages	\$ 425,304	\$ 433,566	\$ 8,262	\$ 419,506
Overtime pay	32,000	27,133	(4,867)	29,484
FICA	34,984	31,376	(3,608)	33,896
Employee retirement	49,161	47,055	(2,106)	48,641
Employee insurance	52,485	51,258	(1,227)	49,720
Workers' compensation	5,404	2,866	(2,538)	1,878
Operating expenses:				
General supplies	4,700	2,742	(1,958)	2,269
Dues/training	8,400	6,342	(2,058)	4,693
Advertising	300	-	(300)	-
Auto operating	8,800	4,637	(4,163)	4,987
Utility services	345,000	434,608	89,608	461,179
Contracts and repairs	128,440	98,096	(30,344)	85,603
Building material	3,400	2,532	(868)	993
Uniforms and clothing	3,800	640	(3,160)	2,555
Professional services	55,180	46,181	(8,999)	48,865
ACPSA treatment charges	4,500	7,832	3,332	3,353
Special department supplies	157,800	130,264	(27,536)	180,072
Insurance	4,012	2,796	(1,216)	3,119
<hr/>				
TOTAL WATER PRODUCTION AND TREATMENT	\$ 1,323,670	\$ 1,329,924	\$ 6,254	\$ 1,380,813

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CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>WASTEWATER OPERATIONS AND MAINTENANCE</u>				
Personal services:				
Salaries and wages	\$ 388,835	\$ 396,583	\$ 7,748	\$ 348,613
Overtime pay	22,665	21,175	(1,490)	22,961
FICA	31,480	28,261	(3,219)	27,803
Employee retirement	44,237	42,313	(1,924)	40,004
Employee insurance	66,960	65,395	(1,565)	61,754
Workers' compensation	24,627	19,239	(5,388)	15,399
Unemployment insurance	1,000	-	(1,000)	202
Operating expenses:				
Dues/training	1,100	908	(192)	858
Auto operating	40,522	35,379	(5,143)	36,276
Utility services	72,080	67,803	(4,277)	68,455
Contracts and repairs	198,850	201,668	2,818	126,488
Building material	21,800	15,838	(5,962)	12,998
Uniforms and clothing	4,355	5,320	965	5,298
Advertising	150	-	(150)	1,021
Professional services	180	143	(37)	436
ACPSA treatment charges	2,178,592	2,225,633	47,041	2,487,182
Special department supplies	22,310	18,902	(3,408)	20,791
Judgments/settlements	500	-	(500)	212
Insurance	20,108	14,468	(5,640)	20,866
<hr/>				
TOTAL WASTEWATER OPERATIONS AND MAINTENANCE	3,140,351	3,159,028	18,677	3,297,617
<hr/>				
DEPRECIATION AND AMORTIZATION	-	1,001,827	1,001,827	1,001,664
<hr/>				
TOTAL OPERATING EXPENSES	\$ 6,361,709	\$ 7,372,923	\$ 1,011,214	\$ 7,436,548

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - SANITATION SERVICES
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 1,470,180	\$ 1,773,923
Investments	943,524	941,958
Accounts receivable	96,315	39,948
TOTAL CURRENT ASSETS	2,510,019	2,755,829
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	91,235	498,322
Depreciable	3,955,742	2,358,776
TOTAL CAPITAL ASSETS	4,046,977	2,857,098
TOTAL ASSETS	\$ 6,556,996	\$ 5,612,927
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 149,595	\$ 86,786
Accrued salaries and wages	56,928	50,975
Accrued vacation	120,200	104,303
Current portion of capital leases payable	359,088	390,018
Accrued interest payable	6,534	6,534
TOTAL CURRENT LIABILITIES	692,345	638,616
<u>LONG-TERM LIABILITIES</u>		
Capital leases payable	384,095	518,522
TOTAL LIABILITIES	1,076,440	1,157,138
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Net investment in capital assets	3,303,794	1,948,558
Unrestricted	2,176,762	2,507,231
TOTAL NET POSITION	5,480,556	4,455,789
TOTAL LIABILITIES AND NET POSITION	\$ 6,556,996	\$ 5,612,927

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>OPERATING REVENUES</u>		
Sanitation service fees	\$ 2,579,714	\$ 2,556,346
Recycling fees	1,133,694	595,580
Sale of recyclables	450,526	495,592
Other	40,192	97,928
TOTAL OPERATING REVENUES	4,204,126	3,745,446
<u>OPERATING EXPENSES</u>		
Sanitation operations	2,487,927	2,073,241
Material recovery facility	929,003	858,456
Depreciation	526,585	467,154
TOTAL OPERATING EXPENSES	3,943,515	3,398,851
OPERATING INCOME	260,611	346,595
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Intergovernmental	264,747	-
Interest revenue	7,855	8,885
Interest expense	(15,000)	(20,665)
Gain on disposal of capital assets	122,454	32,082
TOTAL NONOPERATING REVENUES (EXPENSES)	380,056	20,302
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	640,667	366,897
<u>CAPITAL CONTRIBUTIONS</u>	480,000	-
<u>TRANSFERS</u>		
Transfers out	(95,900)	(190,666)
TOTAL TRANSFERS	(95,900)	(190,666)
CHANGE IN NET POSITION	1,024,767	176,231
NET POSITION - BEGINNING OF YEAR	4,455,789	4,279,558
NET POSITION - END OF YEAR	\$ 5,480,556	\$ 4,455,789

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 4,107,567	\$ 3,671,349
Cash paid to suppliers	(1,399,187)	(1,109,219)
Cash paid to employees for services	(1,933,084)	(1,804,303)
Other operating cash receipts	40,192	97,928
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 815,488	 855,755
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers out to other funds	(95,900)	(190,666)
Operating grants	264,747	-
 NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	 168,847	 (190,666)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(1,033,655)	(422,087)
Proceeds received from sales of capital assets	201,850	42,892
Principal paid on capitalized leases	(447,562)	(469,334)
Interest paid	(15,000)	(20,665)
 NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	 (1,294,367)	 (869,194)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	7,855	8,885
 NET (DECREASE) IN CASH AND CASH EQUIVALENTS	 (302,177)	 (195,220)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 2,715,881	 2,911,101
 CASH AND CASH EQUIVALENTS - END OF YEAR	 \$ 2,413,704	 \$ 2,715,881

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SANITATION SERVICES
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
OPERATING INCOME	\$ 260,611	\$ 346,595
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	526,585	467,154
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(56,367)	23,831
Increase in accounts payable	62,809	7,508
Increase in accrued salaries and wages	5,953	7,549
Increase in accrued vacation	15,897	3,118
 TOTAL ADJUSTMENTS	 554,877	 509,160
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 815,488	 \$ 855,755
 <u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Capital assets purchased with proceeds from a capital lease	\$ 282,205	\$ 242,591
Contribution of capital asset	480,000	-
Net capital assets transferred to governmental funds	-	(10,818)
	 \$ 762,205	 \$ 231,773
 <u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash	\$ 1,470,180	\$ 1,773,923
Investments	943,524	941,958
	 \$ 2,413,704	 \$ 2,715,881

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Sanitation service fees	\$ 2,568,228	\$ 2,579,714	\$ 11,486	\$ 2,556,346
Recycling fees	584,876	1,133,694	548,818	595,580
Sale of recyclables	507,740	450,526	(57,214)	495,592
Other	108,160	40,192	(67,968)	97,928
TOTAL OPERATING REVENUES	3,769,004	4,204,126	435,122	3,745,446
<u>OPERATING EXPENSES</u>				
Sanitation operations	2,220,345	2,487,927	267,582	2,073,241
Material recovery facility	932,974	929,003	(3,971)	858,456
Depreciation	-	526,585	526,585	467,154
TOTAL OPERATING EXPENSES	3,153,319	3,943,515	790,196	3,398,851
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Intergovernmental	-	264,747	264,747	-
Interest revenue	4,000	7,855	3,855	8,885
Interest expense	-	(15,000)	(15,000)	(20,665)
Gain on disposal of assets	-	122,454	122,454	32,082
TOTAL NONOPERATING REVENUES (EXPENSES)	4,000	380,056	376,056	20,302
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	619,685	640,667	20,982	366,897
<u>CONTRIBUTIONS</u>	-	480,000	480,000	-
<u>TRANSFERS</u>				
Transfers out	(146,875)	(95,900)	50,975	(190,666)
TOTAL TRANSFERS	(146,875)	(95,900)	50,975	(190,666)
NET INCOME	\$ 472,810	\$ 1,024,767	\$ 551,957	\$ 176,231

