



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

Year Ended December 31, 2015

North
Augusta

South Carolina's Riverfront



CITY OF NORTH AUGUSTA

SOUTH CAROLINA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

YEAR ENDED

DECEMBER 31, 2015



Prepared by
Department of Finance

Cammie T. Hayes
Director of Finance

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

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INTRODUCTORY SECTION

May 11, 2016

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

Ladies and Gentlemen:

State law requires that all general purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of North Augusta (the "City") for the fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls 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.

The City's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurances the financial statements of the City, for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has rendered an unqualified opinion that the City of North Augusta's financial statements, for the fiscal year ended December 31, 2015, 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 requires 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.

Profile of the Government

The City of North Augusta, South Carolina was officially incorporated on April 11, 1906. The City 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. The City encompasses approximately 21 square miles. The 2010 population of the City is estimated to be 21,348 with a total of approximately 160,099 in Aiken County.

The City of North Augusta has a Mayor-Council form of government. City Council is composed of seven members elected at large on a partisan basis. The Mayor is elected to a four year term. Six Council members are elected every two years to serve four year staggered terms. City Council is the legally constituted law-making and policy-making body for the City. The Mayor, with Council approval, appoints the City Administrator for an indefinite term. The City Administrator is the chief executive of the City. Department Directors are appointed by the Mayor upon recommendation of the City Administrator.

The City 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 billing, tax billing and business license billing); Parks, Recreation and Tourism (recreation programs, park maintenance, beautification and property maintenance, concessions, special events planning, athletics, and cultural arts); Public Safety (administrative and support services, police services, fire suppression services, investigations and special operations, school resource, safety management, and animal control); Planning and Development (comprehensive planning services, development regulations, development review, zoning administration, codes enforcement, subdivision services, and business development); Public Works (engineering services, sanitation and recycling services, equipment maintenance, stormwater management, building standards, facilities management); and Public Utilities (utilities administration, water production, utility operations, utility construction, wastewater collection and meter reading). The City also is financially accountable for a legally separate public facilities corporation which has been reported within the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements.

The City is well-known for its outstanding recreational facilities. The 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 Tourism. Planning and design of an expansion to the activities center is expected to begin in 2016 with construction to start late 2016.

Public Service Enterprises: The City 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.

Water Supply and Distribution: Because of the varying terrain in and around North Augusta, the distribution system is divided into three service levels to control pressure. Our current maximum pumping capacity is 14 MGD (million gallons per day). During 2015, construction of a new 30 million gallon raw water storage tank, including upgrades to the raw water pump station, were near completion. 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 early 2017. This project will include a new chemical building, feed systems for the treatment process, a maintenance building and improvements 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 is provided by the Horse Creek Wastewater Treatment Facility (HCWTF) owned by Aiken County. The City is a major customer. The HCWTF is a 20 MGD regional wastewater treatment facility. The City's present allocation of capacity is 8.672 MGD. The HCWTF maintains 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. The table below indicates the City has ample reserve capacity at the present time.

Horse Creek Valley 20.0 MGD Facility's Capacities by User
As of June 30, 2015

	<u>Present Allocation (MGD)</u>	<u>Present Use (MGD)</u>
City of North Augusta	8.672	4.27531
City of Aiken	7.134	4.39629
Aiken County	1.310	0.00000
Cytec Industries, Inc.	.900	0.04686
Bath	.070	0.02752
Breezy Hill	1.177	0.49129
Beech Island Water & Sewer	.060	0.00316
Clearwater	.050	0.04272
Langley	.060	0.03743
VPSA	.367	0.32490
PACTIV	.050	0.01029
Kimberly Clark	.150	0.04720
Uncommitted	<u>.000</u>	<u>0.00000</u>
Total	<u>20.000</u>	<u>9.70297</u>

Aiken County, 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 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, a 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 GAAP. Budgets for Special Revenue Funds and Capital Projects Funds 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 GAAP 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 City Administrator approval, at the line item and department level, as long as the total expenditures or expenses do not exceed appropriations of the functional area.

Local Economy

The City of North Augusta currently enjoys a fairly stable economic environment. 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 percent and an average annual increase of approximately 2 percent. The City's Planning and Development Department estimates the City population to be 22,568 for 2015.

During the past ten years, Aiken County's unemployment rate has fluctuated from 5.8 percent in 2005, increasing to 9.9 percent during late 2007, and back to 5.3 percent for 2015. The current rate is comparable to South Carolina's 2015 unemployment rate of 5.5 percent and the 2015 national rate of 5 percent. The decreases in unemployment rates during the current year reflect that our local economy is now reflecting pre-recession unemployment rates comparable to 2006 of 5.4 percent.

Median household incomes within the City of North Augusta are slightly higher than for the state as a whole. According to the United States Census Bureau (USCB), the City's median family income is \$50,771, Aiken County's is \$45,597, and the state's is \$45,033. Housing prices in the

City continue to remain strong. Per the USCB, the median price of a single family home in the City is \$152,800.

Over the past ten plus years, the City has experienced a period of significant economic growth and investment. Residential building activity in North Augusta continues at a moderate pace with subdivision infrastructure and single-family construction in Mossy Oak, RiverNorth, Whatley Place, The Village at Bergen Place, Bergen West, Wando Woodlands, Woodstone, Knollwood and Hammondø Ferry. The City has approved three large planned developments: Hamrick Farms, Sweetwater Junction and The Springs. Hamrick Farms, a mixed use development totaling 179 acres, is located near the I-20 Exit 1 Interchange. Development plans include single and multi-family units along with commercial/retail space. Sweetwater Junction is over 277 acres located on the east side of US 25 near I-20. Development plans include single and multi-family units and townhomes along with commercial space to include a commercial strip and Wal-Mart that were completed in 2014. During 2015 plans began to add a Holiday Inn Express and Verizon store to Sweetwater Junction. The redevelopment of commercial properties located near Sweetwater Junction over the past few years has brought new restaurants including Zaxbyø, McDonaldø, Waffle House, Little Caesarø, Dunkinø Donuts and Bojanglesø The Springs is over 1,500 acres located east of US 25 and south of Ascauga Lake Road. Development plans include commercial and civic development, a golf course, and mixed residential development along with public lands, parks and buffers.

The City made considerable progress in 2014 and 2015 in its efforts to redevelop vacant property on the Savannah River. A proposed public/private partnership to jointly develop approximately 30 acres within Phase B of the Hammondø Ferry Development, known as Project Jackson, 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 parking facilities. Cost of the public improvements is estimated at \$61,000,000. During 2015, a 600 space parking deck was completed that will serve as a portion of the associated parking facilities. The funding mechanism for the public projects has not been finalized but will include tax increment financing, local hospitality and accommodations taxes, parking revenues, corporate naming rights and stadium rental payments. Private development projects, estimated to cost over \$160,000,000, include an upper-tier hotel, senior living facility, single family homes, luxury apartments, residential flats, office buildings, fitness facility and associated parking facilities. Presently the public/private development agreement is in process and planned to be completed during 2016.

Long-term financial planning and major initiatives

Historically in the spring, City Council and Staff have met in planning sessions known as North Augusta Forward. The major focus of these sessions is to identify the best possible future for North Augusta and to chart a course to make that future a reality. The success of North Augusta Forward can be easily measured by the many changes that have taken place in the City over the past few years. Future projects requiring significant financial planning and resources have been identified as follows: extensions to the Greenway, regional/district/community recreational parks, aquatic/senior adult facility, conference center, transportation improvements, road and intersection improvements and sidewalk additions. These facilities, estimated to cost in excess of \$75,000,000, are excellent candidates for future phases of sales tax funding.

The Local Hospitality and Accommodations taxes levied by the City during 1998 have continued as a positive revenue stream in 2015. During the November 2010, Aiken County voters approved the third phase of a county-wide One-Cent Capital Projects Sales Tax. Current estimates reflect that the third phase sales tax will generate approximately \$16,800,000 for the City over seven years which began in 2013. These funds have been earmarked for a variety of projects that includes: street reconstruction and repaving, sidewalk construction, drainage improvements, park improvements and additions. During 2015, Public Safety Station III was completed and a new fire apparatus purchased using funds from phases two and three of the sales tax.

Relevant Financial Policies

The City's financial policies allow the General Fund unassigned fund balance, in excess of the required General Fund reserve of 15 percent of the current budget, to be transferred to the Capital Projects Fund at the end of each fiscal year. These funds are used for one-time capital expenditures, reducing the need to incur additional debt for capital related purchases and facilities. The amount of General Fund fund balance to be transferred to the Capital Projects Fund as of 12/31/2015 is \$665,873.

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 for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the thirty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

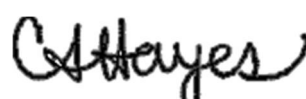
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance and Administration Departments. We wish to thank all City employees who assisted and contributed the data necessary to prepare this report. Credit is also due to the Mayor and Council for their unfailing support in maintaining the highest standards or professionalism in the management of the City of North Augusta's finances.

Respectfully submitted,



B. Todd Glover
City Administrator

Respectfully submitted,



Cammie T. Hayes
Director of Finance

North
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Government Finance Officers Association

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

Presented to

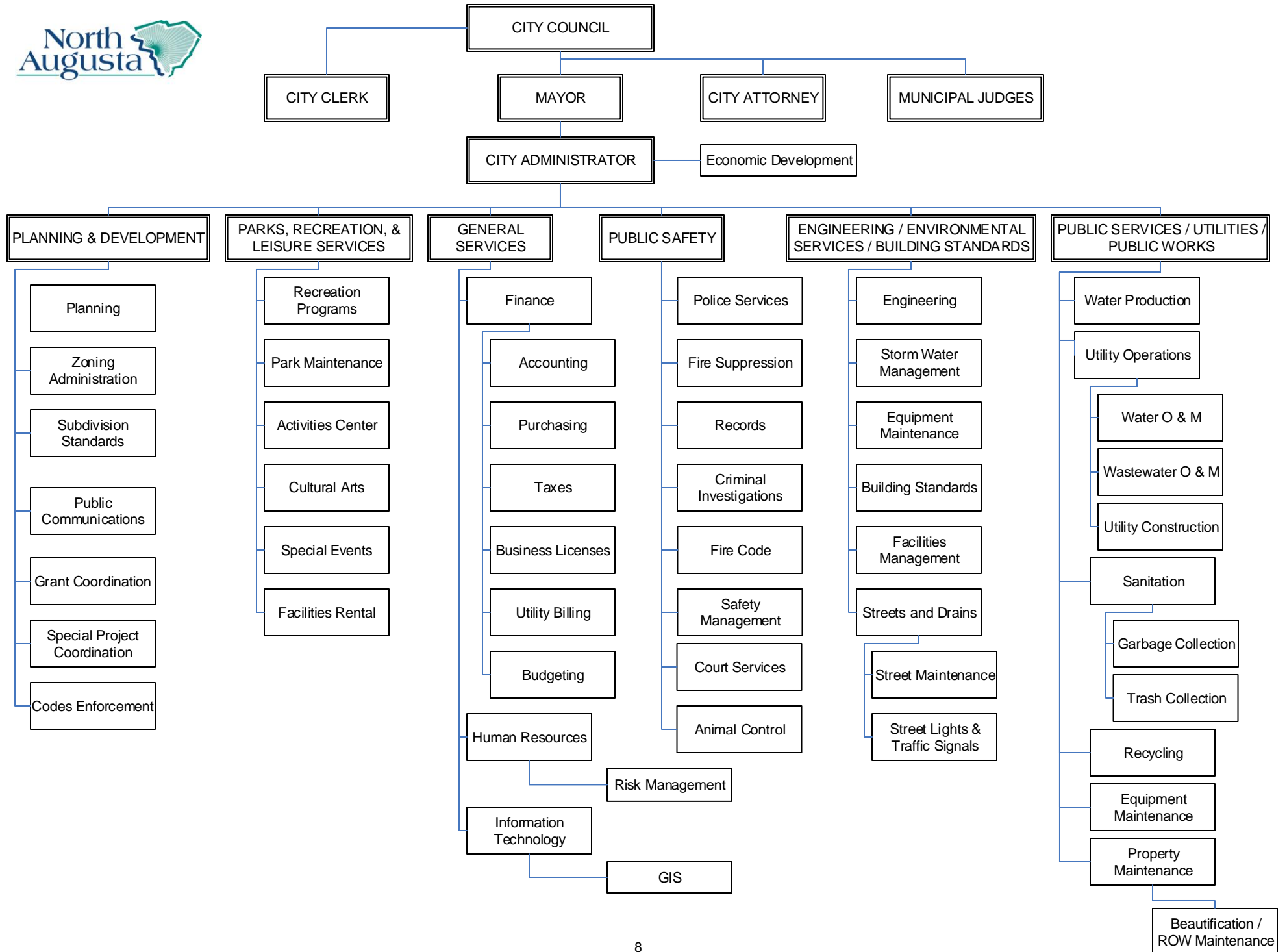
**City of North Augusta
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

CITY OF NORTH AUGUSTA ORGANIZATION CHART - 2015



CITY OF NORTH AUGUSTA, SOUTH CAROLINA

PRINCIPAL OFFICIALS

CITY COUNCIL

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

Pat C. Carpenter, Councilwoman
(05-93 to 05-17)

Kenneth J. McDowell, Councilman
(11-98 to 05-19)

James M. Adams, Jr., Councilman
(11-02 to 05-19)

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

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

J. Robert Brooks, Councilman
(05-15 to 05-19)

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

North
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**FINANCIAL
SECTION**

North
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Report of Independent Auditor

City Council of the
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 (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As discussed in Notes 7 and 12 to the financial statements, in 2015 the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, statistical section, and schedule of fines, assessments, and surcharges are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and South Carolina Code of Laws Section 14-1-208E(2), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, the schedule of expenditures of federal awards, and schedule of fines, assessments, and surcharges 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 May 11, 2016, on our consideration of the City'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's internal control over financial reporting and compliance.



Augusta, Georgia
May 11, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of North Augusta (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and financial statements.

Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122,449,424 (net position). Of this amount, (\$8,023,507) represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. This number is negative following the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, which required the City to recognize as a long term liability, its proportionate share of the net pension liability of the South Carolina Retirement System and the Police Officer Retirement System.
- The City's total net position increased by \$3,035,774 before accounting for the adjustment of beginning net position for the pension plans described above.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$12,426,366, an increase of \$129,520 in comparison with the prior year. Approximately 18.5 percent of this amount, \$2,305,742, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$3,171,106 or 19 percent of total general fund expenditures.
- The City's total outstanding long-term debt increased by \$19,819,087. During fiscal year 2015, the North Augusta Public Facilities Corporation, a blended component unit of the City established by the City in December 2014 for the purpose of debt issuance related to construction and maintenance of buildings that are to be leased by the City, entered into an installment purchase transaction in the principal amount not to exceed ten million dollars to construct and equip a parking deck. Also during 2015, the City issued Series 2015A South Carolina Waterworks and Sewer System Improvement Revenue Bond, a single term bond, in the amount of \$13,000,000. The City continued to make draws on Series 2014A South Carolina Waterworks and Sewer System Improvement Revenue Bond during the current year.
- The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, in the year ended December 31, 2015. These Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (the "Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statements of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of January 1, 2015 for its government-wide and proprietary fund financial statements to reflect the reporting of net pension liabilities, deferred outflows of resources and deferred inflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide and proprietary fund financial statements as of January 1, 2015 was decreased by \$11,606,303 and \$7,018,171, respectively, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note 7 in the notes to the financial statements for more information regarding the City's retirement plans.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) the notes to the financial statements. This report also contains other supplementary information.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference 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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported 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 include not only the City itself (known as the primary government), but also a legally separate public facilities corporation for which the City is financially accountable. The corporation, although a legally separate entity, functions for all practical purposes as a fund of the City and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found immediately following this 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 legal 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 financing 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 thirteen 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, Sales Tax III Fund, and North Augusta Public Facilities Corporation which are considered major funds. Information is also presented separately for the Capital Projects Fund which the City elects to present as a major fund. Information from the other nine governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in 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 immediately following the government-wide financial statements.