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
 ENTERPRISE FUND - SANITATION SERVICES
 YEAR ENDED DECEMBER 31, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>SANITATION OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 1,012,749	\$ 1,010,918	\$ (1,831)	\$ 976,942
Overtime pay	8,720	36,272	27,552	8,844
FICA	78,143	73,235	(4,908)	74,907
Employee retirement	109,808	107,824	(1,984)	106,548
Employee insurance	178,179	174,746	(3,433)	160,620
Workers' compensation	48,944	28,725	(20,219)	32,841
Unemployment insurance	2,000	175	(1,825)	175
Operating expenses:				
General supplies	2,000	1,623	(377)	1,927
Dues/training	3,780	3,094	(686)	2,379
Auto operating	300,358	276,982	(23,376)	268,730
Utility services	29,285	29,345	60	28,829
Data processing	48,030	47,780	(250)	7,031
Contracts and repairs	93,700	95,465	1,765	76,339
Uniforms and clothing	12,475	9,102	(3,373)	11,138
Advertising	500	59	(441)	286
Professional services	13,709	9,094	(4,615)	6,230
Special department supplies	236,326	554,288	317,962	279,524
Judgments/settlements	500	82	(418)	170
Insurance	41,139	29,118	(12,021)	29,781
TOTAL SANITATION OPERATIONS	\$ 2,220,345	\$ 2,487,927	\$ 267,582	\$ 2,073,241

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>MATERIAL RECOVERY FACILITY</u>				
Personal services:				
Salaries and wages	\$ 360,537	\$ 361,181	\$ 644	\$ 316,468
Overtime pay	16,170	22,080	5,910	21,514
FICA	28,819	26,945	(1,874)	25,871
Employee retirement	40,497	38,766	(1,731)	36,350
Employee insurance	61,867	60,421	(1,446)	47,540
Workers' compensation	20,902	13,646	(7,256)	6,350
Unemployment insurance	1,000	-	(1,000)	-
Operating expenses:				
General supplies	1,050	1,082	32	549
Dues/training	795	164	(631)	278
Auto operating	61,260	99,433	38,173	72,911
Utility services	16,159	21,411	5,252	16,606
Contracts and repairs	66,400	109,102	42,702	67,616
Building material	2,000	1,521	(479)	932
Recycling expenses	86,100	30,085	(56,015)	82,430
Uniforms and clothing	6,500	4,944	(1,556)	5,523
Advertising	1,000	296	(704)	282
Professional services	80,920	86,529	5,609	96,073
Special department supplies	60,542	37,142	(23,400)	48,900
Insurance	20,456	14,255	(6,201)	12,263
TOTAL MATERIAL RECOVERY FACILITY	932,974	929,003	(3,971)	858,456
DEPRECIATION	-	526,585	526,585	467,154
TOTAL OPERATING EXPENSES	\$ 3,153,319	\$ 3,943,515	\$ 790,196	\$ 3,398,851

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Equity in pooled cash	\$ 119,098	\$ 613,732
Investments	691,725	690,576
 TOTAL CURRENT ASSETS	 810,823	 1,304,308
<u>CAPITAL ASSETS, NET</u>		
Non-depreciable	739,558	184,546
Depreciable	761,357	716,330
 TOTAL CAPITAL ASSETS	 1,500,915	 900,876
 TOTAL ASSETS	 \$ 2,311,738	 \$ 2,205,184
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 6,456	\$ 379
Accrued salaries and wages	10,658	14,312
Accrued vacation	25,925	30,246
 TOTAL CURRENT LIABILITIES	 43,039	 44,937
 TOTAL LIABILITIES	 43,039	 44,937
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Net investment in capital assets	1,500,915	900,876
Unrestricted	767,784	1,259,371
 TOTAL NET POSITION	 2,268,699	 2,160,247
 TOTAL LIABILITIES AND NET POSITION	 \$ 2,311,738	 \$ 2,205,184

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, 2014 AND 2013

	2014	2013
<u>OPERATING REVENUES</u>		
Stormwater utility fees	\$ 584,566	\$ 575,233
Other	12,929	10,025
	597,495	585,258
<u>OPERATING EXPENSES</u>		
Stormwater operations	460,218	550,074
Drainage projects	-	228,950
Depreciation	47,337	47,097
	507,555	826,121
TOTAL OPERATING EXPENSES	507,555	826,121
OPERATING INCOME (LOSS)	89,940	(240,863)
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest revenue	4,200	3,532
TOTAL NONOPERATING REVENUES (EXPENSES)	4,200	3,532
INCOME (LOSS) BEFORE OPERATING TRANSFERS	94,140	(237,331)
<u>TRANSFERS</u>		
Transfers in	14,312	-
Transfers out	-	(14,312)
TOTAL TRANSFERS	14,312	(14,312)
CHANGE IN NET POSITION	108,452	(251,643)
NET POSITION - BEGINNING OF YEAR	2,160,247	2,411,890
NET POSITION - END OF YEAR	\$ 2,268,699	\$ 2,160,247

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 584,566	\$ 575,233
Cash paid to suppliers	(65,889)	(320,316)
Cash paid to employees	(396,227)	(458,846)
Other operating cash receipts	12,929	10,025
 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	 135,379	 (193,904)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Transfers out to other funds	14,312	(14,312)
 NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	 14,312	 (14,312)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets	(647,376)	(4,687)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(647,376)	(4,687)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	4,200	3,532
 NET (DECREASE) IN CASH AND CASH EQUIVALENTS	 (493,485)	 (209,371)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,304,308	1,513,679
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 810,823	\$ 1,304,308

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - STORMWATER UTILITY FUND
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
OPERATING INCOME (LOSS)	\$ 89,940	\$ (240,863)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	47,337	47,097
Change in assets and liabilities:		
Increase (decrease) in accounts payable	6,077	(5,848)
(Decrease) increase in accrued salaries and wages	(3,654)	3,039
(Decrease) increase in accrued vacation	(4,321)	2,671
TOTAL ADJUSTMENTS	45,439	46,959
 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	 \$ 135,379	 \$ (193,904)
 Equity in pooled cash	 \$ 119,098	 \$ 613,732
Investments	691,725	690,576
	\$ 810,823	\$ 1,304,308

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>OPERATING REVENUES</u>				
Stormwater utility fees	\$ 581,836	\$ 584,566	\$ 2,730	\$ 575,233
Other	7,640	12,929	5,289	10,025
TOTAL OPERATING REVENUES	589,476	597,495	8,019	585,258
<u>OPERATING EXPENSES</u>				
Stormwater operations	491,281	460,218	(31,063)	550,074
Drainage projects	102,195	-	(102,195)	228,950
Depreciation	-	47,337	47,337	47,097
TOTAL OPERATING EXPENSES	593,476	507,555	(85,921)	826,121
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Interest revenue	4,000	4,200	200	3,532
TOTAL NONOPERATING REVENUES (EXPENSES)	4,000	4,200	200	3,532
INCOME (LOSS) BEFORE OPERATING TRANSFERS	-	94,140	94,140	(237,331)
<u>TRANSFERS</u>				
Transfers in	-	14,312	14,312	-
Transfers out	-	-	-	(14,312)
NET INCOME (LOSS)	\$ -	\$ 108,452	\$ 108,452	\$ (251,643)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND
YEAR ENDED DECEMBER 31, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		2013	
	ORIGINAL AND FINAL BUDGET	ACTUAL	OVER (UNDER) BUDGET	ACTUAL
<u>STORMWATER OPERATIONS</u>				
Personal services:				
Salaries and wages	\$ 297,779	\$ 295,820	\$ (1,959)	\$ 362,641
FICA	22,781	20,772	(2,009)	27,091
Employee retirement	32,012	31,127	(885)	38,078
Employee insurance	37,688	37,095	(593)	34,450
Workers' compensation	5,736	3,420	(2,316)	2,278
Unemployment insurance	200	18	(182)	18
Operating expenses:				
General supplies	1,400	937	(463)	1,371
Dues/training	4,425	3,631	(794)	5,329
Auto operating	11,050	10,284	(766)	8,986
Data processing	28,600	27,229	(1,371)	39,293
Contracts and repairs	6,320	5,379	(941)	3,653
Uniforms and clothing	2,000	905	(1,095)	2,106
Advertising	2,500	691	(1,809)	3,933
Professional services	20,219	12,832	(7,387)	11,097
Special department supplies	5,685	6,673	988	3,883
Insurance	4,886	3,405	(1,481)	3,684
Machines and equipment	8,000	-	(8,000)	2,183
TOTAL STORMWATER OPERATIONS	491,281	460,218	(31,063)	550,074
DRAINAGE PROJECTS	102,195	-	(102,195)	228,950
DEPRECIATION	-	47,337	47,337	47,097
TOTAL OPERATING EXPENSES	\$ 593,476	\$ 507,555	\$ (85,921)	\$ 826,121

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF NET POSITION
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 DECEMBER 31, 2014 AND 2013

	2014	2013
<u>ASSETS</u>		
<u>RESTRICTED CURRENT ASSETS</u>		
Equity in pooled cash	\$ 3,127	\$ 27,057
Investments	921,176	919,647
TOTAL CURRENT ASSETS	924,303	946,704
TOTAL ASSETS	\$ 924,303	\$ 946,704
<u>NET POSITION</u>		
<u>NET POSITION</u>		
Restricted per operating agreement	\$ 924,303	\$ 946,704
TOTAL NET ASSETS	924,303	946,704
TOTAL LIABILITIES AND NET POSITION	\$ 924,303	\$ 946,704

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, 2014 AND 2013

	2014	2013
<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	1,599	2,056
TOTAL NONOPERATING REVENUES	1,599	2,056
CHANGE IN NET POSITION	(22,401)	(21,944)
NET POSITION - BEGINNING OF YEAR	946,704	968,648
NET POSITION - END OF YEAR	\$ 924,303	\$ 946,704

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
 COMPARATIVE STATEMENTS OF CASH FLOWS
 ENTERPRISE FUND - SAVANNAH BLUFF LOCK AND DAM FUND
 YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash paid to suppliers	\$ (24,000)	\$ (24,000)
NET CASH USED FOR OPERATING ACTIVITIES	(24,000)	(24,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest on investments	1,599	2,056
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,599	2,056
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,401)	(21,944)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	946,704	968,648
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 924,303	\$ 946,704
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</u>		
OPERATING LOSS	\$ (24,000)	\$ (24,000)
NET CASH USED FOR OPERATING ACTIVITIES	\$ (24,000)	\$ (24,000)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS</u>		
Equity in pooled cash - restricted	\$ 3,127	\$ 27,057
Investments - restricted	921,176	919,647
	\$ 924,303	\$ 946,704

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, 2014

CAPITAL ASSETS

Land and improvements	\$ 22,203,526
Construction in progress	5,210,791
Buildings	31,612,846
Machinery and equipment	1,818,492
Furniture and fixtures	1,547,977
Vehicles	5,667,356
Infrastructure	21,854,421
Right of ways	<u>2,826,690</u>
 TOTAL CAPITAL ASSETS	 \$ <u><u>92,742,099</u></u>

INVESTMENT IN CAPITAL ASSETS FROM

General and Special Revenue Fund revenues	\$ 44,935,250
Capital Projects Fund revenues	26,198,740
State and Federal grants	1,636,727
Contributions from subdividers	18,892,863
Gifts	<u>1,078,519</u>
 TOTAL INVESTMENT IN CAPITAL ASSETS	 \$ <u><u>92,742,099</u></u>

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, 2014

	TOTAL	LAND AND IMPROVE- MENTS	CONSTRUCTION IN PROGRESS	BUILDINGS	MACHINERY AND EQUIPMENT	FURNITURE AND FIXTURES	VEHICLES	INFRA- STRUCTURE	RIGHT OF WAYS
<u>GENERAL GOVERNMENT</u>									
Control:									
City Council	\$ 26,573,121	\$ 4,740,865	\$ 1,706,840	\$ 20,066,694	\$ -	\$ 58,722	\$ -	\$ -	\$ -
City Administration	16,009	-	-	-	-	16,009	-	-	-
TOTAL	26,589,130	4,740,865	1,706,840	20,066,694	-	74,731	-	-	-
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	1,810,403	-	1,563,874	-	246,529	-	-	-	-
TOTAL	2,098,892	-	1,563,874	83,000	246,529	105,354	100,135	-	-
TOTAL GENERAL GOVERNMENT	28,688,022	4,740,865	3,270,714	20,149,694	246,529	180,085	100,135	-	-
PUBLIC SAFETY	10,179,683	122,932	1,893,786	2,157,856	42,762	1,254,607	4,707,740	-	-
<u>PUBLIC WORKS</u>									
Engineering	38,893	5,644	-	-	-	-	33,249	-	-
Street Light/Traffic Signals	2,043,555	-	-	-	-	-	-	2,043,555	-
Streets and Drains	25,359,346	1,650,692	-	150,000	510,210	5,128	405,760	19,810,866	2,826,690
TOTAL PUBLIC WORKS	27,441,794	1,656,336	-	150,000	510,210	5,128	439,009	21,854,421	2,826,690
RECREATION AND PARKS	26,432,600	15,683,393	46,291	9,155,296	1,018,991	108,157	420,472	-	-
TOTAL GENERAL CAPITAL ASSETS	\$ 92,742,099	\$ 22,203,526	\$ 5,210,791	\$ 31,612,846	\$ 1,818,492	\$ 1,547,977	\$ 5,667,356	\$ 21,854,421	\$ 2,826,690

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, 2014

	GENERAL CAPITAL ASSETS 12/31/13	ADDITIONS	DELETIONS	TRANSFERS	GENERAL CAPITAL ASSETS 12/31/14
<u>GENERAL GOVERNMENT</u>					
Control:					
City Council	\$ 24,866,281	\$ 1,706,840	\$ -	\$ -	\$ 26,573,121
City Administration	16,009	-	-	-	16,009
TOTAL	24,882,290	1,706,840	-	-	26,589,130
Staff Agencies:					
Finance	112,638	-	-	-	112,638
Planning and Development	31,840	-	-	-	31,840
Building Standards	144,011	-	-	-	144,011
City Buildings	246,528	1,563,875	-	-	1,810,403
TOTAL	535,017	1,563,875	-	-	2,098,892
TOTAL GENERAL GOVERNMENT	25,417,307	3,270,715	-	-	28,688,022
PUBLIC SAFETY	8,233,937	2,104,964	(159,218)	-	10,179,683
<u>PUBLIC WORKS</u>					
Engineering	33,249	5,644	-	-	38,893
Street Light/ Traffic Signals	2,043,555	-	-	-	2,043,555
Streets and Drains	24,354,210	1,056,003	(50,867)	-	25,359,346
TOTAL PUBLIC WORKS	26,431,014	1,061,647	(50,867)	-	27,441,794
RECREATION AND PARKS	26,140,218	331,417	(39,035)	-	26,432,600
TOTAL GENERAL CAPITAL ASSETS	\$ 86,222,476	\$ 6,768,743	\$ (249,120)	\$ -	\$ 92,742,099

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, 2014

Court Fines	
Court fines collected	\$ 404,237
Court fines retained by City	<u>404,237</u>
Court fines remitted to State Treasurer	<u><u>\$ -</u></u>
 Court Assessments	
Court assessments collected	\$ 394,400
Court assessments retained by City	<u>43,059</u>
Court assessments remitted to State Treasurer	<u><u>\$ 351,341</u></u>
 Court Surcharges	
Court surcharges collected	\$ 203,758
Court surcharges retained by City	<u>15,279</u>
Court surcharges remitted to State Treasurer	<u><u>\$ 188,479</u></u>
 Victim Services	
Court assessments allocated to Victim Services	\$ 43,059
Court surcharges allocated to Victim Services	<u>9,698</u>
Funds allocated to Victim Services	52,757
Victim Services Expenditures	<u>25,458</u>
Funds Allocated to Victim Services in Excess of Victim Services Expenditures	27,299
Funds available for carryforward - beginning of year	<u>32,841</u>
Funds available for carryforward - end of year	<u><u>\$ 60,140</u></u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u> Federal Emergency Management Agency Disaster Public Assistance Grant	97.036	4166-PA-SC	\$ 577,152 *
<u>U.S. Environmental Protection Agency</u> (Passed through the South Carolina Department of Health & Environmental Control) Capitalization Grants for Drinking Water State Revolving Funds	66.468	3-060-14-0210003-01	5,250,484 *
<u>U.S. Department of Transportation</u> (Passed through the South Carolina Department of Public Safety) Law Enforcement Grant	20.600	2JC10002	<u>28,676</u>
			<u>\$ 5,856,312</u>

* Indicates program tested as a major program.

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, 2014.

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, 2014, 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 20, 2015.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questions costs that we consider to be a significant deficiency, as described in 2014-001.

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*.

City of North Augusta, South Carolina's Response to Findings

City of North Augusta, South Carolina's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of North Augusta, South Carolina's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 20, 2015

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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of North Augusta, South Carolina's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of North Augusta, South Carolina's major federal programs for the year ended December 31, 2014. The City of North Augusta, South Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of North Augusta, South Carolina's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of North Augusta, South Carolina's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of North Augusta, South Carolina's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of North Augusta, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The City of North Augusta, South Carolina's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of North Augusta, South Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of North Augusta, South Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of North Augusta, South Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of North Augusta, South Carolina's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-002, which we consider to be a significant deficiency.

The City of North Augusta, South Carolina's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of North Augusta, South Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Augusta, Georgia
April 20, 2015

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

A. Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of North Augusta, South Carolina.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*.
3. One significant deficiency in internal control over a major federal award program disclosed during the audit is reported in the Report on Compliance with Requirements that could have a direct and material effect on the Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
4. The auditors' report on compliance for the major federal award programs for the City of North Augusta, South Carolina expresses an unmodified opinion on all major federal programs.
5. Audit findings that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133 are reported in this Schedule.
6. The programs tested as major programs included:
 - Federal Emergency Management Agency Disaster Public Assistance Grant Program (CFDA No. 97.036)
 - Capitalization Grants for Drinking Water State Revolving Funds (CFDA No. 66.468)
7. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
8. The City of North Augusta, South Carolina did not qualify as a low-risk auditee.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

B. Findings - Financial Statement Audit

2014-001 Federal Emergency Management Agency Disaster Public Assistance Grant Program (CFDA No. 97.036)
Payroll expenses

Condition: The City had the option to apply an individual fringe benefit rate or a blended fringe benefit rate to employees' regular approved hourly pay rates in order to determine total allowable costs. The City initially applied the individual fringe benefit rate but later decided to use the blended fringe benefit rate. When the City changed to the blended fringe benefit rate they failed to remove the individual fringe benefit rates initially applied. The City applied both fringe benefit rates for the 10 payroll expenses tested.