Proprietary funds. The City maintains one type of proprietary fund. 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, wastewater, sanitation, and stormwater operations as well as the Savannah Bluff Lock and Dam that was created 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 proprietary fund financial statements provide separate information for the water, wastewater, sanitation and stormwater operations, all of which are considered to be major funds of the City. Savannah Bluff Lock and Dam is a nonmajor fund. The proprietary fund financial statements can be found immediately following the governmental fund financial statements.

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 immediately following the proprietary fund financial statements.

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

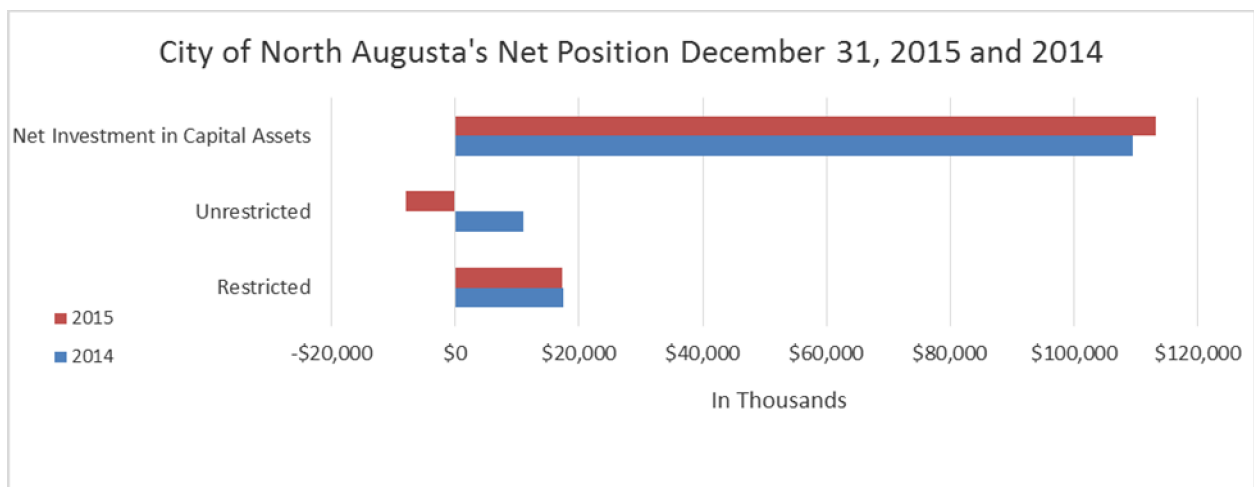
As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$122,449,424 at the close of the most recent fiscal year.

City of North Augusta's Net Position	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 13,828,693	\$ 14,369,876	\$ 20,612,162	\$ 21,061,333	\$ 34,440,855	\$ 35,431,209
Capital assets	74,346,658	62,748,272	70,974,610	59,129,695	145,321,268	121,877,967
Total Assets	88,175,351	77,118,148	91,586,772	80,191,028	179,762,123	157,309,176
Deferred outflows of resources	912,939	-	447,481	-	1,360,420	-
Long-term liabilities outstanding	15,340,398	5,571,815	17,655,409	8,162,339	32,995,807	13,734,154
Other liabilities	13,970,510	1,871,538	11,681,227	3,574,665	25,651,737	5,446,203
Total Liabilities	29,310,908	7,443,353	29,336,636	11,737,004	58,647,544	19,180,357
Deferred inflows of resources	12,020	90,695	13,555	-	25,575	90,695
Net position:						
Net investment in capital assets	59,649,524	57,779,457	53,610,839	51,802,542	113,260,363	109,581,999
Restricted	6,964,338	7,536,710	10,248,230	9,883,717	17,212,568	17,420,427
Unrestricted	(6,848,500)	4,267,933	(1,175,007)	6,767,765	(8,023,507)	11,035,698
Total Net Position	\$ 59,765,362	\$ 69,584,100	\$ 62,684,062	\$ 68,454,024	\$ 122,449,424	\$ 138,038,124

By far, the largest portion of the City's net position (92.50 percent) reflects its investment in capital assets (e.g., land, land improvements, rights-of-way and easements, buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, system improvements, PSA capital, and construction in progress), less any related outstanding debt to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net position (14.06 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$8,023,507) may be used to meet the government's ongoing obligations to citizens and creditors but is currently negative.

At the end of the current fiscal year, the City is able to report positive balances in two categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. Positive balances were reported in all categories of net position in the prior year. Unrestricted net position is negative in the current year primarily because of GASB Statements 68 and 71 requiring the City to accrue net pension liabilities for governmental and business-type activities.

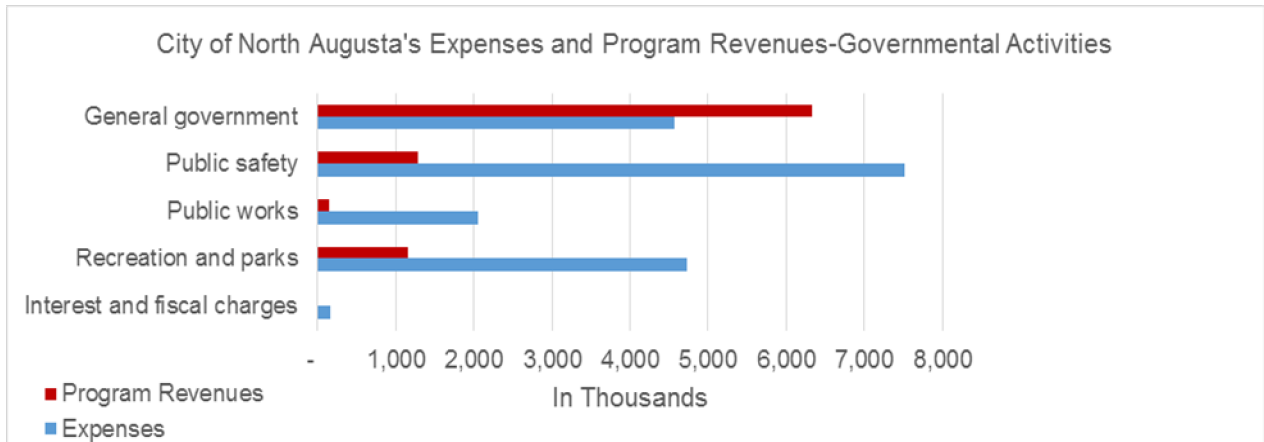


Governmental Activities

During 2015, governmental activities increased the City's net position by \$1,787,565, thereby accounting for 58.88 percent of the total growth in net position. Governmental activities revenues decreased \$285,120 from 2014 to 2015. Charges for services include: business license revenues, franchise fees, construction permits and public safety fines. These revenues represent 39.27 percent of total revenues for governmental activities and are predominantly elastic in nature and vary with economic trends. Property taxes represent 33.85 percent of total revenues for governmental activities and decreased slightly from the prior year.

Also during 2015, governmental activities expenses increased by \$607,069. General government expenses increased by \$392,089, or 9.38 percent primarily due to bond counsel fees and financial advisory fees associated with a potential public/private development known as Project Jackson. Expenses in public safety for 2015 increased by \$285,123 or 3.94 percent, primarily due to the addition of new public safety officers and maintenance for buildings and equipment. Expenses in recreation and parks increased by \$221,776, or 4.93 percent in 2015, due to an increase in capital equipment purchases and an increase in costs for tournaments and festivals.

City of North Augusta's Changes in Net Position	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,974,627	\$ 7,471,640	\$ 13,579,580	\$ 13,548,625	\$ 21,554,207	\$ 21,020,265
Operating grants and contributions	943,574	1,496,428	2,449	264,747	946,023	1,761,175
Capital grants and contributions	-	468,934	396,837	618,036	396,837	1,086,970
General revenues:						
Property taxes	6,874,139	6,993,684	-	-	6,874,139	6,993,684
Other taxes	3,542,204	3,395,144	-	-	3,542,204	3,395,144
Other	972,542	766,376	700,419	695,096	1,672,961	1,461,472
Total Revenues	\$ 20,307,086	\$ 20,592,206	\$ 14,679,285	\$ 15,126,504	\$ 34,986,371	\$ 35,718,710
Expenses:						
General government	\$ 4,573,665	\$ 4,181,576	\$ -	\$ -	\$ 4,573,665	\$ 4,181,576
Public safety	7,517,589	7,232,466	-	-	7,517,589	7,232,466
Public works	2,051,542	2,348,897	-	-	2,051,542	2,348,897
Recreation and parks	4,723,035	4,501,259	-	-	4,723,035	4,501,259
Interest and fiscal charges on debt service	168,583	163,147	-	-	168,583	163,147
Water and wastewater	-	-	8,081,456	7,420,051	8,081,456	7,420,051
Sanitation	-	-	4,316,548	3,958,515	4,316,548	3,958,515
Stormwater	-	-	494,179	507,555	494,179	507,555
Savannah Bluff Lock and Dam	-	-	24,000	24,000	24,000	24,000
Total Expenses	\$ 19,034,414	\$ 18,427,345	\$ 12,916,183	\$ 11,910,121	\$ 31,950,597	\$ 30,337,466
Increase in net position before transfers	\$ 1,272,672	\$ 2,164,861	\$ 1,763,102	\$ 3,216,383	\$ 3,035,774	\$ 5,381,244
Transfers	514,893	378,848	(514,893)	(378,848)	-	-
Increase in net position	1,787,565	2,543,709	1,248,209	2,837,535	3,035,774	5,381,244
Net position-beginning of year	69,584,100	67,069,072	68,454,024	65,616,489	138,038,124	132,685,561
Prior period adjustment	(11,606,303)	(28,681)	(7,018,171)	-	(18,624,474)	(28,681)
Net position-end of year	\$ 59,765,362	\$ 69,584,100	\$ 62,684,062	\$ 68,454,024	\$ 122,449,424	\$ 138,038,124



Business-type Activities

Business-type activities increased the City's net position by \$1,248,209 accounting for 41.12 percent of the total growth in net position. Water, wastewater, and sanitation rates remained unchanged. Stormwater rates increase from \$4 per equivalent residential unit (ERU) to \$5 per ERU. Water sales were down slightly for the current year and under budget by approximately \$73,000. Fees for sanitation services and recycling increased \$152,063 from the prior year due to additional customers and special charges. Stormwater fees increased \$162,248 due to the rate increase mentioned above.

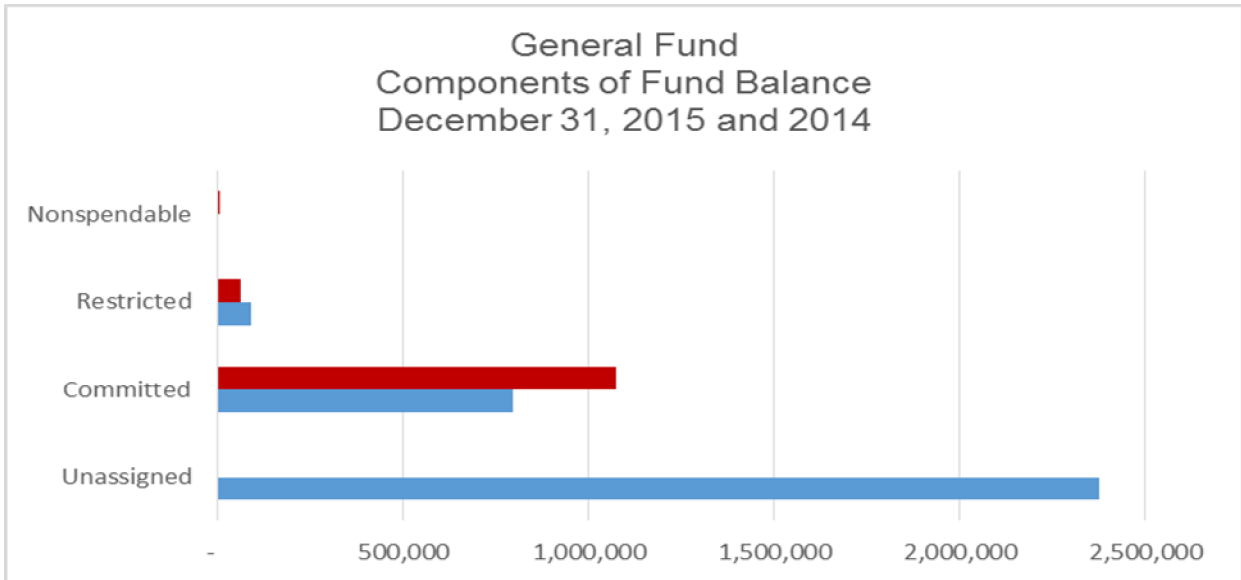
Expenses for the Water and Wastewater System increased by \$437,325 from the prior year due to additional small equipment purchases, increased personnel costs, infrastructure upgrades, and increased utility costs. In 2015, the expenses for the Sanitation Services Fund increased by \$343,429. An increase in the waste stream and the resulting cost of disposal of the waste from commercial haulers accounted for this cost escalation. The expenses in the Stormwater Utility Fund remained consistent with the prior year. 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.

Financial Analysis of the Government's Funds

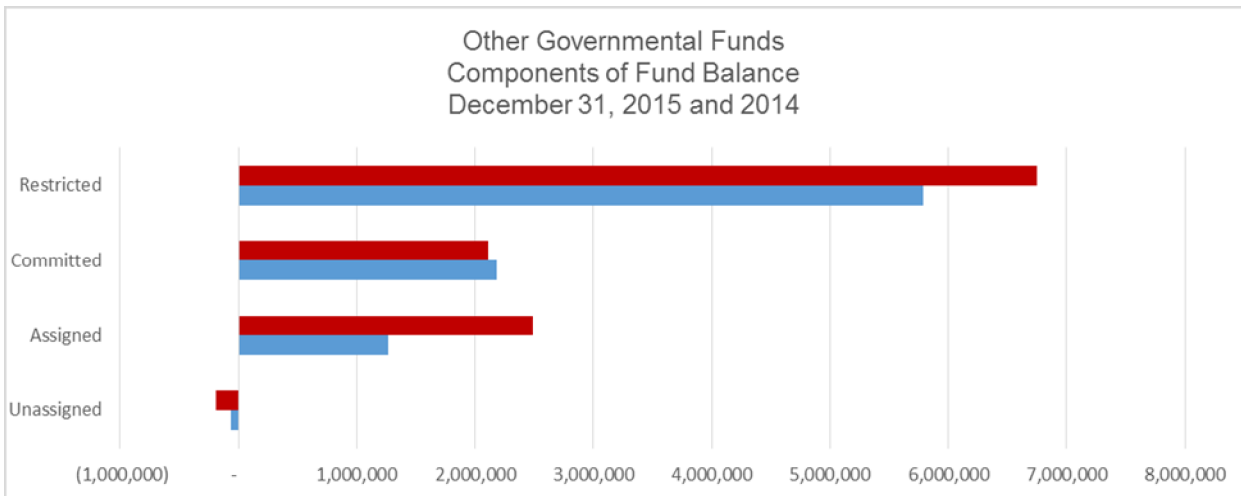
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2015, the City's governmental funds reported combined fund balances of \$12,426,366, an increase of \$129,520 from the prior year. Approximately 18.56 percent of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Unassigned fund balance increased by \$2,494,731 for the year due to a transfer from the Capital Projects Fund to the General Fund in accordance with the Government Finance Officers Association (GFOA) Best Practice related to Appropriate Level of Unrestricted Fund Balance in the General Fund. The remainder of the fund balance is either restricted, committed, or assigned to indicate that it is 1) legally required to be maintained intact and/or 2) restricted for capital projects, victim's assistance and public safety 3) committed for capital projects, recreation and parks, special projects and housing and development, or 4) assigned for capital projects.



The General Fund is the chief operating fund of the City. At the end of the current fiscal year the unassigned fund balance of the General Fund was \$2,375,000, while total fund balance was \$3,259,852. As a measure of the General Fund's liquidity, it may be useful to compare unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 14.28 percent of total General Fund expenditures, while total fund balance represents 19.61 percent of those same expenditures.