Questioned Cost: \$115,372

Criteria: Internal controls should be in place that provides reasonable assurance that the application of the fringe benefit rate to hourly pay rates is accurately calculated.

Cause: Internal controls were not in place to provide reasonable assurance that the application of the fringe benefit rate to hourly pay rates was accurately calculated.

Effect: Reimbursable expenses were not accurately calculated and were overstated.

Recommendation: Procedures should be put in place to require adequate review and approval of hourly pay rate calculations.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

2014-002 Federal Emergency Management Agency Disaster Public Assistance Grant Program (CFDA No. 97.036)
Payroll expenses

See financial statement finding 2014-001.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

MANAGEMENT RESPONSE

2014-001 and 2014-002 Federal Emergency Management Agency Disaster Public Assistance Grant Program
(CFDA No. 97.036)

Payroll expenses

The City understands the findings as reported and has taken corrective action to ensure that the amount found to be an overstatement of reimbursable expenses was reported to FEMA. The City will receive an invoice in the upcoming weeks from FEMA de-obligating funding of \$115,372. At that time, the City will issue a reimbursement to FEMA for the overpayment. Going forward, the Finance Director, Accounting Manager, and Human Resource Manager will review and approve hourly pay rate and fringe benefit calculations that are reported as reimbursable expenses for grant funding.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2014

NONE



**STATISTICAL
SECTION**

North
Augusta

South Carolina's Riverfront



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>	135 – 139
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>	140 – 146
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>	147 – 151
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>	152 – 153
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>	154 – 158

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.*



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

	Year Ending December 31				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities					
Net investment in capital assets	\$ 24,475,710	\$ 28,977,233	\$ 32,909,692	\$ 37,222,478	\$ 43,873,602
Restricted	-	4,716,068	6,386,196	47,801	9,771
Unrestricted	<u>10,125,562</u>	<u>4,389,098</u>	<u>8,315,826</u>	<u>14,824,747</u>	<u>12,594,803</u>
Total governmental activities net position	<u><u>\$ 34,601,272</u></u>	<u><u>\$ 38,082,399</u></u>	<u><u>\$ 47,611,714</u></u>	<u><u>\$ 52,095,026</u></u>	<u><u>\$ 56,478,176</u></u>
Business-type activities					
Net investment in capital assets	\$ 31,498,851	\$ 32,069,057	\$ 33,496,267	\$ 39,260,545	\$ 40,738,413
Restricted	7,265,318	8,263,966	9,709,599	8,669,853	9,329,287
Unrestricted	<u>7,301,925</u>	<u>8,182,270</u>	<u>9,426,228</u>	<u>9,366,037</u>	<u>9,289,594</u>
Total business-type activities net position	<u><u>\$ 46,066,094</u></u>	<u><u>\$ 48,515,293</u></u>	<u><u>\$ 52,632,094</u></u>	<u><u>\$ 57,296,435</u></u>	<u><u>\$ 59,357,294</u></u>
Primary Government					
Net investment in capital assets	\$ 55,974,561	\$ 61,046,290	\$ 66,405,959	\$ 76,483,023	\$ 84,612,015
Restricted	7,265,318	12,980,034	16,095,795	8,717,654	9,339,058
Unrestricted	<u>17,427,487</u>	<u>12,571,368</u>	<u>17,742,054</u>	<u>24,190,784</u>	<u>21,884,397</u>
Total primary government net position	<u><u>\$ 80,667,366</u></u>	<u><u>\$ 86,597,692</u></u>	<u><u>\$ 100,243,808</u></u>	<u><u>\$ 109,391,461</u></u>	<u><u>\$ 115,835,470</u></u>

	Year Ending December 31				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities					
Net investment in capital assets	\$ 44,780,462	\$ 48,387,572	\$ 51,180,628	\$ 53,791,597	\$ 57,779,457
Restricted	5,461	9,158,402	7,210,998	7,810,702	7,536,710
Unrestricted	<u>15,028,645</u>	<u>6,382,049</u>	<u>7,342,802</u>	<u>5,466,773</u>	<u>4,267,933</u>
Total governmental activities net position	<u><u>\$ 59,814,568</u></u>	<u><u>\$ 63,928,023</u></u>	<u><u>\$ 65,734,428</u></u>	<u><u>\$ 67,069,072</u></u>	<u><u>\$ 69,584,100</u></u>
Business-type activities					
Net investment in capital assets	\$ 41,186,486	\$ 44,889,398	\$ 46,022,914	\$ 47,734,609	\$ 51,802,542
Restricted	10,537,438	9,422,871	10,116,845	10,104,431	9,883,717
Unrestricted	<u>9,417,349</u>	<u>8,342,254</u>	<u>8,233,390</u>	<u>7,777,449</u>	<u>6,767,765</u>
Total business-type activities net position	<u><u>\$ 61,141,273</u></u>	<u><u>\$ 62,654,523</u></u>	<u><u>\$ 64,373,149</u></u>	<u><u>\$ 65,616,489</u></u>	<u><u>\$ 68,454,024</u></u>
Primary Government					
Net investment in capital assets	\$ 85,966,948	\$ 93,276,970	\$ 97,203,542	\$ 101,526,206	\$ 109,581,999
Restricted	10,542,899	18,581,273	17,327,843	17,915,133	17,420,427
Unrestricted	<u>24,445,994</u>	<u>14,724,303</u>	<u>15,576,192</u>	<u>13,244,222</u>	<u>11,035,698</u>
Total primary government net position	<u><u>\$ 120,955,841</u></u>	<u><u>\$ 126,582,546</u></u>	<u><u>\$ 130,107,577</u></u>	<u><u>\$ 132,685,561</u></u>	<u><u>\$ 138,038,124</u></u>

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

	Year Ending December 31				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities:					
General government	\$ 3,256,036	\$ 2,858,015	\$ 3,283,604	\$ 2,890,989	\$ 3,646,500
Public safety	4,294,245	4,624,981	4,955,943	5,265,573	5,414,709
Public works	2,151,023	1,516,253	1,487,012	2,692,210	1,883,507
Recreation and parks	2,488,095	2,928,875	3,327,793	3,763,461	3,623,796
Debt service - interest and fees	18,258	23,700	24,001	433,418	476,037
Loss on debt defeasance	-	-	-	-	-
Total governmental activities expenses	<u>\$ 12,207,657</u>	<u>\$ 11,951,824</u>	<u>\$ 13,078,353</u>	<u>\$ 15,045,651</u>	<u>\$ 15,044,549</u>
Business-type activities:					
Water and sewer	\$ 5,676,796	\$ 6,080,671	\$ 6,364,814	\$ 6,694,797	\$ 6,782,763
Sanitation	2,619,149	2,845,766	3,066,729	3,239,034	3,012,364
Stormwater utility	244,115	276,721	281,471	373,803	529,291
Savannah Bluff Lock and Dam utility	-	-	-	-	6,062
Total business-type activities expenses	<u>\$ 8,540,060</u>	<u>\$ 9,203,158</u>	<u>\$ 9,713,014</u>	<u>\$ 10,307,634</u>	<u>\$ 10,330,480</u>
Total primary government expenses	<u>\$ 20,747,717</u>	<u>\$ 21,154,982</u>	<u>\$ 22,791,367</u>	<u>\$ 25,353,285</u>	<u>\$ 25,375,029</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 3,816,068	\$ 4,177,540	\$ 4,552,001	\$ 4,481,413	\$ 4,344,903
Public safety	945,723	925,170	995,420	897,428	945,905
Recreation and parks	911,037	915,439	935,166	931,614	921,644
Operating grants and contributions	642,309	690,426	754,944	856,777	789,968
Capital grants and contributions	1,156,232	1,528,331	3,477,186	1,768,611	1,813,172
Total governmental activities program revenues	<u>\$ 7,471,369</u>	<u>\$ 8,236,906</u>	<u>\$ 10,714,717</u>	<u>\$ 8,935,843</u>	<u>\$ 8,815,592</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 6,762,888	\$ 6,799,406	\$ 7,606,718	\$ 7,537,277	\$ 7,714,553
Sanitation	2,676,653	3,026,197	3,306,010	3,308,538	3,182,076
Stormwater utility	511,239	522,304	536,597	547,766	554,394
Capital grants and contributions	173,409	687,953	1,600,851	3,091,789	955,928
Total business-type activities program revenues	<u>\$ 10,124,189</u>	<u>\$ 11,035,860</u>	<u>\$ 13,050,176</u>	<u>\$ 14,485,370</u>	<u>\$ 12,406,951</u>
Total primary government program revenues	<u>\$ 17,595,558</u>	<u>\$ 19,272,766</u>	<u>\$ 23,764,893</u>	<u>\$ 23,421,213</u>	<u>\$ 21,222,543</u>
Net (expense) / revenue					
Governmental activities	\$ (4,736,288)	\$ (3,714,918)	\$ (2,363,636)	\$ (6,109,808)	\$ (6,228,957)
Business-type activities	1,584,129	1,832,702	3,337,162	4,177,736	2,076,471
Total primary government net expense	<u>\$ (3,152,159)</u>	<u>\$ (1,882,216)</u>	<u>\$ 973,526</u>	<u>\$ (1,932,072)</u>	<u>\$ (4,152,486)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545
Capital projects sales taxes	-	617,589	4,679,330	3,415,808	3,331,626
Local hospitality and accommodations taxes	464,701	499,739	537,879	550,501	548,490
Interest on investments	404,595	591,214	964,169	533,146	92,616
Miscellaneous	404,619	277,895	326,658	198,679	106,871
Transfers	293,231	315,993	330,850	396,667	537,959
Total governmental activities	<u>\$ 6,251,135</u>	<u>\$ 7,196,045</u>	<u>\$ 11,892,951</u>	<u>\$ 10,593,120</u>	<u>\$ 10,612,107</u>
Business-type activities:					
Interest on investments	\$ 365,254	\$ 681,580	\$ 862,217	\$ 400,115	\$ 95,157
Miscellaneous	293,343	250,910	248,272	483,157	427,190
Transfers	(293,231)	(315,993)	(330,850)	(396,667)	(537,959)
Total business-type activities	<u>\$ 365,366</u>	<u>\$ 616,497</u>	<u>\$ 779,639</u>	<u>\$ 486,605</u>	<u>\$ (15,612)</u>
Total primary government	<u>\$ 6,616,501</u>	<u>\$ 7,812,542</u>	<u>\$ 12,672,590</u>	<u>\$ 11,079,725</u>	<u>\$ 10,596,495</u>
Change in Net Position					
Governmental activities	\$ 1,514,847	\$ 3,481,127	\$ 9,529,315	\$ 4,483,312	\$ 4,383,150
Business-type activities	1,949,495	2,449,199	4,116,801	4,664,341	2,060,859
Total primary government	<u>\$ 3,464,342</u>	<u>\$ 5,930,326</u>	<u>\$ 13,646,116</u>	<u>\$ 9,147,653</u>	<u>\$ 6,444,009</u>