Fund balance for the City's other governmental funds totaled \$9,166,514 for 2015, a decrease of \$1,994,768. As mentioned above, majority of this decrease reflects a transfer from the Capital Projects Fund to the General Fund.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were no differences between the original budget and the final amended budget for the fiscal year ending December 31, 2015.

Property tax revenues exceeded budget by more than \$99,000. Additionally, revenues for licenses and building permits exceeded budgeted revenues by more than \$300,000, reflective of increased local business revenues and an increase in construction within the City. Charges for services reflected a positive variance with budgeted revenues primarily related to the addition of sponsorships for the annual Jack-O-Lantern Jubilee festival and an increase in collections for City tournaments.

General government expenditures were over budget primarily due to salary costs that were higher than expected. The over-expenditures for public safety and public works were due to the purchase of vehicles and equipment with capital lease proceeds. Recreation and parks costs for tournaments and festivals were more than expected but were offset by over budgeted revenues mentioned above.

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, 2015 amounts to \$145,321,268 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, rights-of-way and easements, buildings, machinery and equipment, furniture and fixtures, infrastructure, system improvements, PSA capital, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 19.24 percent. Additional information on the City's capital assets can be found in Note 3 of this report.

City of North Augusta's Capital Assets (net of depreciation)	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	8,347,503	8,313,600	824,058	824,058	9,171,561	9,137,658
Land improvements	7,270,405	7,227,683	-	-	7,270,405	7,227,683
Right-of-way and easements	2,964,970	2,826,690	62,760	62,760	3,027,730	2,889,450
Buildings	36,953,670	23,503,464	3,585,409	3,811,627	40,539,079	27,315,091
Machinery and equipment	465,331	471,430	792,053	602,154	1,257,384	1,073,584
Furniture and fixtures	568,087	681,157	-	-	568,087	681,157
Vehicles	3,504,086	2,600,778	1,772,339	1,759,947	5,276,425	4,360,725
Infrastructure	11,416,255	11,912,679	-	-	11,416,255	11,912,679
System improvements	-	-	40,914,278	40,186,213	40,914,278	40,186,213
PSA capital	-	-	2,198,752	2,315,437	2,198,752	2,315,437
Construction in progress	2,856,351	5,210,791	20,824,961	9,567,499	23,681,312	14,778,290
Total Capital Assets	74,346,658	62,748,272	70,974,610	59,129,695	145,321,268	121,877,967

Major capital asset events during the current fiscal year included the following:

- Completion of a new parking garage that was placed into service
- Completion of Public Safety Station III
- Purchase of various machinery and equipment for all departments
- Various projects related to streets, sidewalks, and storm drainage
- Continued construction on a raw water storage facility and water plant expansion
- Continued design, schematics, engineering services, and architectural services related to Project Jackson

The City has committed over \$6,000,000 to the continued construction of the water treatment plan during 2016.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$25,856,455. The City's debt represents bonds secured solely by specified revenue sources.

City of North Augusta's Outstanding Debt	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds	9,738,217	-	16,118,138	6,301,457	25,856,355	6,301,457
Capital leases	4,958,457	4,968,815	1,245,633	1,025,696	6,204,090	5,994,511
Total Outstanding Debt	14,696,674	4,968,815	17,363,771	7,327,153	32,060,445	12,295,968

The City's total debt outstanding, less compensated absences, increased by \$19,764,477 during the current fiscal year. This increase was attributed to the issuance of a South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2015A for upgrade and expansion to the water treatment plant and an installment purchase revenue bond to construct and equip a parking garage as previously discussed.

The City's revenue bonds were private issues and therefore not rated. The City's debt coverage requirement decreased from 2.76 to 1.79. The City's bond covenants require coverage of 1.25 to issue additional bonds. Please refer to the pledged-revenue bond coverage table at the back of this report for additional information regarding the City's revenue bond coverage.

Other long-term debt at the end of the current fiscal year included \$1,123,575 in capital leases for equipment and vehicles; \$3,834,882 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 \$935,362 (not presented in the table above).

Additional information regarding the City's capitalized lease obligations and long-term debt can be found in Notes 4 and 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the City and were considered in developing the 2016 fiscal year budget:

- The unemployment rate for Aiken County has been decreasing since 2011 and is estimated at 5.3 percent for 2015 reflecting pre-recession unemployment rates.
- The 2016 budget maintains the existing tax rate of 74.21 mills. The value of a mill has increased over 3 percent reflective of a recovering economy.
- The 2016 budget includes fee increases for late utility payments, restoration of utility services disconnected for non-payment, returned check charges, and custom street lights.
- Increases are expected in health insurance premiums, as well as pension and other employee benefit costs.

Additional information related to the local economy can be found in the transmittal letter 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Equity in pooled cash	\$ 5,106,412	\$ 3,570,423	\$ 8,676,835
Investments	3,116,493	1,713,443	4,829,936
Receivables:			
Taxes, net	133,511	-	133,511
Customers, net	-	1,617,470	1,617,470
Other	287,182	-	287,182
Notes	-	75,000	75,000
Inventory	-	194,974	194,974
Restricted cash and investments	5,185,095	13,409,858	18,594,953
Capital assets, net:			
Nondepreciable capital assets	14,168,824	21,711,779	35,880,603
Depreciable capital assets, net	60,177,834	49,262,831	109,440,665
Service rights, net	-	30,994	30,994
Total Assets	88,175,351	91,586,772	179,762,123
DEFERRED OUTFLOWS OF RESOURCES			
Pension experience differences	237,469	134,665	372,134
Pension investment return	110,160	50,735	160,895
Contributions to pension plan	460,497	227,813	688,310
Change in proportionate share	104,813	34,268	139,081
Total Deferred Outflows of Resources	912,939	447,481	1,360,420
LIABILITIES			
Accounts payable	507,693	386,022	893,715
Retainage payable	257,929	-	257,929
Accrued salaries, wages, and employee benefits	340,860	20,128	360,988
Municipal court liability	75,530	-	75,530
Accrued interest payable	17,091	-	17,091
Payable from restricted resources:			
Accounts payable	-	1,360,374	1,360,374
Retainage payable	-	1,270,690	1,270,690
Accrued bond interest	-	34,093	34,093
Customer deposits	-	496,471	496,471
Liabilities payable from restricted assets	3,060	-	3,060
Unearned revenue	90,695	533,759	624,454
Noncurrent liabilities:			
Due within one year	1,229,753	1,580,227	2,809,980
Due in more than one year	14,110,645	16,075,182	30,185,827
Net pension liability	12,677,652	7,579,690	20,257,342
Total Liabilities	29,310,908	29,336,636	58,647,544
DEFERRED INFLOWS OF RESOURCES			
Pension experience differences	12,020	13,555	25,575
Total Deferred Inflows of Resources	12,020	13,555	25,575
NET POSITION			
Net investment in capital assets	59,649,524	53,610,839	113,260,363
Restricted for:			
Bond indentures	-	9,344,893	9,344,893
Operations - Savannah Bluff Lock and Dam	-	903,337	903,337
Victims assistance	88,746	-	88,746
Public safety - fire division	114,937	-	114,937
Capital projects	6,760,655	-	6,760,655
Unrestricted	(6,848,500)	(1,175,007)	(8,023,507)
Total Net Position	\$ 59,765,362	\$ 62,684,062	\$ 122,449,424

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

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	\$ 4,573,665	\$ 5,621,613	\$ 872,652	\$ -	\$ 1,920,600	\$ -	\$ 1,920,600
Public safety	7,517,589	1,067,969	70,922	-	(6,378,698)	-	(6,378,698)
Public works	2,051,542	-	-	-	(2,051,542)	-	(2,051,542)
Recreation and parks	4,723,035	1,285,045	-	-	(3,437,990)	-	(3,437,990)
Interest and fiscal charges on debt service	168,584	-	-	-	(168,584)	-	(168,584)
Total Governmental Activities	<u>19,034,415</u>	<u>7,974,627</u>	<u>943,574</u>	<u>-</u>	<u>(10,116,214)</u>	<u>-</u>	<u>(10,116,214)</u>
Business-type Activities:							
Water and wastewater	8,081,456	8,664,457	-	396,837	-	979,838	979,838
Sanitation	4,316,548	4,168,309	2,449	-	-	(145,790)	(145,790)
Stormwater utility	494,179	746,814	-	-	-	252,635	252,635
Savannah Bluff Lock and Dam	24,000	-	-	-	-	(24,000)	(24,000)
Total Business-type Activities	<u>12,916,183</u>	<u>13,579,580</u>	<u>2,449</u>	<u>396,837</u>	<u>-</u>	<u>1,062,683</u>	<u>1,062,683</u>
Total	<u>\$ 31,950,598</u>	<u>\$ 21,554,207</u>	<u>\$ 946,023</u>	<u>\$ 396,837</u>	<u>(10,116,214)</u>	<u>1,062,683</u>	<u>(9,053,531)</u>
General Revenues:							
Ad valorem property taxes					6,874,139	-	6,874,139
Local hospitality and accommodation taxes					713,903	-	713,903
Capital projects sales taxes					2,828,301	-	2,828,301
Interest on investments					89,791	69,410	159,201
Gain (loss) on disposal of capital assets					(3,311)	46,107	42,796
Miscellaneous					886,063	584,902	1,470,965
Transfers					514,893	(514,893)	-
Total General Revenues and Transfers					<u>11,903,779</u>	<u>185,526</u>	<u>12,089,305</u>
Change in net position					1,787,565	1,248,209	3,035,774
Net position, beginning of year, restated					<u>57,977,797</u>	<u>61,435,853</u>	<u>119,413,650</u>
Net position, end of year					<u>\$ 59,765,362</u>	<u>\$ 62,684,062</u>	<u>\$ 122,449,424</u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Sales Tax III Fund	Capital Projects Fund	North Augusta Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Equity in pooled cash	\$ 2,749,227	\$ -	\$ -	\$ -	\$ 2,265,379	\$ 5,014,606
Investments	493,565	-	1,028,587	-	991,462	2,513,614
Receivables:						
Taxes, net of allowance for doubtful accounts	133,511	-	-	-	-	133,511
Grants	814	-	-	-	6,106	6,920
Other	280,262	-	-	-	-	280,262
Due from other funds	475,825	-	-	-	418	476,243
Restricted cash and investments	91,806	2,742,793	-	-	3,045,181	5,879,780
Total Assets	\$ 4,225,010	\$ 2,742,793	\$ 1,028,587	\$ -	\$ 6,308,546	\$ 14,304,936
LIABILITIES						
Accounts payable	\$ 418,730	\$ -	\$ 27,150	\$ -	\$ 61,813	\$ 507,693
Retainage payable	-	-	-	-	257,929	257,929
Due to other funds	418	-	475,825	-	-	476,243
Accrued salaries, wages, and employee benefits	340,860	-	-	-	-	340,860
Municipal court liability	75,530	-	-	-	-	75,530
Unearned revenue - assessment fees	-	-	-	-	90,695	90,695
Liabilities payable from restricted assets	3,060	-	-	-	-	3,060
Total Liabilities	838,598	-	502,975	-	410,437	1,752,010
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	126,560	-	-	-	-	126,560
Total Deferred Inflows of Resources	126,560	-	-	-	-	126,560
FUND BALANCES						
Restricted for:						
Capital projects	-	2,742,793	-	-	2,932,427	5,675,220
Victim's assistance	88,746	-	-	-	-	88,746
Public Safety - fire division	-	-	-	-	114,937	114,937
Committed for:						
Capital projects	665,873	-	121,357	-	894,999	1,682,229
Recreation and parks	-	-	-	-	6,396	6,396
Special projects	-	-	-	-	1,161,594	1,161,594
Housing and development	130,233	-	-	-	-	130,233
Assigned for:						
Capital projects	-	-	404,255	-	857,014	1,261,269
Unassigned	2,375,000	-	-	-	(69,258)	2,305,742
Total Fund Balances	3,259,852	2,742,793	525,612	-	5,898,109	12,426,366
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,225,010	\$ 2,742,793	\$ 1,028,587	\$ -	\$ 6,308,546	\$ 14,304,936

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

YEAR ENDED DECEMBER 31, 2015

Ending fund balance - governmental funds	\$ 12,426,366
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.	
Historical costs of capital assets	107,175,863
Accumulated depreciation	(32,829,205)
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources related to pensions	912,939
Deferred inflows of resources related to pensions	(12,020)
Long-term liabilities and related accruals are not due and payable in the current period and, therefore, are not reported in the funds.	
Capital leases	(4,958,457)
Bonds payable	(9,738,217)
Accrued vacation	(643,724)
Accrued interest	(17,091)
Net pension liability	(12,677,652)
Amounts to be collected are not available to pay for the current period's expenditures and therefore are deferred in the funds	<u>126,560</u>
Net Position of Governmental Activities	<u>\$ 59,765,362</u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	General Fund	Sales Tax III Fund	Capital Projects Fund	North Augusta Public Facilities Corporation	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem property tax	\$ 6,417,938	\$ -	\$ -	\$ -	\$ 453,883	\$ 6,871,821
Sales taxes	-	2,828,301	-	-	-	2,828,301
Local hospitality and accommodation taxes	-	-	-	-	713,903	713,903
Licenses and permits	5,621,613	-	-	-	-	5,621,613
Fines and forfeitures	1,138,891	-	-	-	-	1,138,891
Charges for services	1,285,045	-	-	-	-	1,285,045
Intergovernmental	811,309	-	-	-	61,343	872,652
Interest earnings	41,356	9,424	11,509	-	27,502	89,791
Miscellaneous	562,067	-	51,779	-	273,486	887,332
Total Revenues	15,878,219	2,837,725	63,288	-	1,530,117	20,309,349
Expenditures:						
Current:						
General government	3,246,093	-	200,200	-	582,100	4,028,393
Public safety	7,695,406	-	72,368	-	65,505	7,833,279
Public works	1,482,872	-	-	-	4,747	1,487,619
Recreation and parks	3,647,665	-	-	-	-	3,647,665
Capital outlay	-	1,497,196	60,088	9,738,217	1,965,177	13,260,678
Debt service:						
Capital lease payments	543,011	-	-	-	354,941	897,952
Interest and fiscal charges	12,395	-	-	-	152,552	164,947
Total Expenditures	16,627,442	1,497,196	332,656	9,738,217	3,125,022	31,320,533
Excess (deficiency) of revenues over expenditures	(749,223)	1,340,529	(269,368)	(9,738,217)	(1,594,905)	(11,011,184)
Other Financing Sources (Uses):						
Inception of capital lease obligation	887,594	-	-	-	-	887,594
Proceeds from bond issuance	-	-	-	9,738,217	-	9,738,217
Transfers in	2,929,968	-	944,051	9,738,217	9,738,217	23,350,453
Transfers out	(944,051)	-	(2,375,000)	(9,738,217)	(9,778,292)	(22,835,560)
Total Other Financing Sources (Uses)	2,873,511	-	(1,430,949)	9,738,217	(40,075)	11,140,704
Net change in fund balance	2,124,288	1,340,529	(1,700,317)	-	(1,634,980)	129,520
Fund balance, beginning of year	1,135,564	1,402,264	2,225,929	-	7,533,089	12,296,846
Fund balance, end of year	\$ 3,259,852	\$ 2,742,793	\$ 525,612	\$ -	\$ 5,898,109	\$ 12,426,366

The notes to the financial statements are an integral part of this statement.

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

YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds	\$	129,520
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental fund reports capital outlays as expenditures. However, in the statements of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	14,773,221	
Depreciation on general government assets	(3,185,425)	
Net effect on disposal of capital assets	<u>3,311</u>	
		11,591,107
<p>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.</p>		
Issuance of long-term debt	(9,738,217)	
Compensated absences	(40,724)	
Principal payments on capital leases	897,952	
Proceeds from capital lease	<u>(887,594)</u>	
		(9,768,583)
<p>Because some revenues will not be collected for several months after the City's fiscal year end they are not considered "available" revenues in the governmental funds.</p>		
		2,318
<p>In the fund financials, contributions to pension plans are expensed when paid. In the statement of activities, pension expense is recognized for the change in the City's proportionate share of the collective net pension liability and related deferred inflows and outflows</p>		
		(170,432)
<p>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.</p>		
		<u>3,635</u>
Change in net position of governmental activities	\$	<u><u>1,787,565</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Ad valorem property taxes	\$ 6,318,641	\$ 6,417,938	\$ 99,297
Licenses and permits	5,298,343	5,621,613	323,270
Fines and forfeitures	1,140,483	1,138,891	(1,592)
Charges for services	1,152,727	1,285,045	132,318
Intergovernmental	728,143	811,309	83,166
Interest earnings	20,000	41,356	21,356
Miscellaneous	561,234	562,067	833
Total Revenues	<u>15,219,571</u>	<u>15,878,219</u>	<u>658,648</u>
Expenditures:			
Current:			
General government	3,233,629	3,246,093	12,464
Public safety	7,205,112	7,695,406	490,294
Public works	1,359,894	1,482,872	122,978
Recreation and parks	3,404,208	3,647,665	243,457
Capital lease payments	571,695	543,011	(28,684)
Interest and fiscal charges	-	12,395	12,395
Total Expenditures	<u>15,774,538</u>	<u>16,627,442</u>	<u>852,904</u>
Excess (deficiency) of revenues over expenditures	(554,967)	(749,223)	(194,256)
Other Financing Sources (Uses):			
Proceeds from capital lease obligations	-	887,594	887,594
Transfers in	554,967	2,929,968	2,375,001
Transfers out	-	(944,051)	(944,051)
Total Other Financing Sources (Uses)	<u>554,967</u>	<u>2,873,511</u>	<u>2,318,544</u>
Net change in fund balances	<u>\$ -</u>	<u>2,124,288</u>	<u>\$ 2,124,288</u>
Fund balance, beginning of year		<u>1,135,564</u>	
Fund balance, end of year		<u>\$ 3,259,852</u>	

The notes to the financial statements are an integral part of this statement.

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

DECEMBER 31, 2015

	Business-type Activities				Total Enterprise Funds
	Major Funds			Nonmajor Fund	
	Water and Wastewater System	Sanitation Services	Stormwater Utility	Savannah Bluff Lock and Dam	
ASSETS					
Current Assets:					
Equity in pooled cash	\$ 2,027,618	\$ 1,465,159	\$ 77,646	\$ -	\$ 3,570,423
Restricted cash and investments	2,690,329	-	-	903,337	3,593,666
Investments	273,332	946,658	493,453	-	1,713,443
Customer accounts receivable	1,506,347	111,123	-	-	1,617,470
Note receivable	25,000	-	-	-	25,000
Inventory	194,974	-	-	-	194,974
Total Current Assets	6,717,600	2,522,940	571,099	903,337	10,714,976
Non-current Assets:					
Restricted cash and investments	9,816,192	-	-	-	9,816,192
Note receivable	50,000	-	-	-	50,000
Capital Assets					
Non-depreciable	21,435,568	91,235	184,976	-	21,711,779
Depreciable, net	43,557,388	3,885,381	1,820,062	-	49,262,831
Service Rights, net	30,994	-	-	-	30,994
Total Non-current Assets	74,890,142	3,976,616	2,005,038	-	80,871,796
Total Assets	81,607,742	6,499,556	2,576,137	903,337	91,586,772
DEFERRED OUTFLOWS OF RESOURCES					
Pension experience differences	73,685	50,817	10,163	-	134,665
Pension investment return	27,761	19,145	3,829	-	50,735
Contributions to pension plan	124,653	85,967	17,193	-	227,813
Change in proportionate share	18,751	12,931	2,586	-	34,268
Total Deferred Outflows of Resources	244,850	168,860	33,771	-	447,481
LIABILITIES AND NET POSITION					
Current Liabilities:					
Accounts payable	280,537	97,773	7,712	-	386,022
Accrued expenses	148,091	138,113	25,562	-	311,766
Current portion of capital leases payable	118,764	341,235	-	-	459,999
Unearned revenue	23,515	-	-	-	23,515
Payable from restricted assets:					
Accounts payable	1,360,374	-	-	-	1,360,374
Retainage payable	1,270,690	-	-	-	1,270,690
Accrued bond interest	27,559	6,534	-	-	34,093
Current portion of revenue bonds payable	828,590	-	-	-	828,590
Customer deposits	496,471	-	-	-	496,471
Total Current Liabilities	4,554,591	583,655	33,274	-	5,171,520
Non-current Liabilities:					
Capital leases payable	250,357	535,277	-	-	785,634
Revenue bonds payable	15,289,548	-	-	-	15,289,548
Net pension liability	4,147,378	2,860,259	572,053	-	7,579,690
Unearned revenue	510,244	-	-	-	510,244
Total Non-current Liabilities	20,197,527	3,395,536	572,053	-	24,165,116
Total Liabilities	24,752,118	3,979,191	605,327	-	29,336,636
DEFERRED INFLOWS OF RESOURCES					
Pension experience differences	7,417	5,115	1,023	-	13,555
Total Deferred Inflows of Resources	7,417	5,115	1,023	-	13,555
Net Position:					
Net investment in capital assets	48,505,697	3,100,104	2,005,038	-	53,610,839
Restricted for debt service	9,351,427	-	-	-	9,351,427
Restricted for operations	-	-	-	903,337	903,337
Unrestricted	(764,067)	(415,994)	(1,480)	-	(1,181,541)
Total Net Position	\$ 57,093,057	\$ 2,684,110	\$ 2,003,558	\$ 903,337	\$ 62,684,062

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Business-type Activities				Total Enterprise Funds
	Major Funds			Nonmajor Fund	
	Water and Wastewater System	Sanitation Services	Stormwater Utility Fund	Savannah Bluff Lock and Dam	
Operating Revenues:					
Charges for services and fees	\$ 8,664,457	3,865,471	746,814	\$ -	\$ 13,276,742
Sale of recyclables	-	302,838	-	-	302,838
Other	456,513	118,654	9,735	-	584,902
Total Operating Revenues	9,120,970	4,286,963	756,549	-	14,164,482
Operating Expenses:					
Finance	698,090	-	-	-	698,090
Administration	670,912	-	-	-	670,912
Operations and Maintenance	4,047,585	2,188,034	448,650	24,000	6,708,269
Production and Treatment	1,383,592	-	-	-	1,383,592
Material Recovery Facility	-	1,367,633	-	-	1,367,633
Depreciation and amortization	1,010,069	731,277	45,529	-	1,786,875
Total Operating Expenses	7,810,248	4,286,944	494,179	24,000	12,615,371
Operating income (loss)	1,310,722	19	262,370	(24,000)	1,549,111
Nonoperating Revenues (Expenses)					
Intergovernmental	-	2,449	-	-	2,449
Interest income	55,645	8,566	2,165	3,034	69,410
Interest expense and fiscal charges	(271,208)	(29,604)	-	-	(300,812)
Gain on disposal of capital assets	27,430	18,677	-	-	46,107
Total Nonoperating Revenues (Expenses)	(188,133)	88	2,165	3,034	(182,846)
Income (loss) before contributions and transfers	1,122,589	107	264,535	(20,966)	1,366,265
Capital contributions	396,837	-	-	-	396,837
Transfers out	(366,705)	(148,188)	-	-	(514,893)
Change in net position	1,152,721	(148,081)	264,535	(20,966)	1,248,209
Net position, beginning of year, as previously reported	59,780,466	5,480,557	2,268,698	924,303	68,454,024
Change in accounting principle for pensions	(3,840,130)	(2,648,366)	(529,675)	-	(7,018,171)
Net position, beginning of year, as restated	55,940,336	2,832,191	1,739,023	924,303	61,435,853
Net position, end of year	\$ 57,093,057	\$ 2,684,110	\$ 2,003,558	\$ 903,337	\$ 62,684,062

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2015

	Business-type Activities				Total Enterprise Funds
	Major Funds			Nonmajor Fund	
	Water and Wastewater System	Sanitation Services	Stormwater Utility Fund	Savannah Bluff Lock and Dam	
Cash flows from operating activities:					
Cash received from customers	\$ 8,994,542	\$ 4,272,155	\$ 756,549	\$ -	\$ 14,023,246
Cash paid for or on behalf of employees	(2,560,683)	(2,025,098)	(361,891)	-	(4,947,672)
Cash paid for goods and services	(4,035,394)	(1,573,258)	(86,894)	(24,000)	(5,719,546)
Net cash from operating activities	2,398,465	673,799	307,764	(24,000)	3,356,028
Cash flows from noncapital financing activities:					
Transfers out to other funds	(366,705)	(148,188)	-	-	(514,893)
Operating grants	-	2,449	-	-	2,449
Net cash from noncapital financing activities	(366,705)	(145,739)	-	-	(512,444)
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(11,767,949)	(42,227)	(549,653)	-	(12,359,829)
Proceeds received from issuance of revenue bonds	10,490,029	-	-	-	10,490,029
Principal paid on revenue bonds	(673,348)	-	-	-	(673,348)
Principal paid on capitalized leases	(142,398)	(466,682)	-	-	(609,080)
Interest paid	(271,208)	(29,604)	-	-	(300,812)
Net cash from capital and related financing activities	(2,364,874)	(538,513)	(549,653)	-	(3,453,040)
Cash flows from investing activities:					
Interest on investments	55,645	8,566	2,165	3,034	69,410
Net cash from investing activities	55,645	8,566	2,165	3,034	69,410
Net change in cash and cash equivalents	(277,469)	(1,887)	(239,724)	(20,966)	(540,046)
Cash and cash equivalents, beginning of year	15,084,940	2,413,704	810,823	924,303	19,233,770
Cash and cash equivalents, end of year	\$ 14,807,471	\$ 2,411,817	\$ 571,099	\$ 903,337	\$ 18,693,724
Reconciliation of operating income (loss) to net cash provided from operating activities:					
Operating income (loss)	\$ 1,310,722	\$ 19	\$ 262,370	\$ (24,000)	\$ 1,549,111
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation and amortization	1,010,069	731,277	45,529	-	1,786,875
Change in assets and liabilities:					
Increase in accounts receivable	(9,453)	(14,808)	-	-	(24,261)
Increase in notes receivable	(75,000)	-	-	-	(75,000)
Decrease in inventory	5,886	-	-	-	5,886
Decrease in service rights	2,500	-	-	-	2,500
Decrease in accounts payable	(389,460)	(51,822)	(9,765)	-	(451,047)
Increase in retainage payable	543,737	-	-	-	543,737
Increase in customer deposits	12,930	-	-	-	12,930
Decrease in accrued salaries, wages, and employee benefits	(59,706)	(32,481)	-	-	(92,187)
Decrease in unearned revenue	(23,575)	-	-	-	(23,575)
Decrease in interest payable	-	(6,534)	-	-	(6,534)
Pension deferred inflows / outflows and liability	69,815	48,148	9,630	-	127,593
Total Adjustments	1,087,743	673,780	45,394	-	1,806,917
Net cash from operating activities	\$ 2,398,465	\$ 673,799	\$ 307,764	\$ (24,000)	\$ 3,356,028
Noncash investing, capital and financing activities:					
Capital assets purchased with proceeds from a capital lease	\$ 229,006	\$ 600,011	\$ -	\$ -	\$ 829,017
Contributed capital assets	396,837	-	-	-	-
Gain on disposal of assets	27,430	18,677	-	-	-
Total noncash investing, capital and financing	\$ 653,273	\$ 618,688	\$ -	\$ -	\$ 829,017
Reconciliation of cash and cash equivalents:					
Equity in pooled cash	\$ 2,027,618	\$ 1,465,159	\$ 77,646	\$ -	\$ 3,570,423
Investments	273,332	946,658	493,453	-	1,713,443
Current restricted assets	2,690,329	-	-	903,337	3,593,666
Non-current restricted assets	9,816,192	-	-	-	9,816,192
Cash and cash equivalents	\$ 14,807,471	\$ 2,411,817	\$ 571,099	\$ 903,337	\$ 18,693,724

The notes to the financial statements are an integral part of this statement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies

A. Description of government-wide financial statements

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. 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 “City”) (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 (“financial accountability”).

Blended component unit - The North Augusta Public Facilities Corporation (the “Corporation”) was established by the City on December 2, 2014 primarily to issue debt related to construction and maintenance of buildings that are to be leased by the City. The Corporation is a legally separate nonprofit organization, tax exempt under Internal Revenue Code Section 501(c)(3). The Corporation is governed by a five member board of directors comprised of the City’s Mayor and four City citizens. The City’s Clerk and Finance Director serve as the respective Secretary and Treasurer of the Corporation. The City has determined it is financially accountable for the Corporation, and the Corporation’s outstanding debt is expected to be repaid entirely with resources of the City. Based on these factors, management has determined the Corporation is appropriately presented as a blended component unit in the City’s financial statements. The Corporation is reported as a debt service fund and does not issue separate financial statements.

C. 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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies (continued)

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.

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 Citywide 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.

North Augusta Public Facilities Fund – This fund represents the activities of the North Augusta Public Facilities Corporation, a blended component unit, as previously discussed at the beginning of Note 1.

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, 2015

Note 1—Summary of significant accounting policies (continued)

For the City's proprietary funds, 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 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.

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.

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.

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".

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.

D. Budgets and budgetary accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance.
- 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.
- 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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies (continued)

- 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.
- The City employs the use of encumbrance accounting during the year. All encumbrances lapse at the end of the year.
- 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.

Excess of expenditures over appropriations – For the year ended December 31, 2015, expenditures exceeded budget in the General Fund for the following functions:

	Budget	Actual	Over (Under)
			Budget
General government	\$ 3,233,629	\$ 3,246,093	\$ 12,464
Capital lease payments - general government	4,095	4,095	-
	<u>3,237,724</u>	<u>3,250,188</u>	<u>12,464</u>
Public safety	\$ 7,205,112	\$ 7,695,406	\$ 490,294
Capital lease payments - public safety	378,832	354,213	(24,619)
	<u>7,583,944</u>	<u>8,049,619</u>	<u>465,675</u>
Public works	\$ 1,359,894	\$ 1,482,872	\$ 122,978
Capital lease payments - public works	90,406	88,154	(2,252)
	<u>1,450,300</u>	<u>1,571,026</u>	<u>120,726</u>
Recreation and parks	\$ 3,404,208	\$ 3,647,665	\$ 243,457
Capital lease payments - recreation and parks	98,362	96,549	(1,813)
	<u>3,502,570</u>	<u>3,744,214</u>	<u>241,644</u>

The over-expenditures in the general government, public safety and public works functions were due to: the purchase of vehicles and equipment with capital lease proceeds, salary costs higher than expected, and repairs and maintenance for buildings and equipment that were higher than expected. The over-expenditures in the recreation and parks function were due to higher than expected costs for tournaments and festivals, however, these costs were off-set by higher than expected revenue in the General Fund.

Fund balance or net position – For the year ended December 31, 2015, the Project Jackson Construction Fund reports a \$69,258 deficit fund balance. This deficit is due to the timing of expenditures and receipt of bond proceeds.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies (continued)

E. Assets, liabilities, deferred outflow/inflows of resources and net position and fund balance

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.

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

Inventory –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.

Restricted assets – Certain resources set aside for the City’s debt repayment (revenue bonds) are classified as restricted assets on the Statement of Net Position because their use is limited by debt agreements.

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 capitalize purchases over \$5,000.

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.

Land and construction in progress are not depreciated. Depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

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

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 governmental activities, compensated absences are generally liquidated by the General Fund and are only reported when they are payable to the employee upon resignation or retirement.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies (continued)

Long-term obligations - In the government-wide and proprietary funds' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed as they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from debt proceeds received, are reported as debt service expenditures.

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's deferred outflows consist of pension related items, as further discussed in Note 8.

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.

Deferred inflows of resources consist of unavailable revenue and pension related items. Unavailable revenue, under the modified accrual basis of accounting, is reported in the governmental funds balance sheet as a deferred inflow. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Certain pension related items, as further discussed in Note 8, are also classified as deferred inflows.

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 is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are 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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 1—Summary of significant accounting policies (continued)

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 a resolution.

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.

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.