(continued)

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

	Year Ending December 31				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government	\$ 3,798,574	\$ 3,416,002	\$ 3,574,637	\$ 3,893,288	\$ 4,181,576
Public safety	5,898,849	6,546,364	6,975,047	6,615,699	7,232,466
Public works	1,796,722	2,796,708	2,980,032	2,609,477	2,348,897
Recreation and parks	3,994,496	3,792,045	4,053,013	4,212,673	4,501,259
Debt service - interest and fees	380,060	358,055	340,610	313,866	163,147
Loss on debt defeasance	-	-	-	277,682	-
Total governmental activities expenses	<u>\$ 15,868,701</u>	<u>\$ 16,909,174</u>	<u>\$ 17,923,339</u>	<u>\$ 17,922,685</u>	<u>\$ 18,427,345</u>
Business-type activities:					
Water and sewer	\$ 6,994,927	\$ 7,220,770	\$ 6,958,202	\$ 7,491,321	\$ 7,420,051
Sanitation	3,054,296	3,168,553	3,160,647	3,376,614	3,958,515
Stormwater utility	519,481	542,919	568,984	826,121	507,555
Savannah Bluff Lock and Dam utility	23,275	22,000	24,000	24,000	24,000
Total business-type activities expenses	<u>\$ 10,591,979</u>	<u>\$ 10,954,242</u>	<u>\$ 10,711,833</u>	<u>\$ 11,718,056</u>	<u>\$ 11,910,121</u>
Total primary government expenses	<u>\$ 26,460,680</u>	<u>\$ 27,863,416</u>	<u>\$ 28,635,172</u>	<u>\$ 29,640,741</u>	<u>\$ 30,337,466</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 4,386,190	\$ 4,605,180	\$ 4,711,699	\$ 4,892,172	\$ 5,272,149
Public safety	1,082,900	1,177,117	1,092,699	1,055,155	1,109,022
Recreation and parks	1,110,505	1,060,317	1,019,548	1,058,841	1,090,469
Operating grants and contributions	893,625	1,375,032	848,298	872,295	1,496,428
Capital grants and contributions	489,270	1,569,830	1,619,796	1,357,083	468,934
Total governmental activities program revenues	<u>\$ 7,962,490</u>	<u>\$ 9,787,476</u>	<u>\$ 9,292,040</u>	<u>\$ 9,235,546</u>	<u>\$ 9,437,002</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 8,148,497	\$ 8,450,349	\$ 8,388,987	\$ 8,564,524	\$ 8,800,125
Sanitation	3,384,930	3,400,975	3,388,623	3,647,518	4,163,934
Stormwater utility	563,305	572,288	573,660	575,233	584,566
Operating grants and contributions	-	-	-	-	264,747
Capital grants and contributions	511,472	245,500	206,463	220,936	618,036
Total business-type activities program revenues	<u>\$ 12,608,204</u>	<u>\$ 12,669,112</u>	<u>\$ 12,557,733</u>	<u>\$ 13,008,211</u>	<u>\$ 14,431,408</u>
Total primary government program revenues	<u>\$ 20,570,694</u>	<u>\$ 22,456,588</u>	<u>\$ 21,849,773</u>	<u>\$ 22,243,757</u>	<u>\$ 23,868,410</u>
Net (expense) / revenue					
Governmental activities	\$ (7,906,211)	\$ (7,121,698)	\$ (8,631,299)	\$ (8,687,139)	\$ (8,990,343)
Business-type activities	2,016,225	1,714,870	1,845,900	1,290,155	2,521,287
Total primary government net expense	<u>\$ (5,889,986)</u>	<u>\$ (5,406,828)</u>	<u>\$ (6,785,399)</u>	<u>\$ (7,396,984)</u>	<u>\$ (6,469,056)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 6,142,064	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860	\$ 6,993,684
Capital projects sales taxes	3,354,214	3,474,959	1,861,677	1,180,511	2,733,613
Local hospitality and accommodations taxes	555,230	559,853	584,227	622,971	661,531
Interest on investments	54,755	33,350	77,894	70,768	69,440
Miscellaneous	577,187	336,245	590,882	631,662	696,936
Transfers	559,153	536,574	542,241	657,011	378,848
Total governmental activities	<u>\$ 11,242,603</u>	<u>\$ 11,235,153</u>	<u>\$ 10,437,704</u>	<u>\$ 10,021,783</u>	<u>\$ 11,534,052</u>
Business-type activities:					
Interest on investments	\$ 63,562	\$ 42,216	\$ 56,203	\$ 48,450	\$ 50,735
Miscellaneous	263,345	292,738	358,764	561,746	644,361
Transfers	(559,153)	(536,574)	(542,241)	(657,011)	(378,848)
Total business-type activities	<u>\$ (232,246)</u>	<u>\$ (201,620)</u>	<u>\$ (127,274)</u>	<u>\$ (46,815)</u>	<u>\$ 316,248</u>
Total primary government	<u>\$ 11,010,357</u>	<u>\$ 11,033,533</u>	<u>\$ 10,310,430</u>	<u>\$ 9,974,968</u>	<u>\$ 11,850,300</u>
Change in Net Position					
Governmental activities	\$ 3,336,392	\$ 4,113,455	\$ 1,806,405	\$ 1,334,644	\$ 2,543,709
Business-type activities	1,783,979	1,513,250	1,718,626	1,243,340	2,837,535
Total primary government	<u>\$ 5,120,371</u>	<u>\$ 5,626,705</u>	<u>\$ 3,525,031</u>	<u>\$ 2,577,984</u>	<u>\$ 5,381,244</u>

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

	Year Ending December 31				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved	\$ 4,222	\$ 2,433	\$ 61,429	\$ 49,883	\$ 10,947
Unreserved	1,409,691	1,294,516	1,018,244	257,821	595,511
Total General Fund	<u>\$ 1,413,913</u>	<u>\$ 1,296,949</u>	<u>\$ 1,079,673</u>	<u>\$ 307,704</u>	<u>\$ 606,458</u>
All Other Governmental Funds					
Reserved, reported in:					
Capital Projects Fund	\$ -	\$ 4,716,068	\$ 6,326,000	\$ -	\$ -
Special Revenue Funds	11,048	7,187	7,187	7,187	7,187
Unreserved, reported in:					
Sales Tax I Fund	3,114,127	2,783,114	2,809,915	2,417,057	1,359,545
Sales Tax II Fund	-	(1,134,125)	2,174,841	3,405,202	1,450,018
Capital Projects Fund	2,545,815	2,802,408	4,852,297	5,697,563	4,943,102
Riverfront/Central Core Redevelopment Fund	-	-	3,025,359	1,632,936	1,664,610
Special Revenue Fund	3,223,659	3,735,686	1,187,157	1,811,304	3,092,199
Total all other governmental funds	<u>\$ 8,894,649</u>	<u>\$ 12,910,338</u>	<u>\$ 20,382,756</u>	<u>\$ 14,971,249</u>	<u>\$ 12,516,661</u>

	Year Ending December 31				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Nonspendable *	\$ 1,319	\$ 1,723	\$ 1,220	\$ 1,630	\$ 1,774
Restricted *	5,461	2,600	3,140	32,841	60,140
Committed *	522,008	695,829	1,143,666	966,050	1,073,650
Total General Fund	<u>\$ 528,788</u>	<u>\$ 700,152</u>	<u>\$ 1,148,026</u>	<u>\$ 1,000,521</u>	<u>\$ 1,135,564</u>
All Other Governmental Funds					
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	1,402,264
Capital Projects Fund (Major Fund)	2,180,000	2,265,000	2,395,000	2,100,000	2,200,000
Other Special Revenue Funds (Nonmajor Funds)	52,335	65,031	84,598	96,946	118,507
Other Capital Projects Funds (Nonmajor Funds)	1,326,126	1,305,332	1,303,819	4,422,979	3,025,895
Committed, reported in: *					
Capital Projects Fund (Major Fund)	564,750	377,543	315,960	337,282	214,918
Other Capital Projects Funds (Nonmajor Funds)	1,325,639	1,118,263	271,086	639,655	1,341,590
Other Special Revenue Funds (Nonmajor Funds)	557,038	558,046	610,203	558,046	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	1,458,814
Other Revenue Funds (Nonmajor Funds)	1,043,683	936,643	838,382	905,701	1,030,237
Unassigned, reported in: *					
Capital Projects Fund (Major Fund)	-	-	-	-	(188,989)
Other Capital Projects Funds (Nonmajor Funds)	(58,487)	-	-	-	-
Total all other governmental funds	<u>\$ 15,060,268</u>	<u>\$ 15,381,686</u>	<u>\$ 13,954,573</u>	<u>\$ 12,835,503</u>	<u>\$ 11,161,282</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				
	2005	2006	2007	2008	2009
Revenues					
Ad valorem taxes	\$ 4,683,989	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545
Capital projects sales taxes	-	617,589	4,679,330	3,415,808	3,331,626
Local hospitality and accommodations taxes	464,701	499,739	537,879	550,501	548,490
Licenses and permits	3,816,068	4,177,540	4,552,001	4,481,413	4,344,903
Fines and forfeitures	876,282	855,129	926,477	830,404	880,343
Charges for services	980,478	985,480	1,004,109	998,638	1,083,661
Intergovernmental	1,168,607	1,242,562	965,087	2,263,544	2,181,554
Miscellaneous/interest earnings	809,214	912,490	1,574,185	907,236	453,852
Contributions	-	-	-	57,000	-
Grant revenue	-	-	-	304,844	421,586
Total Revenues	<u>\$ 12,799,339</u>	<u>\$ 14,184,144</u>	<u>\$ 19,293,133</u>	<u>\$ 19,307,707</u>	<u>\$ 19,240,560</u>
Expenditures					
General Government	\$ 2,598,503	\$ 2,739,949	\$ 2,681,386	\$ 2,881,302	\$ 2,921,774
Public Safety	4,029,772	4,365,183	4,657,544	4,992,356	5,091,162
Public Works	785,659	812,420	902,549	1,116,121	1,078,396
Recreation and Parks	2,160,095	2,487,298	2,589,110	2,922,300	2,818,409
Capital Outlay	5,288,641	5,021,984	8,294,272	12,209,020	8,928,503
Debt Service:					
Principal	959,946	394,662	371,555	906,150	945,126
Interest	18,258	23,700	142,499	433,418	412,307
Intergovernmental	-	-	-	800,000	-
Total Expenditures	<u>\$ 15,840,874</u>	<u>\$ 15,845,196</u>	<u>\$ 19,638,915</u>	<u>\$ 26,260,667</u>	<u>\$ 22,195,677</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (3,041,535)	\$ (1,661,052)	\$ (345,782)	\$ (6,952,960)	\$ (2,955,117)
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ -	\$ -	\$ 634,442	\$ -	\$ -
Capital lease obligations	693,313	313,677	6,689,632	408,499	285,909
Lease issuance cost	-	-	(24,000)	-	-
Proceeds from bond issue	-	4,716,068	-	-	-
Transfers in	1,175,299	1,725,684	1,625,366	1,439,423	771,195
Transfers out	(882,068)	(1,409,691)	(1,294,516)	(1,078,440)	(257,821)
Total other financing sources (uses)	<u>\$ 986,544</u>	<u>\$ 5,345,738</u>	<u>\$ 7,630,924</u>	<u>\$ 769,482</u>	<u>\$ 799,283</u>
Net change in fund balances	<u>\$ (2,054,991)</u>	<u>\$ 3,684,686</u>	<u>\$ 7,285,142</u>	<u>\$ (6,183,478)</u>	<u>\$ (2,155,834)</u>
Debt service as a percentage of noncapital expenditures	9.27%	3.87%	4.53%	9.53%	10.23%

	Year Ending December 31				
	2010	2011	2012	2013	2014
Revenues					
Ad valorem taxes	\$ 6,142,064	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860	\$ 6,993,526
Capital projects sales taxes	3,354,214	3,474,959	1,861,677	1,180,511	2,733,613
Local hospitality and accommodations taxes	555,230	559,853	584,227	622,971	661,531
Licenses and permits	4,386,190	4,605,181	4,711,699	4,892,172	5,272,149
Fines and forfeitures	1,017,029	1,113,435	1,029,126	991,039	1,044,648
Charges for services	1,176,376	1,123,999	1,083,121	1,122,957	1,154,843
Intergovernmental	1,105,430	2,050,355	1,198,831	1,141,759	1,187,485
Miscellaneous/interest earnings	513,604	369,594	675,603	697,191	747,304
Contributions	-	62,497	310,352	1,000	368,500
Grant revenue	-	17,563	4,352	-	-
Total Revenues	<u>\$ 18,250,137</u>	<u>\$ 19,671,608</u>	<u>\$ 18,239,771</u>	<u>\$ 17,508,460</u>	<u>\$ 20,163,599</u>
Expenditures					
General Government	\$ 3,296,614	\$ 2,964,818	\$ 2,984,191	\$ 3,302,811	\$ 3,704,832
Public Safety	5,547,594	6,092,949	6,502,974	6,058,506	6,630,196
Public Works	1,182,030	1,117,385	1,176,290	1,157,668	1,344,015
Recreation and Parks	2,947,681	2,966,513	3,154,330	3,141,942	3,391,470
Capital Outlay	2,596,756	5,903,648	5,089,261	1,353,010	6,269,988
Debt Service:					
Principal	883,675	974,915	1,024,075	4,117,682	747,764
Interest	386,664	361,398	345,547	599,101	179,035
Intergovernmental	-	-	-	-	-
Total Expenditures	<u>\$ 16,841,014</u>	<u>\$ 20,381,626</u>	<u>\$ 20,276,668</u>	<u>\$ 19,730,720</u>	<u>\$ 22,267,300</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,409,123	\$ (710,018)	\$ (2,036,897)	\$ (2,222,260)	\$ (2,103,701)
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ 293,749	\$ -	\$ -	\$ -	\$ 26,191
Capital lease obligations	217,368	666,226	515,417	309,494	312,249
Transfers in	1,141,208	913,575	1,135,143	1,691,350	3,253,841
Transfers out	(595,511)	(377,001)	(592,902)	(1,045,159)	(2,874,993)
Total other financing sources (uses)	<u>\$ 1,056,814</u>	<u>\$ 1,202,800</u>	<u>\$ 1,057,658</u>	<u>\$ 955,685</u>	<u>\$ 717,288</u>
Net change in fund balances	<u>\$ 2,465,937</u>	<u>\$ 492,782</u>	<u>\$ (979,239)</u>	<u>\$ (1,266,575)</u>	<u>\$ (1,386,413)</u>
Debt service as a percentage of noncapital expenditures	8.92%	9.23%	9.02%	25.67%	5.79%

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	
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
2014	2013	69,161,813	1,411,307,715	19,735,545	149,405,748	88,897,358	1,560,713,463	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									
		City of North Augusta			County of Aiken			Aiken County School District			Total Direct & Overlapping Rates
		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	
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
2014	2013	74.21	-	74.21	66.00	3.90	69.90	141.60	29.00	170.60	314.71

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. During 2013, the City defeased all of its outstanding GOB debt

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	2014			2005		
			Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
	S. C. Electric & Gas Co.	Utility	\$ 2,684,550	1	3.02%	\$ 1,851,085	2	3.24%
	Allnex Industries, Inc.	Manufacturing	1,335,980	2	1.50%	2,629,477	1	4.61%
	SRP Federal Credit Union	Banking/Credit Union	1,200,890	3	1.35%			
	Wal-Mart, Inc.	Retail Shopping	1,161,910	4	1.31%	860,434	5	
	North Augusta Plaza SC, LLC	Real Estate	1,087,920	5	1.22%	604,021	6	1.06%
	Halocarbon Chemicals, Inc.	Manufacturing	1,081,740	6	1.22%	979,366	4	1.72%
	The Kroger Company	Grocery Store	756,470	7	0.85%			
	CVS SC Distribution, Inc.	Warehousing/Distribution	657,080	8	0.74%	385,187	9	
	Bell South Telecommunications	Communication	576,300	9	0.65%	1,088,764	3	1.91%
	Lowes Home Centers, Inc.	Retail Building Supplies	502,580	10	0.57%			
	Ramco-Gershenson Property	Real Estate				573,989	7	1.01%
	UCB BIO Products Inc.	Manufacturing				562,716	8	0.99%
	North Augusta Business Technology	Real Estate				348,656	10	0.61%
	TOTAL Taxable Assessed							
	Value-10 Largest Taxpayers		<u>\$ 11,045,420</u>		<u>12.42%</u>	<u>\$ 9,883,695</u>		<u>15.15%</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 2014 (tax year 2013) 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
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%
2014	2013	\$6,597,073	6,565,216	99.52%	4,486	6,569,702	99.59%