Minimum fund balance – City Council has adopted an ordinance under which a minimum unassigned fund balance policy has been established at each fiscal year-end for certain funds, as follows:

General Fund: 15 percent of the then current general fund budget to the nearest twenty-five thousand dollars.

Stormwater Utility Fund: 20 percent of the then current stormwater utility fund budget to the nearest twenty-five thousand dollars.

Sanitation Services Fund: 20 percent of the then current sanitation services fund budget to the nearest twenty-five thousand dollars.

Street Improvements Fund: \$100,000

Water and Sewer Fund: 20 percent of the then current water and sewer fund budget to the nearest twenty-five thousand dollars

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 2—Equity in pooled cash and investments, deposits and investments

As of December 31, 2015, the City’s cash and investments consisted of the following:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	Daily	\$ 15,997,729
Demand deposit accounts	Daily	15,496,754
Treasury reserves		<u>607,241</u>
Total cash and investments		<u>\$ 32,101,724</u>

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:

- Obligations of the United States and agencies thereof;
- General obligations of the State of South Carolina or any of its political units;
- 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;
- Repurchase agreements when collateralized by securities as set forth in this section;
- 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,
- 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 City treasurer if the particular portfolio of the investment company or investment trust in which the investment made (i) is limited to obligations described in items 1, 2, and 5 of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

- Obligations of the United States, its agencies and instrumentalities;
- Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
- 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;
- 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

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 2—Equity in pooled cash and investments, deposits and investments (continued)

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;

- 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
- 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, 2015, the underlying security ratings of the City's investment in the Local Government Investment Pool are not separately rated, however, additional information related to these deposits may be obtained from the Local Government Investment Pool's complete financial statements. These financial statements may be obtained by writing to the following address:

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

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

Concentration credit risk – The City's formal investment policy does not place a limit on the amount the City may invest in any one issuer. The City's investments held in the State Treasurer's Investment Pool comprise 51% 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, 2015, the carrying amount of the City's deposits was \$15,496,754 and the bank balance was \$16,129,971. The entire bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 2—Equity in pooled cash and investments, deposits and investments (continued)

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, 2015, 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.

Note 3—Capital assets

Capital asset activity for the year ended December 31, 2015, was as follows:

Governmental activities

	Balance 1/1/2015	Additions	Disposals	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	\$ 8,313,600	\$ 33,903	\$ -	\$ 8,347,503
Construction in progress	5,210,791	1,026,236	(3,380,676)	2,856,351
Right-of-away	2,826,690	138,280	-	2,964,970
Total capital assets, not being depreciated	<u>16,351,081</u>	<u>1,198,419</u>	<u>(3,380,676)</u>	<u>14,168,824</u>
Capital assets, being depreciated:				
Land improvements	13,889,926	838,674	-	14,728,600
Buildings	31,612,846	14,155,759	-	45,768,605
Machinery and equipment	1,818,492	161,305	(31,791)	1,948,006
Furniture and fixtures	1,547,977	-	-	1,547,977
Vehicles	5,667,356	1,447,134	(321,567)	6,792,923
Infrastructure	21,854,421	366,507	-	22,220,928
Total capital assets, being depreciated	<u>76,391,018</u>	<u>16,969,379</u>	<u>(353,358)</u>	<u>93,007,039</u>
Less accumulated depreciation for:				
Land improvements	(6,662,243)	(795,952)	-	(7,458,195)
Buildings	(8,109,382)	(705,553)	-	(8,814,935)
Machinery and equipment	(1,347,062)	(166,209)	30,596	(1,482,675)
Furniture and fixtures	(866,820)	(113,070)	-	(979,890)
Vehicles	(3,066,578)	(541,710)	319,451	(3,288,837)
Infrastructure	(9,941,742)	(862,931)	-	(10,804,673)
Total accumulated depreciation	<u>(29,993,827)</u>	<u>(3,185,425)</u>	<u>350,047</u>	<u>(32,829,205)</u>
Total capital assets being depreciated, net	<u>46,397,191</u>	<u>13,783,954</u>	<u>(3,311)</u>	<u>60,177,834</u>
Governmental activities capital assets, net	<u>\$ 62,748,272</u>	<u>\$ 14,982,373</u>	<u>\$ (3,383,987)</u>	<u>\$ 74,346,658</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 3—Capital assets (continued)

Governmental activity depreciation expense was charged to functions as follows:

General government:	\$ 453,624
Public safety	643,095
Public works:	1,043,579
Recreation and parks:	1,045,127
	<u>\$ 3,185,425</u>

Business-type activities

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2015</u>
Capital assets, not being depreciated:				
Land	\$ 824,058	\$ -	\$ -	\$ 824,058
Construction in progress	9,567,499	11,812,044	(554,582)	20,824,961
Easements	62,760	-	-	62,760
Total capital assets, not being depreciated	<u>10,454,317</u>	<u>11,812,044</u>	<u>(554,582)</u>	<u>21,711,779</u>
Capital assets, being depreciated:				
Buildings	6,184,713	9,236	-	6,193,949
Machinery and equipment	2,531,990	372,486	(59,041)	2,845,435
Vehicles	4,119,434	514,702	(220,934)	4,413,202
System improvements	54,561,720	1,477,195	-	56,038,915
PSA capital	4,667,405	-	-	4,667,405
Total capital assets, being depreciated	<u>72,065,262</u>	<u>2,373,619</u>	<u>(279,975)</u>	<u>74,158,906</u>
Less accumulated depreciation for:				
Buildings	(2,373,086)	(235,454)	-	(2,608,540)
Machinery and equipment	(1,929,836)	(180,796)	57,250	(2,053,382)
Vehicles	(2,359,487)	(502,310)	220,934	(2,640,863)
System improvements	(14,375,507)	(749,130)	-	(15,124,637)
PSA capital	(2,351,968)	(116,685)	-	(2,468,653)
Total accumulated depreciation	<u>(23,389,884)</u>	<u>(1,784,375)</u>	<u>278,184</u>	<u>(24,896,075)</u>
Total capital assets being depreciated, net	<u>48,675,378</u>	<u>589,244</u>	<u>(1,791)</u>	<u>49,262,831</u>
Business-type activities capital assets, net	<u>\$ 59,129,695</u>	<u>\$ 12,401,288</u>	<u>\$ (556,373)</u>	<u>\$ 70,974,610</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 4—Capital 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 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, 2015:

	<u>Governmental Funds</u>	<u>Water and Wastewater</u>	<u>Sanitation</u>	<u>Total</u>
Machinery and equipment	\$ 545,257	\$ 327,002	\$ 638,343	\$ 1,510,602
Vehicles	2,145,721	403,642	1,750,517	4,299,880
Buildings	6,350,000	-	-	6,350,000
	9,040,978	730,644	2,388,860	12,160,482
Accumulated depreciation	<u>(1,828,292)</u>	<u>(201,704)</u>	<u>(950,281)</u>	<u>(2,980,277)</u>
Carry value	<u>\$ 7,212,686</u>	<u>\$ 528,940</u>	<u>\$ 1,438,579</u>	<u>\$ 9,180,205</u>

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, 2015:

<u>Year Ending December 31,</u>	<u>Governmental Funds</u>	<u>Business-type Funds</u>		<u>Total</u>
		<u>Water and Wastewater</u>	<u>Sanitation</u>	
2016	\$ 424,471	\$ 139,472	\$ 330,792	\$ 894,735
2017	310,360	101,978	241,865	654,203
2018	252,509	82,969	196,782	532,260
2019	170,095	55,889	132,555	358,539
Total minimum lease payments	1,157,435	380,308	901,994	2,439,737
Amount representing interest	<u>(33,860)</u>	<u>(11,187)</u>	<u>(25,482)</u>	<u>(70,529)</u>
Present value of minimum lease payments	<u>\$ 1,123,575</u>	<u>\$ 369,121</u>	<u>\$ 876,512</u>	<u>\$ 2,369,208</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 4—Capital lease obligations (continued)

Municipal center lease – During 2007, the City entered into a \$6,350,000 lease purchase agreement with a bank 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 future minimum lease payments under the capital lease as of December 31, 2015, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	424,417	83,076	507,493
2021-2024	<u>1,856,714</u>	<u>173,258</u>	<u>2,029,972</u>
	<u>\$ 3,834,882</u>	<u>\$ 732,555</u>	<u>\$ 4,567,437</u>

Note 5—Long-term debt

Changes in long-term debt

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2015</u>	<u>Due Within One Year</u>
Governmental Activities:					
Revenue bonds:					
North Augusta Public Facility Corporation revenue bond	\$ -	\$ 9,738,217	\$ -	\$ 9,738,217	\$ -
Capital leases:					
Municipal Center lease	4,189,823	-	(354,941)	3,834,882	367,861
Capitalized leases	<u>778,992</u>	<u>887,594</u>	<u>(543,011)</u>	<u>1,123,575</u>	<u>402,169</u>
Total capital leases	4,968,815	887,594	(897,952)	4,958,457	770,030
Other liabilities:					
Compensated absences	<u>603,000</u>	<u>655,656</u>	<u>(614,932)</u>	<u>643,724</u>	<u>459,723</u>
Total	<u>\$ 5,571,815</u>	<u>\$ 11,281,467</u>	<u>\$ (1,512,884)</u>	<u>\$ 15,340,398</u>	<u>\$ 1,229,753</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 5—Long-term debt (continued)

Revenue bond payable – Revenue bond payable (recorded as a liability for governmental activities) at December 31, 2015, is comprised of a ten million dollar taxable interim installment purchase revenue bond for the North Augusta Public Facilities Corporation dated January 21, 2015.

In January 2015, the North Augusta Public Facilities Corporation entered into an installment purchase transaction in the principal amount of not exceeding ten million dollars to construct and equip a parking garage. In January of 2016, this agreement was amended and restated as an installment purchase transaction in the principal amount, not exceeding thirteen million dollars, to refinance the costs relating to the construction and equipping of a parking garage and finance the costs relating to the construction and equipping of certain roads, water, sewer and related infrastructure. In January 2016, the City also entered into an amended and restated agreement to lease the parking deck from the Corporation. Total draws as of December 31, 2015 are \$9,738,217. Total draws remaining are \$261,783. The bond matures in January 2017. No principal payments are due before that date. Interest payments are made quarterly based on the outstanding principal balance at the LIBOR daily floating rate plus the applicable margin. The City plans to refund the interim financing through a permanent bond transaction.

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, 2015, the total amount of defeased debt outstanding but removed from the City's financial statements amounted to \$2,385,000.

Changes in long-term debt

Long-term liability activity for the year ended December 31, 2015, was as follows:

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2015</u>	<u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Revenue bonds payable:					
Revenue bonds	\$ 6,301,457	\$ 10,490,029	\$ (673,348)	\$ 16,118,138	\$ 828,590
Capital leases:					
Capitalized leases	1,025,696	829,016	(609,079)	1,245,633	459,999
Other liabilities:					
Compensated absences	277,852	291,638	(277,852)	291,638	291,638
Total	<u>\$ 7,605,005</u>	<u>\$ 11,610,683</u>	<u>\$ (1,560,279)</u>	<u>\$ 17,655,409</u>	<u>\$ 1,580,227</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 5—Long-term debt (continued)

Revenue bonds payable – Revenue bonds payable (recorded as a liability in the Water and Wastewater System Fund) at December 31, 2015, are 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% \$ 585,839

\$13,000,000 Water and Wastewater (Series 2014A) 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, 2015 are \$11,776,011. Total draws remaining are \$1,223,989. 11,776,011

\$13,000,000 Water and Wastewater (Series 2015A) serial bonds, originally dated February 17, 2015 (SC Drinking Water Revolving Loan Fund Number X3-065-14-0210003-02) due in 80 quarterly installments of \$197,561.47 beginning March 1, 2017; interest at 2.0%. Total draws as of December 31, 2015 are \$3,756,288. Total draws remaining are \$9,243,712. 3,756,288

\$ 16,118,138

The annual requirements to amortize each of the City's outstanding revenue bonds as of December 31, 2015, are as follows:

	2002 Revenue Bond Issue		
	Principal	Interest	Total
2016	\$ 286,260	\$ 20,074	\$ 306,334
2017	299,579	6,755	306,334
	<u>\$ 585,839</u>	<u>\$ 26,829</u>	<u>\$ 612,668</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 5—Long-term debt (continued)

	2014A Revenue Bond Issue		
	Principal	Interest	Total
2016	\$ 542,330	\$ 247,916	\$ 790,246
2017	553,217	237,029	790,246
2018	564,365	225,881	790,246
2019	575,737	214,509	790,246
2020	587,338	202,908	790,246
2020-2035	8,953,024	1,245,663	10,198,687
	<u>\$ 11,776,011</u>	<u>\$ 2,373,906</u>	<u>\$ 14,149,917</u>

	2015A Revenue Bond Issue		
	Principal	Interest	Total
2017	\$ 534,235	\$ 256,011	\$ 790,246
2018	545,001	245,245	790,246
2019	555,983	234,263	790,246
2020	567,186	223,060	790,246
2021	578,616	211,630	790,246
2022-2036	975,267	20,470	995,737
	<u>\$ 3,756,288</u>	<u>\$ 1,190,679</u>	<u>\$ 4,946,967</u>

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

<u>Funds</u>	<u>Purposes</u>
Gross Revenue Fund	To receive all receipts, income, and revenues that the City shall derive directly or indirectly from the operation of the system and to disburse them to the following funds.
Operation and Maintenance Fund	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.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 5—Long-term debt (continued)

Depreciation or Replacement Fund

Intended to build up a reasonable reserve for depreciation of the System for the purpose of restoring depreciated or obsolete items of the System.

Contingent Fund

Intended to build up a reasonable reserve for improvements, betterments and extensions to the System.

Construction Fund

Intended to provide for the payment of temporary loans made in anticipation of the issuance of bonds and the cost of the construction of the improvements.

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

The revenue bonds are collateralized by a pledge of revenues derived from the System. Annual principal and interest payments on the revenue bonds are expected to be less than 25 percent of annual net System charges for services. Principal and interest paid in 2015 totaled \$899,018. Total net charges for services for the year were \$8,664,457.

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 City 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 plans

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the systems and serves as a co-trustee of the systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7—Pension plans (continued)

PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the CAFR of the state. The City of North Augusta is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS).

Plan description - The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership - Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits - Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7—Pension plans (continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions - Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty year amortization period; and, this increase is not limited to one-half of one percent per year.

SCRS – Plan members were required to contribute 8% of their gross earnings for the period of January 1, 2015 to June 30, 2015 and 8.16% of their gross earnings for the period of July 1, 2015 to December 31, 2015. The City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 10.90% of gross earnings for the period of January 1, 2015 to June 30, 2015 and 11.06% for July 1, 2015 to December 31, 2015. The City's contributions to SCRS for the years ending December 31, 2015 were approximately \$819,000, equal to the required contributions for each year.

PORS – Plan members were required to contribute 8.41% of their gross earnings for the period of January 1, 2015 to June 30, 2015 and 8.74% of their gross earnings for the period of July 1, 2015 to December 31, 2015. The City of North Augusta is required to contribute at an actuarially-determined rate. The rate was 13.41% of gross earnings for the period of January 1, 2015 to June 30, 2015 and 13.74% of gross earnings for the period of July 1, 2015 to December 31, 2015. The City's contributions to PORS for the year ending December 31, 2015 were approximately \$493,000, respectively, equal to the required contributions for each year.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7—Pension plans (continued)

Net pension liability - The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the consulting actuary, Gabriel, Roeder, Smith and Company.

At December 31, 2015, the City reported \$14,301,301 and \$5,956,041 for its proportionate share of the collective net pension liability (NPL) for SCRS and PORS, respectively. The City's proportionate share of the SCRS and PORS net pension liability was calculated on the basis of historical employer contributions to the plan. At December 31, 2015, the City's proportionate share was 0.075407% for SCRS and 0.27328% for PORS.