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
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	1,750
2013	\$ 4,738,535	\$ 963,027,255	1,760
2014	\$ 5,032,737	\$ 1,047,778,440	1,861

Source: City of North Augusta business license records

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

<u>Year Ended December 31</u>	<u>Residential Inside Water</u>	<u>Non-Residential Inside Water</u>	<u>Total Inside Water Accounts</u>	<u>Residential Outside Water</u>	<u>Non-Residential Outside Water</u>	<u>Total Outside Water Accounts</u>	<u>Total Water Accounts</u>
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
2014	7,971	608	8,579	2,965	148	3,113	11,692

<u>Year Ended December 31</u>	<u>Residential Inside Sewer</u>	<u>Non-Residential Inside Sewer</u>	<u>Total Inside Sewer Accounts</u>	<u>Residential Outside Sewer</u>	<u>Non-Residential Outside Sewer</u>	<u>Total Outside Sewer Accounts</u>	<u>Total Sewer Accounts</u>
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
2014	9,521	549	10,070	963	31	994	11,064

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>2014 Annual Consumption</u>		<u>2005 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
City of North Augusta	Municipal Government	1	53,600,800	2	40,461,100
Halocarbon Chemicals, Inc.	Manufacturing	2	46,289,300	3	34,241,000
Allnex Industries, Inc.	Manufacturing	3	38,947,900	4	26,457,100
Breezy Hill Water & Sewer Authority	Water District Provider	4	19,053,000	1	196,879,900
Aiken County Schools	School District	5	10,717,000	5	8,904,000
JARS at Breckenridge/Plaza Terrace	Apartments	6	9,969,800		
Gentry's Mobile Home Park	Mobile Home Park	7	7,481,300	9	6,955,100
Pinecrest Apartments	Apartments	8	6,800,200	8	7,109,000
The Housing Authority	Apartments	9	5,609,300	7	7,636,500
Plaza Place Apartments, LLC	Apartments	10	5,082,000		
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>2014 Annual Consumption</u>		<u>2005 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	637,643,000	1	460,315,000
Halocarbon Chemicals, Inc.	Manufacturing	2	46,289,300	2	34,241,000
Allnex Industries, Inc.	Manufacturing	3	35,883,573	4	12,215,350
Aiken County Schools	School District	4	10,739,100	5	8,264,142
JARS at Breckenridge/Plaza Terrace	Apartments	5	9,141,903		
Gentry's Mobile Home Park	Mobile Home Park	6	7,510,697		
Willow Wick Apartments	Apartments	7	7,403,197	3	19,834,000
The Housing Authority	Apartments	8	7,224,900	7	7,537,100
National Healthcare	Nursing Home Facility	9	7,171,603		
Pinecrest Apartments	Apartments	10	7,012,097	9	5,899,800
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	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			Total Primary Government	Population (Estimate)	Per Capita
	General Obligation Bonds	Municipal Center Lease	Capital Leases	Revenue Bonds	Capital Leases	PSA Capacity Payable			
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
2014	-	4,189,823	778,992	6,301,457	1,025,696	-	12,295,968	22,048	557.69

(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 Nine 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
2014	-	\$ 1,560,713,463	0.00%	22,048	\$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, 2014
Unaudited**

<u>Jurisdiction</u>	<u>Debt Outstanding @ December 31, 2014</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 *	\$ 4,968,815	100.00%	\$ 4,968,815
Overlapping Debt			
County of Aiken	\$ 38,918,243	13.90%	\$ 5,409,636
Aiken County School District	<u>48,745,000</u>	<u>13.90%</u>	<u>6,775,555</u>
Sub-total - Overlapping Debt	<u>\$ 87,663,243</u>	<u>13.90%</u>	<u>\$ 12,185,191</u>
Total	<u><u>\$ 92,632,058</u></u>		<u><u>\$ 17,154,006</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 4,565,320	\$ 4,775,193	\$ 4,855,899	\$ 5,472,536	\$ 5,864,466
Total net debt applicable to limit	<u>-</u>	<u>4,716,068</u> *	<u>4,716,068</u> *	<u>4,491,068</u> *	<u>4,239,853</u> *
Legal debt margin	<u>\$ 4,565,320</u>	<u>\$ 59,125</u>	<u>\$ 139,831</u>	<u>\$ 981,468</u>	<u>\$ 1,624,613</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	98.76%	97.12%	82.07%	72.30%

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 5,993,158	\$ 6,139,015	\$ 6,875,400	\$ 6,994,935	\$ 7,111,789
Total net debt applicable to limit	<u>3,964,448</u> *	<u>3,684,043</u> *	<u>3,393,638</u> *	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 2,028,710</u>	<u>\$ 2,454,972</u>	<u>\$ 3,481,762</u>	<u>\$ 6,994,935</u>	<u>\$ 7,111,789</u>
Total net debt applicable to the limit as a percentage of debt limit	66.15%	60.01%	49.36%	0.00%	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	
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
2014	9,236,276	6,371,096	2,865,180	966,747	73,229	1,039,976	2.76

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>
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%
2012	162,812	\$5,696,104	\$34,986	7.7%

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 2013 and 2014

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, 2013, and 2014 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
2014	22,048	164,753

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

Employer	Location	Service or Product	2014			2005		
			Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Savannah River Site - see detail below (1)	Out	Materials for Nuclear Defense	10,274	1	14.13%	11,152	1	15.86%
Aiken County Public Schools	In / Out	School District	3,222	2	4.43%	3,542	2	5.04%
Kimberly-Clark Corp.	Out	Consumer Paper Products	1,250	3	1.72%	1,200	4	1.71%
Aiken Regional Medical Center	Out	Hospital	1,237	4	1.70%	1,097	5	1.56%
Bridgestone Americas Tire Operations LLC	Out	Passenger and Light Truck Tires	1,200	5	1.65%	925	6	1.32%
Aiken County Government	Out	County Government	906	6	1.25%	822	7	1.17%
WSI-SRS Team	Out	Engineering Consulting Firm	682	7	0.94%	300	15	0.43%
Advanced Glassfiber Yarn	Out	Fiberglass Insulation and circuit Boards	600	8	0.83%	690	8	0.98%
Shaw Industries	Out	Fibers Manufacturing	600	9	0.83%	605	9	0.86%
UPS Customhouse Brokerage	Out	International Customhouse Brokerage	450	10	0.62%	436	10	0.62%
City of Aiken	Out	Municipal Government	430	11	0.59%	408	12	0.58%
Hubbell Power Systems	Out	High Voltage Insulators and Arrestors	357	12	0.49%	415	11	0.59%
TTX/Hamburg Industries, Inc.	In	Re-built Railway Cars	330	13	0.45%	358	13	0.51%
ASCO Valve, Inc.	Out	Solenoid Valve Technology	323	14	0.44%	340	14	0.48%
Tognum America, Inc. MTU Aiken Plant	Out	Diesel Engines and Components	293	15	0.40%	*	*	*
Carlisle Tire & Wheel Company	Out	Specialty Tires and Wheels	230	16	0.32%	200	19	0.28%
Autoneum North America, Inc.	Out	Vehicle Carpet and Trunk Systems	228	17	0.31%	*	*	*
City of North Augusta	In	Municipal Government	216	18	0.29%	194	20	0.28%
Glaxo Smith Kline	Out	Proprietary Drugs	215	19	0.30%	274	16	0.39%
PACTIV Corp.	Out	Plastic Food Service Plates	213	20	0.29%	260	17	0.37%
Halocarbon Chemicals, Inc.	In	Industrial Chemicals	160	**	0.22%	135	**	0.19%
Harvey Industries Die Casting, LLC	Out	Aluminum Casting & Precision Making	150	**	0.21%	210	18	0.30%
Allnex Industries, Inc.	In	Specialty Chemicals	135	**	0.18%	122	**	0.17%
Avondale Mills, Inc.	Out	Textiles	*	*	*	1,544	3	2.20%

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 294 subcontractors and 729 temporary construction workers	7,268
MOX Service	1,609
Parsons	776
Department of Energy	281
US Forestry Service	68
Savannah River Ecology Lab	77
Other Subcontractors	<u>195</u>
	<u>10,274</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	3,332	53.35%
Columbia County, Georgia	1,004	16.08%
Richmond County, Georgia	681	10.90%
Barnwell County, South Carolina	409	6.55%
Edgefield County, South Carolina	202	3.23%
Lexington County, South Carolina	87	1.39%
Orangeburg County, South Carolina	86	1.38%
Bamberg County, South Carolina	77	1.23%
Allendale County, South Carolina	32	0.51%
Other	<u>335</u>	<u>5.36%</u>
	<u>6,245</u>	100.00%

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

<u>Fund / Function / Department</u>	<u>Fiscal Year</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>	<u>2014</u>
<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	3.0	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	1.0	1.0	1.0	1.0	1.0	1.0
Finance / IT	5.0	5.0	5.0	5.0	5.0	5.0	4.5	4.5	4.5	5.5
Building Standards	4.0	4.0	4.0	4.0	5.0	4.0	3.0	3.5	3.5	3.5
Economic & Community Development	6.0	6.0	6.0	6.0	5.0	4.0	3.0	2.0	2.0	2.0
City Buildings	1.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Safety	65.0	67.0	68.0	69.0	72.0	72.0	76.5	76.5	77.0	79.0
Public Works										
Engineering	2.0	3.0	3.0	3.0	2.5	2.5	1.5	1.5	1.5	1.5
Streets & Drains	9.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5
Parks, Recreation & Tourism										
Recreation	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	4.0
Parks	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Property Maintenance	9.0	11.0	12.0	13.0	13.0	13.0	13.0	13.0	12.0	12.0
Community Center	3.0	3.0	3.0	3.0	3.0	2.0	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	123.0	127.0	130.0	133.0	138.5	134.5	135.5	136.0	136.5	139.0
<u>Stormwater Fund</u>										
Stormwater	2.0	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5	5.0
Sub-total	2.0	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5	5.0
<u>Sanitation Fund</u>										
Public Works										
Sanitation	24.5	24.5	24.5	26.5	26.5	26.0	26.0	25.5	26.0	26.0
Material Recovery Center	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8.5
Sub-total	32.0	32.0	32.0	34.0	34.0	33.5	33.5	33.0	33.5	34.5
<u>Water & Wastewater Fund</u>										
Public Utilities										
Utilities Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Utilities Administration	8.0	8.0	8.0	8.0	7.5	8.0	7.5	7.5	7.5	7.5
Water Operations	8.0	8.0	9.0	9.0	9.0	9.0	8.0	8.0	8.0	8.0
Water Production	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Wastewater Operations	9.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sub-total	37.0	37.0	39.0	39.0	38.5	39.0	37.5	38.5	38.5	38.5
TOTAL	194.0	199.0	204.0	211.0	217.0	213.0	212.5	213.0	214.0	217.0

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

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Size of City (square miles)	19.560	19.753	20.050	20.670	20.676	20.723	20.769	20.778	20.989	21.019
Annexations approved by City Council	4	4	10	5	3	4	4	7	5	5
Building permits issued	724	726	845	799	684	815	627	604	622	660
Plumbing permits issued	458	612	654	496	283	349	341	291	340	310
Mechanical permits issued	396	405	471	432	333	467	323	345	391	433
Electrical permits issued	689	822	733	622	335	443	411	349	422	431
Business licenses issued	1,680	1,700	1,736	1,822	1,746	1,803	1,756	1,750	1,760	1,861
Police										
Total calls for service	52,137	54,167	51,071	47,189	46,956	50,349	50,356	42,632	41,058	38,973
Criminal arrests	1,449	1,476	1,861	1,833	2,405	2,024	1,800	1,841	1,377	1,360
Incident reports (police action required)	2,970	3,145	3,205	3,238	3,051	3,277	3,228	3,557	3,377	3,399
Accident reports (collisions)	1,113	1,166	1,127	1,069	1,105	1,068	1,041	1,007	960	1,012
Traffic offenses (resulting in fine)	6695	6,913	6,884	5,858	5,224	6,590	8,652	8,698	8,780	8,785
Drug offenses	90	155	249	202	145	260	231	136	203	157
Burglaries reported	235	265	224	298	385	408	333	218	117	108
Fire										
Actual fire calls - Inside City	123	116	146	133	276	192	150	105	130	145
Actual fire calls - Outside City	35	44	33	34	25	13	23	21	17	12
Solid Waste										
Garbage Refuse Collected (tons) - Residential	9,526	9,470	9,246	9,544	10,606	10,618	10,402	9,011	9,079	9,143
Garbage Refuse Collected (tons) - Commercial	5,310	6,031	6,876	6,740	6,494	6,049	6,625	6,874	4,992	5,037
Recyclables Collected (tons)	1,509	1,423	1,583	2,119	2,804	3,055	5,617	4,839	5,326	5,313
Property Maintenance										
Tree trimming hours	80	100	130	227	185	198	260	287	254	275
Mowing hours	10,032	11,856	11,998	13,198	12,200	12,800	13,250	12,970	12,960	12,976
Planting hours	3,648	4,303	4,330	5,412	5,400	5,500	5,600	5,760	5,565	4,628
Streets and Drains										
Pothole patching / asphalt tons	330	373	324	280	236	191	254	388	476	409
Curb, gutter & sidewalk repair / CY	185	159	181	192	152	199	324	290	285	378
Storm drain inlets cleaned	261	259	378	275	221	224	307	330	325	282
Street sweeping / miles	3,336	2,973	2,400	2,827	2,139	2,168	2,670	2,393	2,727	977
Parks and Recreation										
Baseball / Number of Players	868	825	781	782	747	786	784	788	735	789
Youth Softball / Number of Players	284	171	302	289	292	261	270	262	248	259
Spring Soccer / Number of Players	440	427	404	436	566	513	527	540	528	511
Fall Soccer / Number of Players	477	443	437	494	522	504	511	534	474	473
Youth Basketball / Number of Players	749	767	707	576	554	581	595	600	549	680
Youth Football / Number of Players	412	411	429	328	358	346	313	309	310	281
Youth Cheerleading / Number of Participants	222	185	188	128	128	153	165	115	118	96
Youth Volleyball / Number of Participants	80	75	80	76	86	89	91	61	105	83
Water										
New water services	211	178	133	57	52	103	101	43	33	77
Water lines installed / L.F.	5,196	10,361	6,089	7,626	13,221	3,766	4,662	2,857	5,609	2,068
Water line leaks repaired	15	9	27	14	15	17	12	24	29	34
Average daily water pumped	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	3,569,000
Daily peak demand (gallons per day)	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	7,446,000
Peak day	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	8/22/2014
Wastewater										
New sewer taps	256	238	268	94	83	140	122	97	117	135
Wastewater lines installed / L.F.	525	292	2,052	1,922	2,901	0	1,425	160	1,379	508
Wastewater lines repaired / L.F.	58	62	29	37	38	54	64	65	33	62
Wastewater lines cleaned / L.F.	34,990	44,970	56,895	77,402	39,468	67,029	57,810	87,648	73,232	93,859

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

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Public Safety Officers	48	50	51	52	52	55	55	55	55	58
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	24	24	24	26	26	30	30	30	30
Number of Fire Hydrants										
Inside City	716	742	774	778	781	792	795	802	805	809
Outside City	148	148	148	149	149	149	149	149	149	149
Public Works										
Miles of Streets	129.61	131.16	135.88	135.88	137.05	137.77	138.81	140.09	140.85	141.37
Street Lights	1,535	1,641	1,668	1,718	1,740	1,750	1,763	1,789	1,789	1,800
Parks, Recreation & Tourism										
Number of Parks	18	19	20	22	22	22	22	22	22	22
Park Acreage	313	463	463	550	550	550	550	550	550	550
Miles of Paved Greenway	9.5	9.5	11.0	12.5	12.5	14.0	14.0	14.0	14.0	14.0
Number of Picnic Shelters	4	4	4	8	8	8	8	8	8	9
Baseball / Softball Diamonds	9	9	9	9	9	9	10	10	10	10
Football / Lions Field	1	1	1	1	2	2	2	2	2	2
Soccer Fields	6	6	6	6	6	6	6	6	6	6
Tennis Courts	9	9	9	9	9	9	11	11	11	11
Multi-purpose Fields	3	3	3	3	3	3	3	3	3	3
Skate Park	1	0	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	167.29	169.12	170.78	189.85	194.00	194.78	195.15	195.27	196.01	196.08
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	219.64	221.00	225.90	226.09	226.63	227.46	227.72	228.03	228.54	228.57
Stormwater										
Miles of Storm Sewer	34.33	35.69	43.18	56.80	57.28	57.77	58.22	59.29	59.79	60.37

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, 2014
Unaudited

Water Rate in effect December 31, 2014

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	\$8.48	\$12.38	\$5.85	\$18.91	\$24.76
1 Inch	6,000 gallons	3.90	13.44	17.34	5.85	28.83	34.68
1 1/2 Inch	9,000 gallons	3.90	18.08	21.98	5.85	38.11	43.96
2 Inch	15,000 gallons	3.90	27.47	31.37	5.85	56.89	62.74
3 Inch	24,000 gallons	3.90	41.69	45.59	5.85	85.33	91.18
4 Inch	30,000 gallons	3.90	51.17	55.07	5.85	104.29	110.14
6 Inch	90,000 gallons	3.90	146.03	149.93	5.85	294.01	299.86

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	\$1.10	\$1.25	\$0.30	\$2.20	\$2.50
Next 27,000 gallons	0.15	1.05	1.20	0.30	2.10	2.40
Next 160,000 gallons	0.15	1.00	1.15	0.30	2.00	2.30
All Additional Usage	0.15	0.90	1.05	0.30	1.80	2.10

Sewer Rate in effect December 31, 2014

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, 2014

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

	Base Fee In and Out City	Volume Charge (per cubic yard)		
		Inside City	Outside City	Recycling
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, 2014

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, 2014
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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