Deferred outflows/ (inflows) of resources - For the year ended December 31, 2015, the City recognized pension expense of \$1,059,281 and \$549,894 for SCRS and PORS, respectively. At December 31, 2015, the City reported deferred outflows and deferred inflows of resources for each of the respective plans:

	SCRS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 95,726	\$ -	\$ 65,169	\$ -
Net difference between expected and actual pension plan experience	254,085	25,575	118,049	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	64,657	-	74,424	-
Employer contributions subsequent to the measurement date	429,841	-	258,469	-
Total	\$ 844,309	\$ 25,575	\$ 516,111	\$ -

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7—Pension plans (continued)

The deferred outflows of resources of \$429,841 and \$258,469 for SCRS and PORS, related to pensions resulting from the City's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at December 31, 2015. Average remaining service lives of all employees provided with pensions through the pension plans for the June 30, 2015 measurement period was 4.164 years for SCRS and 4.796 years for PORS.

Amortization of remaining deferred outflows/(inflows)

Measurement period ending June 30, 2015

	SCRS	PORS
2016	\$ (81,662)	\$ (38,128)
2017	(81,662)	(38,128)
2018	5,613	(32,915)
2019	(231,182)	(148,471)
Net balance deferred outflows/(inflow) of resources	<u>\$ (388,893)</u>	<u>\$ (257,642)</u>

Pension plan fiduciary net position - Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Actuarial assumptions and methods - Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for SCRS and PORS.

Summary of actuarial assumptions and methods

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	3.5% (varies by service)	4.0% (varies by service)
Includes inflation at	2.75%	2.75%
Benefit adjustments	lessor of 1% or \$500 annually	lessor of 1% or \$500 annually

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7—Pension plans (continued)

The post-retiree mortality assumption is dependent upon the member’s job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Post-retiree mortality assumptions

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment multiplied by 110%)	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-term expected rate of return - The long-term expected rate of return on pension plan investments, as used in the July 1, 2014, actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 7 – Pension plans (continued)

Long-term expected rates of return

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Short term	5%	0.10%
Domestic fixed income	13%	0.42%
Global fixed income	9%	0.39%
Global public equity	31%	2.20%
Global tactical asset allocation	10%	0.49%
Alternatives	32%	2.40%
Total expected real return	100%	6.00%
Inflation for actuarial purposes		2.75%
Total expected nominal return		8.75%

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity analysis - The following table represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

Sensitivity analysis

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
SCRS	\$ 18,029,854	\$14,301,301	\$ 11,176,300
PORS	8,113,636	5,956,041	4,027,432

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

Note 8—Interfund receivables, payables, and transfers

Interfund receivable and payable balances at December 31, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Riverfront/Central Core Redevelopment	General Fund	<u>\$ 418</u>
General Fund	Capital Projects Fund	<u>\$ 475,825</u>

The following interfund transfers are reflected in the fund financial statements at December 31, 2015:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,375,000
General Fund	Water and Wastewater Fund	366,705
General Fund	Sanitation	148,188
General Fund	Nonmajor governmental fund	40,075
Capital Projects Fund	General Fund	944,051
Nonmajor governmental fund	North Augusta Public Facility Corp.	9,738,217
North Augusta Public Facility Corp.	Nonmajor governmental fund	<u>9,738,217</u>
		<u>\$ 23,350,453</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:

<u>Name</u>	<u>Number of local government participants</u>	<u>Type of Insurance</u>	<u>Reinsurance</u>
SC Municipal Insurance Trust	118	Workers' compensation	\$725,000
SC Municipal Insurance Trust/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, 2015

Note 10—Commitments

Significant commitments at December 31, 2015 are composed of the following:

	<u>Project Authorization</u>	<u>Expended through December 31, 2015</u>	<u>Commitment</u>
Water plant upgrade	\$ 14,813,081	\$ 6,019,961	\$ 8,793,120

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 City, South Carolina, Augusta-Richmond City, 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—Restatement of net position

Change in accounting principle

The City has determined that restatements of beginning net position are required to reflect implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which requires governments providing defined benefit pensions through pension plans that are administered through trusts or similar agreements meeting certain criteria to recognize their long-term obligation for pension benefits as a liability.

	Governmental activities	Business-type activities
Ending net position December 31, 2014	\$ 69,584,100	\$ 68,454,024
Net pension liability	(11,208,310)	(6,837,885)
Pension contribution subsequent to measurement date	399,380	202,440
Deferred outflows - pension experience differences	309,107	193,757
Deferred inflows - pension investment return	(1,106,480)	(576,483)
Beginning net position December 31, 2015	<u>\$ 57,977,797</u>	<u>\$ 61,435,853</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015

Schedule of the City's Proportionate Share of the Net Pension Liability*

SCRS:

	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered employee payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2015	0.08%	\$ 14,301,301	\$ 7,070,316	202.27%	57.00%

PORS:

	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered employee payroll	City's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
6/30/2015	0.27%	\$ 5,956,041	\$ 3,385,504	175.93%	64.60%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015

Schedule of the City's Contributions to the South Carolina Retirement System – Last 10 Fiscal Years

SCRS:

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	City's covered- employee payroll	Contributions as a percentage of covered- employee payroll
12/31/2006	\$ 446,077	\$ (446,077)	\$ -	\$ 5,611,748	7.95%
12/31/2007	515,958	(515,958)	-	5,925,654	8.71%
12/31/2008	597,924	(597,924)	-	6,428,231	9.30%
12/31/2009	613,756	(613,756)	-	6,539,272	9.39%
12/31/2010	619,447	(619,447)	-	6,596,875	9.39%
12/31/2011	616,283	(616,283)	-	6,608,240	9.33%
12/31/2012	656,333	(656,333)	-	6,518,085	10.07%
12/31/2013	700,473	(700,473)	-	6,608,240	10.60%
12/31/2014	752,690	(752,690)	-	7,001,673	10.75%
12/31/2015	818,535	(818,535)	-	7,452,451	10.98%

PORS:

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	City's covered- employee payroll	Contributions as a percentage of covered- employee payroll
12/31/2006	\$ 268,827	\$ (268,827)	\$ -	\$ 2,509,404	10.71%
12/31/2007	287,138	(287,138)	-	2,683,530	10.70%
12/31/2008	308,425	(308,425)	-	2,835,719	10.88%
12/31/2009	324,295	(324,295)	-	2,872,514	11.29%
12/31/2010	339,895	(339,895)	-	3,010,428	11.29%
12/31/2011	354,152	(354,152)	-	3,040,661	11.65%
12/31/2012	374,823	(374,823)	-	3,116,056	12.03%
12/31/2013	374,823	(374,823)	-	3,116,056	12.03%
12/31/2014	432,698	(432,698)	-	3,297,144	13.12%
12/31/2015	492,613	(492,613)	-	3,627,182	13.58%

OTHER SUPPLEMENTARY INFORMATION

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Revenues:			
Taxes:			
Current	\$ 6,256,641	\$ 6,335,077	\$ 78,436
Delinquent	10,000	7,976	(2,024)
Penalties	52,000	74,885	22,885
Total Taxes	<u>6,318,641</u>	<u>6,417,938</u>	<u>99,297</u>
Licenses and Permits:			
Business licenses	5,043,200	5,302,353	259,153
Building permits	218,143	276,449	58,306
Electrical permits	12,000	16,679	4,679
Mechanical permits	14,000	16,107	2,107
Plumbing permits	11,000	10,025	(975)
Total Licenses and Permits	<u>5,298,343</u>	<u>5,621,613</u>	<u>323,270</u>
Fines and Forfeitures:			
Public safety fines	1,062,938	1,067,969	5,031
Drug related fines	77,545	70,922	(6,623)
Total Fines and Forfeitures	<u>1,140,483</u>	<u>1,138,891</u>	<u>(1,592)</u>
Charges for Services:			
Fire protection fees	62,352	56,653	(5,699)
Customer street light fees	63,000	65,907	2,907
Municipal Center rentals	110,850	99,551	(11,299)
Recreation fees			
Special programs	27,000	31,149	4,149
Volleyball	7,050	8,495	1,445
Soccer	65,360	63,744	(1,616)
Miscellaneous	15,000	106,740	91,740
Basketball	51,540	45,833	(5,707)
Softball	29,570	34,418	4,848
Football	39,755	37,095	(2,660)
Baseball	68,840	85,198	16,358
Concession stand	125,000	153,716	28,716
Community Center fees	54,130	72,341	18,211
Activities Center fees	187,480	170,764	(16,716)
Recreation facilities rentals	21,000	22,997	1,997
Activities Center tournaments	224,800	230,444	5,644
Total Charges for Services	<u>1,152,727</u>	<u>1,285,045</u>	<u>132,318</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Intergovernmental:			
State of South Carolina:			
State shared revenue	\$ 524,568	\$ 596,187	\$ 71,619
Accommodations tax	36,000	37,618	1,618
Merchants' inventory tax	54,700	54,790	90
Local option sales tax	20,000	18,965	(1,035)
SCDOT traffic signals	55,875	73,029	17,154
Law enforcement net grant	26,000	27,306	1,306
Department of Justice grant	11,000	3,414	(7,586)
Total Intergovernmental	728,143	811,309	83,166
Miscellaneous:			
Other	389,600	385,838	(3,762)
Communication tower rental	171,634	176,229	4,595
Interest earnings	20,000	41,356	21,356
Total Miscellaneous	581,234	603,423	22,189
Total Revenues	\$ 15,219,571	\$ 15,878,219	\$ 658,648
Expenditures:			
General Government:			
City Council -			
Personal services:			
Salaries and wages	\$ 103,996	\$ 100,359	\$ (3,637)
FICA	7,956	6,751	(1,205)
Employee retirement	9,354	9,163	(191)
Employee insurance	21,006	20,751	(255)
Workers' compensation	207	127	(80)
Operating expenditures:			
General supplies/postage	4,025	4,150	125
Dues/training/travel	8,250	5,284	(2,966)
Contracts/repairs	1,200	1,693	493
Advertising	300	235	(65)
Professional Services	3,550	-	(3,550)
Special department supplies	800	1,012	212
Insurance	1,485	1,261	(224)
Contingencies	2,000	-	(2,000)
Total	164,129	150,786	(13,343)

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
General Government (continued):			
City Administration -			
Personal services:			
Salaries and wages	\$ 237,710	\$ 236,762	\$ (948)
FICA	18,185	17,718	(467)
Employee retirement	26,101	26,404	303
Employee insurance	22,993	22,714	(279)
Workers' compensation	1,215	730	(485)
Operating expenditures:			
General supplies/postage	6,860	5,269	(1,591)
Dues/training/travel	10,555	12,453	1,898
Contracts/repairs	6,050	(10,260)	(16,310)
Professional services	30,000	26,278	(3,722)
Insurance	1,509	17,634	16,125
Total	361,178	355,702	(5,476)
Justice and Law -			
Personal services:			
Salaries and wages	108,821	121,384	12,563
FICA	8,325	9,244	919
Employee retirement	11,949	11,692	(257)
Employee insurance	8,093	7,995	(98)
Workers' compensation	375	230	(145)
Operating expenditures:			
General supplies/postage	6,300	5,001	(1,299)
State fees/fines	553,181	621,105	67,924
Dues/training/travel	3,000	1,684	(1,316)
Data processing	950	-	(950)
Contracts and repairs	1,200	1,086	(114)
Jury services	3,000	1,910	(1,090)
Professional services	6,600	7,500	900
Judgments and settlements	2,000	9,750	7,750
Juvenile detention	150	-	(150)
Insurance	608	516	(92)
Total	714,552	799,097	84,545

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
General Government (continued):			
Community Promotion -			
Personal services:			
Salaries and wages	\$ 54,601	\$ 56,138	\$ 1,537
FICA	4,177	4,410	233
Employee retirement	5,995	6,222	227
Employee insurance	7,303	7,214	(89)
Workers' compensation	355	187	(168)
Operating expenditures:			
Contributions	78,520	78,520	-
Dues/training/travel	5,931	5,931	-
Special department supplies	21,400	22,533	1,133
Insurance	599	509	(90)
Total	178,881	181,664	2,783
Finance -			
Personal services:			
Salaries and wages	308,477	321,739	13,262
FICA	23,598	25,337	1,739
Employee retirement	33,871	36,180	2,309
Employee insurance	34,323	33,906	(417)
Workers' compensation	1,400	1,313	(87)
Operating expenditures:			
General supplies/postage	6,700	7,362	662
Dues/training/travel	2,125	2,809	684
Auto operating	2,212	1,838	(374)
Data processing	20,720	19,896	(824)
Contracts/repairs	26,380	20,642	(5,738)
Advertising	1,000	-	(1,000)
Professional services	20,000	23,409	3,409
Insurance	1,539	1,307	(232)
Total	482,345	495,738	13,393

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
General Government (continued):			
Building Standards -			
Personal services:			
Salaries and wages	\$ 229,779	\$ 231,458	\$ 1,679
FICA	17,578	17,946	368
Employee retirement	25,230	25,885	655
Employee insurance	32,449	32,055	(394)
Workers' compensation	10,500	6,414	(4,086)
Operating expenditures:			
General supplies/postage	3,000	2,194	(806)
Dues/training/travel	1,602	2,270	668
Auto operating	6,625	4,535	(2,090)
Data processing	6,000	6,240	240
Contracts/repairs	2,420	3,022	602
Uniforms/clothing	975	1,029	54
Special department supplies	1,800	1,491	(309)
Insurance	5,940	5,043	(897)
Total	<u>343,898</u>	<u>339,582</u>	<u>(4,316)</u>
Planning and Development -			
Personal services:			
Salaries and wages	151,179	146,537	(4,642)
FICA	11,565	11,590	25
Employee retirement	16,599	16,338	(261)
Employee insurance	16,197	16,000	(197)
Workers' compensation	1,738	1,036	(702)
Operating expenditures:			
General supplies/postage	3,900	982	(2,918)
Dues/training/travel	7,000	2,445	(4,555)
Auto operating	750	501	(249)
Data processing	6,875	9,811	2,936
Contracts/repairs	4,800	2,586	(2,214)
Advertising	1,000	933	(67)
Professional services	20,000	8,221	(11,779)
Special department supplies	3,500	1,446	(2,054)
Insurance	4,541	3,855	(686)
Capital lease payments	4,095	4,095	-
Total	<u>253,739</u>	<u>226,376</u>	<u>(27,363)</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
General Government (continued):			
City Buildings -			
Personal services:			
Salaries and wages	\$ 94,812	\$ 89,759	\$ (5,053)
Overtime pay	5,000	6,073	1,073
FICA	7,636	7,771	135
Employee retirement	10,959	10,734	(225)
Employee insurance	24,565	24,203	(362)
Workers' compensation	1,142	670	(472)
Operating expenditures:			
General supplies/postage	34,200	31,326	(2,874)
Utility services	291,400	285,206	(6,194)
Data processing	1,600	1,827	227
Contracts/repairs	138,212	127,533	(10,679)
Uniforms	1,000	708	(292)
Advertising	8,000	6,826	(1,174)
Professional services	19,940	17,750	(2,190)
Special department supplies	51,962	44,799	(7,163)
Insurance	48,574	46,058	(2,516)
Total	<u>739,002</u>	<u>701,243</u>	<u>(37,759)</u>
Total General Government	<u>\$ 3,237,724</u>	<u>\$ 3,250,188</u>	<u>\$ 12,464</u>
Public Safety -			
Personal services:			
Salaries and wages	\$ 4,153,676	\$ 4,164,472	\$ 10,796
Overtime pay	117,200	130,481	13,281
FICA	326,722	324,508	(2,214)
Employee retirement	561,618	555,567	(6,051)
Employee insurance	608,916	602,868	(6,048)
Workers' compensation	142,778	91,097	(51,681)
Unemployment insurance	3,000	184	(2,816)
Operating expenditures:			
General supplies/postage	22,000	23,140	1,140
Dues/training/travel	47,535	43,974	(3,561)
Auto operating	291,250	192,453	(98,797)
Data processing	93,265	97,178	3,913

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Public Safety (continued):			
Contracts/repairs	\$ 248,368	\$ 263,440	\$ 15,072
Uniforms/clothing	152,050	132,503	(19,547)
CVA expenditures	15,000	14,647	(353)
LEN grant	26,000	26,729	729
NAPS drug related account	77,545	70,922	(6,623)
Advertising	9,500	7,226	(2,274)
Professional services	47,610	37,697	(9,913)
Special department supplies	127,826	153,011	25,185
Insurance	103,253	90,136	(13,117)
Capital lease payments	378,832	354,213	(24,619)
Capital outlay:			
Machines and equipment	30,000	673,173	643,173
Total Public Safety	<u>\$ 7,583,944</u>	<u>\$ 8,049,619</u>	<u>\$ 465,675</u>
Public Works:			
Engineering -			
Personal services:			
Salaries and wages	\$ 74,127	\$ 74,946	\$ 819
FICA	5,671	5,903	232
Employee retirement	8,139	8,407	268
Employee insurance	14,792	14,612	(180)
Workers' compensation	6,448	3,958	(2,490)
Unemployment insurance	50	-	(50)
Operating expenditures:			
General supplies/postage	500	318	(182)
Dues/training/travel	1,184	1,368	184
Auto operating	3,300	2,354	(946)
Data processing	2,000	2,299	299
Contracts/repairs	2,100	2,172	72
Uniforms/clothing	750	572	(178)
Professional services	-	-	-
Advertising	100	-	(100)
Special department supplies	1,500	818	(682)
Insurance	2,061	1,750	(311)
Total	<u>122,722</u>	<u>119,477</u>	<u>(3,245)</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Public Works (continued):			
Street Lighting and Traffic Signals -			
Personal services:			
Workers' compensation	\$ 129	\$ 79	\$ (50)
Operating expenditures:			
Dues/training/travel	2,450	1,109	(1,341)
Utility services	425,000	439,363	14,363
Contracts/repairs	6,000	10,237	4,237
Professional services	6,000	-	(6,000)
Special department supplies	6,000	13,989	7,989
Total	<u>445,579</u>	<u>464,777</u>	<u>19,198</u>
Streets and Drains -			
Personal services:			
Salaries and wages	423,755	418,302	(5,453)
Overtime pay	7,500	7,476	(24)
FICA	32,991	32,727	(264)
Employee retirement	47,352	47,416	64
Employee insurance	75,720	74,800	(920)
Workers' compensation	34,502	24,728	(9,774)
Operating expenditures:			
General supplies/postage	500	525	25
Dues/training/travel	1,125	1,420	295
Auto operating	43,250	34,418	(8,832)
Contracts/repairs	30,640	33,621	2,981
Building materials/supplies	65,000	66,866	1,866
Uniforms/clothing	5,400	5,390	(10)
Professional services	270	144	(126)
Special department supplies	14,600	14,277	(323)
Judgments/settlements	500	55	(445)
Insurance	8,488	7,206	(1,282)
Capital lease payments	90,406	88,154	(2,252)
Capital outlay:			
Automotive equipment	-	129,247	129,247
Total	<u>881,999</u>	<u>986,772</u>	<u>104,773</u>
Total Public Works	<u>\$ 1,450,300</u>	<u>\$ 1,571,026</u>	<u>\$ 120,726</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Recreation and Parks:			
Recreation -			
Personal services:			
Salaries and wages	\$ 326,156	\$ 333,474	\$ 7,318
Overtime pay	8,000	5,342	(2,658)
FICA	25,563	25,984	421
Employee retirement	36,690	37,175	485
Employee insurance	30,988	30,611	(377)
Workers' compensation	14,840	9,016	(5,824)
Operating expenditures:			
General supplies/postage	2,400	2,391	(9)
Dues/training/travel	8,910	10,952	2,042
Auto operating	3,260	1,348	(1,912)
Contract/repairs	7,750	4,198	(3,552)
Uniforms/clothing	900	-	(900)
Advertising	1,300	1,270	(30)
Rent	800	-	(800)
Professional services	27,620	31,488	3,868
Special department supplies	24,200	126,781	102,581
Basketball program	41,200	23,014	(18,186)
Softball program	28,000	23,676	(4,324)
Football program	33,500	29,586	(3,914)
Baseball program	66,000	84,658	18,658
Soccer program	54,500	45,805	(8,695)
Volleyball program	4,700	4,456	(244)
Concession stand supplies	100,000	130,522	30,522
Insurance	10,323	8,764	(1,559)
Operating expenditures:			
Capital outlay:			
Furniture/fixtures	1,500	-	(1,500)
Machines/equipment	-	-	-
Total	859,100	970,511	111,411

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Recreation and Parks (continued):			
Parks -			
Personal services:			
Salaries and wages	\$ 192,828	\$ 192,850	\$ 22
Overtime pay	11,000	14,755	3,755
FICA	15,593	16,157	564
Employee retirement	22,380	23,137	757
Employee insurance	39,587	39,106	(481)
Workers' compensation	7,342	4,506	(2,836)
Unemployment insurance	900	-	(900)
Operating expenditures:			
General supplies/postage	1,500	1,406	(94)
Dues/training/travel	1,150	1,276	126
Auto operating	14,675	13,229	(1,446)
Utility services	51,000	75,285	24,285
Contracts/repairs	53,950	54,852	902
Building materials/supplies	15,100	14,324	(776)
Uniforms/clothing	2,100	1,770	(330)
Advertising	300	-	(300)
Professional services	180	180	-
Special department supplies	18,500	20,500	2,000
Insurance	6,927	7,070	143
Capital lease payments	11,093	11,077	(16)
Capital outlay:			
Park improvements	5,000	-	(5,000)
Total	471,105	491,480	20,375
Property Maintenance -			
Personal services:			
Salaries and wages	500,104	483,610	(16,494)
Overtime pay	8,206	13,889	5,683
FICA	38,886	37,229	(1,657)
Employee retirement	55,812	55,396	(416)
Employee insurance	93,614	92,476	(1,138)
Workers' compensation	51,303	33,156	(18,147)
Unemployment insurance	900	-	(900)
Operating expenditures:			
General supplies/postage	1,400	1,551	151

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Recreation and Parks (continued):			
Property Maintenance (continued) -			
Dues/training/travel	\$ 2,900	\$ 3,403	\$ 503
Auto operating	35,668	33,510	(2,158)
Utility services	15,600	20,951	5,351
Data processing	700	183	(517)
Contracts/repairs	34,768	49,997	15,229
Building materials/supplies	3,600	4,058	458
Uniforms/clothing	7,500	8,367	867
Advertising	150	538	388
Professional services	119,628	124,034	4,406
Special department supplies	118,980	137,938	18,958
Insurance	10,748	14,081	3,333
Capital lease payments	87,269	85,472	(1,797)
Capital outlay:			
Automotive equipment	-	36,788	36,788
Machines/equipment	23,716	62,985	39,269
Total	<u>1,211,452</u>	<u>1,299,612</u>	<u>88,160</u>
Community Center -			
Personal services:			
Salaries and wages	73,046	74,795	1,749
Overtime pay	2,000	1,712	(288)
FICA	5,741	6,046	305
Employee retirement	8,240	8,527	287
Employee insurance	12,329	12,179	(150)
Workers' compensation	790	485	(305)
Unemployment insurance	250	-	(250)
Operating expenditures:			
General supplies/postage	2,800	2,232	(568)
Auto operating	375	337	(38)
Utility services	20,900	24,644	3,744
Contracts/repairs	15,200	16,457	1,257
Uniforms/clothing	650	242	(408)
Advertising	3,000	2,125	(875)
Professional services	24,000	9,277	(14,723)
Special department supplies	11,000	11,603	603
Insurance	2,916	2,476	(440)
Total	<u>183,237</u>	<u>173,137</u>	<u>(10,100)</u>

(continued)

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

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Recreation and Parks (continued):			
RVP Activities Center -			
Personal services:			
Salaries and wages	\$ 276,697	\$ 277,851	\$ 1,154
Overtime pay	12,000	12,273	273
FICA	22,085	22,134	49
Employee retirement	31,699	32,297	598
Employee insurance	48,750	48,157	(593)
Workers' compensation	6,477	2,502	(3,975)
Operating expenditures:			
General supplies/postage	7,500	7,682	182
Dues/training/travel	1,100	1,514	414
Auto operating	2,025	1,072	(953)
Utility services	121,000	146,574	25,574
Data processing	-	-	-
Contracts/repairs	65,295	56,160	(9,135)
Uniforms/clothing	1,400	108	(1,292)
Advertising	2,300	715	(1,585)
Professional services	180	-	(180)
Tournaments/special events	140,000	157,975	17,975
Special department supplies	14,500	35,526	21,026
Insurance	8,168	6,934	(1,234)
Operating expenditures:			
Capital outlay:			
Furniture/fixtures	1,500	-	(1,500)
Machines/equipment	15,000	-	(15,000)
Total	<u>777,676</u>	<u>809,474</u>	<u>31,798</u>
Total Recreation and Parks	<u>\$ 3,502,570</u>	<u>\$ 3,744,214</u>	<u>\$ 241,644</u>
Interest and fiscal charges	<u>-</u>	<u>12,395</u>	<u>12,395</u>
Total Expenditures	<u>\$ 15,774,538</u>	<u>\$ 16,627,442</u>	<u>\$ 852,904</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2015

	Capital Projects Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Equity in pooled cash	\$ 1,180,318	\$ 1,085,061	\$ 2,265,379
Investments	340,654	650,808	991,462
Grants receivable	6,106	-	6,106
Due from other funds	-	418	418
Restricted cash and investments	2,926,321	118,860	3,045,181
Total Assets	\$ 4,453,399	\$ 1,855,147	\$ 6,308,546
LIABILITIES			
Accounts payable	\$ 47,639	\$ 14,174	\$ 61,813
Retainage payable	257,929	-	257,929
Unearned revenue - assessment fees	90,695	-	90,695
Total Liabilities	396,263	14,174	410,437
FUND BALANCES			
Fund balances:			
Restricted for:			
Capital projects	2,932,427	-	2,932,427
Public safety (Fire Division)	-	114,937	114,937
Committed for:			
Capital projects	336,953	558,046	894,999
Recreation and parks	-	6,396	6,396
Special projects	-	1,161,594	1,161,594
Assigned for:			
Capital projects	857,014	-	857,014
Unassigned			
Recreation and parks	(69,258)	-	(69,258)
Total Fund Balances	4,057,136	1,840,973	5,898,109
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,453,399	\$ 1,855,147	\$ 6,308,546

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

DECEMBER 31, 2015

	Sales Tax Fund	Sales Tax II Fund	Street Improvements Fund	Tax Increment Fund	Transportation Improvement Fund	Project Jackson Construction Fund	Total
ASSETS							
Equity in pooled cash	\$ -	\$ -	\$ 576,868	\$ 271,243	\$ 96,005	\$ 236,202	\$ 1,180,318
Investments	-	-	53,484	174,379	112,791	-	340,654
Grants receivable	-	6,106	-	-	-	-	6,106
Restricted cash and investments	401,083	1,768,875	100,000	-	656,363	-	2,926,321
Total Assets	<u>\$ 401,083</u>	<u>\$ 1,774,981</u>	<u>\$ 730,352</u>	<u>\$ 445,622</u>	<u>\$ 865,159</u>	<u>\$ 236,202</u>	<u>\$ 4,453,399</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 108	\$ -	\$ -	\$ 47,531	\$ 47,639
Retainage payable	-	-	-	-	-	257,929	257,929
Unearned revenue - assessment fees	-	-	-	-	90,695	-	90,695
Total Liabilities	<u>-</u>	<u>-</u>	<u>108</u>	<u>-</u>	<u>90,695</u>	<u>305,460</u>	<u>396,263</u>
FUND BALANCES							
Fund balances:							
Restricted for:							
Capital projects	401,083	1,774,981	100,000	-	656,363	-	2,932,427
Committed for:							
Capital projects	-	-	282,714	-	54,239	-	336,953
Assigned for:							
Capital projects	-	-	347,530	445,622	63,862	-	857,014
Unassigned	-	-	-	-	-	(69,258)	(69,258)
Total Fund Balances	<u>401,083</u>	<u>1,774,981</u>	<u>730,244</u>	<u>445,622</u>	<u>774,464</u>	<u>(69,258)</u>	<u>4,057,136</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 401,083</u>	<u>\$ 1,774,981</u>	<u>\$ 730,352</u>	<u>\$ 445,622</u>	<u>\$ 865,159</u>	<u>\$ 236,202</u>	<u>\$ 4,453,399</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

DECEMBER 31, 2015

	Recreation Fund	Fireman's Fund	Riverfront/ Central Core Redevelopment Fund	Totals
ASSETS				
Equity in pooled cash	\$ 16,647	\$ -	\$ 1,068,414	\$ 1,085,061
Investments	-	-	650,808	650,808
Due to other funds	-	-	418	418
Restricted cash and investments	-	118,860	-	118,860
Total Assets	\$ 16,647	\$ 118,860	\$ 1,719,640	\$ 1,855,147
LIABILITIES				
Accounts payable	\$ 10,251	\$ 3,923	\$ -	\$ 14,174
Total Liabilities	10,251	3,923	-	14,174
FUND BALANCES				
Fund balances:				
Restricted for:				
Public safety (Fire Division)	-	114,937	-	114,937
Committed for:				
Capital projects	-	-	558,046	558,046
Recreation and parks	6,396	-	-	6,396
Special projects	-	-	1,161,594	1,161,594
Total Fund Balances	6,396	114,937	1,719,640	1,840,973
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,647	\$ 118,860	\$ 1,719,640	\$ 1,855,147

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2015

	Capital Projects Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad valorem property taxes	\$ 453,883	\$ -	\$ 453,883
Local hospitality and accommodations taxes	-	713,903	713,903
Intergovernmental	-	61,343	61,343
Interest earnings	18,659	8,843	27,502
Miscellaneous	266,802	6,684	273,486
Total Revenues	739,344	790,773	1,530,117
Expenditures:			
Current:			
General government	582,100	-	582,100
Public safety	-	65,505	65,505
Public works	4,747	-	4,747
Capital outlay	1,921,660	43,517	1,965,177
Debt Service:			
Capital lease payments	-	354,941	354,941
Interest and fiscal charges	-	152,552	152,552
Total Expenditures	2,508,507	616,515	3,125,022
Other Financing Uses:			
Transfers in	9,738,217	-	9,738,217
Transfers out	(9,738,217)	(40,075)	(9,778,292)
Total Other Financing Uses	-	(40,075)	(40,075)
Net change in fund balance	(1,769,163)	134,183	(1,634,980)
Fund balance, beginning of year	5,826,299	1,706,790	7,533,089
Fund balance, end of year	\$ 4,057,136	\$ 1,840,973	\$ 5,898,109

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED DECEMBER 31, 2015

	Sales Tax Fund	Sales Tax II Fund	Street Improvements Fund	Tax Increment Fund	Transportation Improvement Fund	Project Jackson Construction Fund	Totals
Revenues:							
Ad valorem property taxes	\$ -	\$ -	\$ -	\$ 453,883	\$ -	\$ -	\$ 453,883
Interest earnings	1,528	6,739	3,158	2,749	3,271	1,214	18,659
Miscellaneous	-	1,270	265,532	-	-	-	266,802
Total Revenues	1,528	8,009	268,690	456,632	3,271	1,214	739,344
Expenditures:							
Current:							
General government	-	-	-	380,079	-	202,021	582,100
Public works	-	-	4,747	-	-	-	4,747
Capital outlay	-	103,005	302,363	672,230	170,479	673,583	1,921,660
Total Expenditures	-	103,005	307,110	1,052,309	170,479	875,604	2,508,507
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	9,738,217	9,738,217
Transfers out	-	-	-	-	-	(9,738,217)	(9,738,217)
Total Other Financing Uses	-	-	-	-	-	-	-
Net change in fund balance	1,528	(94,996)	(38,420)	(595,677)	(167,208)	(874,390)	(1,769,163)
Fund balance, beginning of year	399,555	1,869,977	768,664	1,041,299	941,672	805,132	5,826,299
Fund balance, end of year	\$ 401,083	\$ 1,774,981	\$ 730,244	\$ 445,622	\$ 774,464	\$ (69,258)	\$ 4,057,136

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED DECEMBER 31, 2015

	Recreation Fund	Fireman's Fund	Riverfront/ Central Core Redevelopment Fund	Totals
Revenues:				
Local hospitality and accommodations taxes	\$ -	\$ -	\$ 713,903	\$ 713,903
Intergovernmental	-	61,343	-	61,343
Interest earnings	134	592	8,117	8,843
Miscellaneous	6,607	-	77	6,684
Total Revenues	<u>6,741</u>	<u>61,935</u>	<u>722,097</u>	<u>790,773</u>
Expenditures:				
Current:				
Public safety	-	65,505	-	65,505
Capital outlay	43,517	-	-	43,517
Debt Service:				
Capital lease payments	-	-	354,941	354,941
Interest and fiscal charges	-	-	152,552	152,552
Total Expenditures	<u>43,517</u>	<u>65,505</u>	<u>507,493</u>	<u>616,515</u>
Other Financing Uses:				
Transfers out	-	-	(40,075)	(40,075)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(40,075)</u>	<u>(40,075)</u>
Net change in fund balance	(36,776)	(3,570)	174,529	134,183
Fund balance, beginning of year	43,172	118,507	1,545,111	1,706,790
Fund balance, end of year	<u>\$ 6,396</u>	<u>\$ 114,937</u>	<u>\$ 1,719,640</u>	<u>\$ 1,840,973</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Operating Revenues:			
Water sales	\$ 3,276,733	\$ 3,203,352	\$ (73,381)
Sewer sales	5,276,564	5,277,987	1,423
Water tap fees	55,000	57,928	2,928
Sewer tap fees	85,000	113,382	28,382
Fire protection fees	11,700	11,808	108
Other	329,846	456,513	126,667
Total Operating Revenues	<u>9,034,843</u>	<u>9,120,970</u>	<u>86,127</u>
Operating Expenses:			
Utilities Finance	667,067	698,090	31,023
Utilities Administration	610,706	670,912	60,206
Water Operations and Maintenance	825,497	721,497	(104,000)
Water Production and Treatment	1,378,903	1,383,592	4,689
Wastewater Operations and Maintenance	3,360,474	3,326,088	(34,386)
Depreciation and amortization	-	1,010,069	1,010,069
Total Operating Expenses	<u>6,842,647</u>	<u>7,810,248</u>	<u>967,601</u>
Nonoperating Revenues (Expenses):			
Interest revenue	16,000	55,645	39,645
Interest expense and fiscal charges	-	(271,208)	(271,208)
Gain on sale of capital assets	-	27,430	27,430
Total Nonoperating Revenues (Expenses)	<u>16,000</u>	<u>(188,133)</u>	<u>(204,133)</u>
Income before contributions and operating transfers	2,208,196	1,122,589	(1,085,607)
Capital contributions	-	396,837	396,837
Transfers out	-	(366,705)	(366,705)
Change in net position	<u>\$ 2,208,196</u>	<u>\$ 1,152,721</u>	<u>\$ (1,055,475)</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Utilities Finance:			
Personal services:			
Salaries and wages	\$ 259,487	\$ 265,369	\$ 5,882
FICA	19,851	19,990	139
Employee retirement	30,565	41,491	10,926
Employee insurance	33,175	32,772	(403)
Workers' compensation	1,442	854	(588)
Operating expenses:			
General supplies/postage	117,297	82,703	(34,594)
Dues/training/travel	1,550	2,261	711
Data processing	75,600	79,459	3,859
Contracts and repairs	75,300	78,234	2,934
Professional services	23,900	24,587	687
Special department supplies	-	38,276	38,276
Insurance	900	764	(136)
Bad debts	28,000	31,330	3,330
Total Utilities Finance	667,067	698,090	31,023
Utilities Administration:			
Personal services:			
Salaries and wages	331,573	347,786	16,213
Overtime pay	5,155	5,756	601
FICA	25,760	26,519	759
Employee retirement	36,973	52,068	15,095
Employee insurance	59,418	59,560	142
Workers' compensation	29,053	17,832	(11,221)
Unemployment insurance	650	59	(591)
Operating expenses:			
General supplies/postage	2,100	2,428	328
Dues/training/travel	5,930	6,521	591
Auto operating	14,255	17,013	2,758
Utility services	15,914	13,824	(2,090)
Contracts and repairs	10,740	8,537	(2,203)
Building material	800	644	(156)
Uniforms and clothing	2,935	2,999	64
Advertising	150	-	(150)
Professional services	4,112	66,267	62,155
Special department supplies	6,913	7,824	911
Lease purchase	16,723	-	(16,723)
Insurance	41,552	35,275	(6,277)
Total Utilities Administration	610,706	670,912	60,206

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Water Operations and Maintenance:			
Personal services:			
Salaries and wages	\$ 316,216	\$ 310,912	\$ (5,304)
Overtime pay	22,716	13,839	(8,877)
FICA	25,929	24,470	(1,459)
Employee retirement	37,215	64,625	27,410
Employee insurance	60,299	59,566	(733)
Workers' compensation	10,517	6,025	(4,492)
Operating expenses:			
Dues/training	2,000	1,828	(172)
Auto operating	42,234	32,216	(10,018)
Contracts and repairs	26,817	17,963	(8,854)
Building material	11,900	9,552	(2,348)
Uniforms and clothing	4,360	4,509	149
Advertising	150	250	100
Professional services	180	1,084	904
Special department supplies	84,448	62,418	(22,030)
Judgments/settlements	500	-	(500)
Insurance	3,798	3,224	(574)
Line upgrades	115,412	109,016	(6,396)
Small equipment	60,806	-	(60,806)
Total Water Operations and Maintenance	825,497	721,497	(104,000)
Water Production and Treatment:			
Personal services:			
Salaries and wages	433,989	440,685	6,696
Overtime pay	32,000	27,506	(4,494)
FICA	35,648	35,146	(502)
Employee retirement	51,166	70,969	19,803
Employee insurance	54,585	53,922	(663)
Workers' compensation	7,366	4,546	(2,820)
Operating expenses:			
General supplies	4,700	2,542	(2,158)
Dues/training	8,400	4,819	(3,581)
Advertising	300	-	(300)
Auto operating	8,300	2,988	(5,312)
Utility services	365,000	458,219	93,219
Contracts and repairs	135,480	82,722	(52,758)
Building material	3,400	251	(3,149)

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - WATER AND WASTEWATER SYSTEM

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Water Production and Treatment (continued):			
Operating expenses (continued):			
Uniforms and clothing	\$ 3,800	\$ 3,028	\$ (772)
Professional services	55,180	49,430	(5,750)
ACPSA treatment charges	4,500	3,810	(690)
Special department supplies	167,900	139,485	(28,415)
Insurance	3,009	3,524	515
Leases	4,180	-	(4,180)
Total Water Production and Treatment	<u>1,378,903</u>	<u>1,383,592</u>	<u>4,689</u>
Wastewater Operations and Maintenance:			
Personal services:			
Salaries and wages	410,513	403,460	(7,053)
Overtime pay	22,665	17,955	(4,710)
FICA	33,138	31,010	(2,128)
Employee retirement	47,563	46,789	(774)
Employee insurance	68,950	68,112	(838)
Workers' compensation	34,478	21,199	(13,279)
Unemployment insurance	1,000	-	(1,000)
Operating expenses:			
Dues/training	1,100	558	(542)
Auto operating	36,589	25,193	(11,396)
Utility services	73,145	64,160	(8,985)
Contracts and repairs	247,374	239,090	(8,284)
Building material	14,276	11,607	(2,669)
Uniforms and clothing	5,350	5,710	360
Advertising	150	-	(150)
Professional services	180	1,165	985
ACPSA treatment charges	2,235,100	2,354,808	119,708
Special department supplies	20,192	17,088	(3,104)
Judgments/settlements	500	-	(500)
Insurance	15,081	18,184	3,103
Leases	74,370	-	(74,370)
Small equipment	18,760	-	(18,760)
Total Wastewater Operations and Maintenance	<u>3,360,474</u>	<u>3,326,088</u>	<u>(34,386)</u>
Depreciation and amortization	-	1,010,069	1,010,069
Total Operating Expense	<u>\$ 6,842,647</u>	<u>\$ 7,810,248</u>	<u>\$ 967,601</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Operating Revenues:			
Sanitation service fees	\$ 2,614,584	\$ 2,640,608	\$ 26,024
Recycling fees	1,105,460	1,224,863	119,403
Sale of recyclables	399,360	302,838	(96,522)
Other	47,990	118,654	70,664
Total Operating Revenues	<u>4,167,394</u>	<u>4,286,963</u>	<u>119,569</u>
Operating Expenses:			
Sanitation operations	2,645,896	2,188,034	(457,862)
Material recovery facility	1,380,310	1,367,633	(12,677)
Depreciation	-	731,277	731,277
Total Operating Expenses	<u>4,026,206</u>	<u>4,286,944</u>	<u>260,738</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	-	2,449	2,449
Interest revenue	7,000	8,566	1,566
Interest expense	-	(29,604)	(29,604)
Gain on disposal of assets	-	18,677	18,677
Total Nonoperating Revenues	<u>7,000</u>	<u>88</u>	<u>(6,912)</u>
Income before contributions and transfers	148,188	107	(148,081)
Transfers:			
Transfer out	(148,188)	(148,188)	-
Total Transfers	<u>(148,188)</u>	<u>(148,188)</u>	<u>-</u>
Change in net position	<u>\$ -</u>	<u>\$ (148,081)</u>	<u>\$ (148,081)</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Sanitation Operations:			
Personal services:			
Salaries and wages	\$ 1,052,764	\$ 1,039,748	\$ (13,016)
Overtime pay	9,592	13,907	4,315
FICA	81,270	80,848	(422)
Employee retirement	116,647	153,617	36,970
Employee insurance	184,642	183,130	(1,512)
Workers' compensation	68,522	42,736	(25,786)
Unemployment insurance	2,000	181	(1,819)
Operating expenses:			
General supplies	2,000	1,675	(325)
Dues/training	3,782	3,157	(625)
Auto operating	285,742	219,601	(66,141)
Utility services	29,519	28,069	(1,450)
Data processing	35,400	26,422	(8,978)
Contracts and repairs	105,700	118,358	12,658
Uniforms and clothing	11,700	10,833	(867)
Advertising	250	690	440
Professional services	13,709	13,925	216
Special department supplies	226,351	217,348	(9,003)
Judgments/settlements	500	-	(500)
Leases	384,952	-	(384,952)
Insurance	30,854	33,789	2,935
Total Sanitation Operations	<u>2,645,896</u>	<u>2,188,034</u>	<u>(457,862)</u>

(continued)

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - SANITATION SERVICES

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Material Recovery Facility:			
Personal services:			
Salaries and wages	\$ 375,112	\$ 383,891	\$ 8,779
Overtime pay	18,110	20,797	2,687
FICA	30,081	30,169	88
Employee retirement	43,176	57,261	14,085
Employee insurance	64,342	63,560	(782)
Workers' compensation	29,263	19,069	(10,194)
Unemployment insurance	1,000	-	(1,000)
Operating expenses:			
General supplies	1,100	361	(739)
Dues/training	605	50	(555)
Auto operating	68,480	101,117	32,637
Utility services	17,047	23,138	6,091
Contracts and repairs	68,605	104,021	35,416
Building material	2,000	1,523	(477)
Recycling expenses	86,100	63,368	(22,732)
Uniforms and clothing	6,500	6,508	8
Advertising	600	321	(279)
Professional services	78,570	86,489	7,919
Special department supplies	342,714	391,166	48,452
Leases	122,363	-	(122,363)
Small equipment	9,200	-	(9,200)
Insurance	15,342	14,824	(518)
Total Material Recovery Facility	<u>1,380,310</u>	<u>1,367,633</u>	<u>(12,677)</u>
Depreciation	-	731,277	731,277
Total Operating Expenses	<u>\$ 4,026,206</u>	<u>\$ 4,286,944</u>	<u>\$ 260,738</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF REVENUES AND EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Operating Revenues:			
Stormwater utility fees	\$ 738,045	\$ 746,814	\$ 8,769
Other	10,868	9,735	(1,133)
Total Operating Revenues	<u>748,913</u>	<u>756,549</u>	<u>7,636</u>
Operating Expenses:			
Stormwater operations	752,913	448,650	(304,263)
Depreciation	-	45,529	45,529
Total Operating Expenses	<u>752,913</u>	<u>494,179</u>	<u>(258,734)</u>
Nonoperating Revenues (Expenses):			
Interest revenue	4,000	2,165	(1,835)
Total Nonoperating Revenues (Expenses)	<u>4,000</u>	<u>2,165</u>	<u>(1,835)</u>
Change in net position	<u>\$ -</u>	<u>\$ 264,535</u>	<u>\$ 264,535</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF OPERATING EXPENSES - BUDGETED AND ACTUAL
ENTERPRISE FUND - STORMWATER UTILITY FUND

YEAR ENDED DECEMBER 31, 2015

	2015		
	Original and Final Budget	Actual	Over (Under) Budget
Stormwater Operations:			
Personal services:			
Salaries and wages	\$ 272,468	\$ 275,730	\$ 3,262
FICA	20,844	20,745	(99)
Employee retirement	29,917	40,478	10,561
Employee insurance	39,436	39,245	(191)
Workers' compensation	8,030	4,929	(3,101)
Unemployment insurance	200	24	(176)
Operating expenses:			
General supplies	1,400	949	(451)
Dues/training	4,425	4,373	(52)
Auto operating	10,475	7,072	(3,403)
Data processing	28,600	24,915	(3,685)
Contracts and repairs	5,940	2,384	(3,556)
Uniforms and clothing	2,000	1,449	(551)
Advertising	2,500	878	(1,622)
Professional services	20,219	16,366	(3,853)
Special department supplies	5,185	6,002	817
Insurance	3,665	3,111	(554)
Drainage projects	297,609	-	(297,609)
Total Stormwater Operations	<u>752,913</u>	<u>448,650</u>	<u>(304,263)</u>
Depreciation	-	45,529	45,529
Total Operating Expenses	<u>\$ 752,913</u>	<u>\$ 494,179</u>	<u>\$ (258,734)</u>

SCHEDULE REQUIRED BY STATE LAW

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

Court Fines:	
Court fines collected	\$ 425,168
Court fines retained by City	425,168
Court fines remitted to State Treasurer	<u>\$ -</u>
Court Assessments:	
Court assessments collected	\$ 409,929
Court assessments retained by City	45,596
Court assessments remitted to State Treasurer	<u>\$ 364,333</u>
Court Surcharges:	
Court surcharges collected	\$ 232,190
Court surcharges retained by City	20,707
Court surcharges remitted to State Treasurer	<u>\$ 211,483</u>
Victim Services:	
Court assessments allocated to Victim Services	\$ 45,596
Court surcharges allocated to Victim Services	11,531
Funds allocated to Victim Services	57,127
Victim Services Expenditures	28,521
Funds Allocated to Victim Services in Excess of Victim Services Expenditures	28,606
Funds available for carryforward - beginning of year	60,140
Funds available for carryforward - end of year	<u>\$ 88,746</u>

COMPLIANCE SECTION

Report of Independent Auditor 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*

City Council of the
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 (the "City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
May 11, 2016

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Grant Guidance

City Council of the
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 (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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'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's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2015.

Report on Internal Control over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 the Uniform Guidance, 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'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
May 11, 2016

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2015

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA #</u>	<u>Pass-thru entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program			
Pass-thru program from:			
SC Governor's Office	16.607	2013BUBX13066524	\$ 710
SC Governor's Office	16.607	2014BUBX14074890	2,704
		Total CFDA #16.607	<u>3,414</u>
U.S. Department of Transportation			
Federal Highway Administration			
Highway Planning and Construction			
Pass-thru program from:			
SC Department of Transportation	20.205	LPA-9-13	117,035
National Highway Traffic Safety			
State and Community Highway Safety			
Pass-thru program from:			
SC Department of Public Safety	20.600	2JC15002	26,492
SC Department of Public Safety	20.600	2JC16002	814
		Total CFDA #20.600	<u>27,306</u>
U.S. Environmental Protection Agency			
Office of Water			
Capitalization Grants for Drinking Water			
State Revolving Funds			
Pass-thru program from:			
SC Budget and Control Board	66.468	3-060-14-0210003-01	736,250
Total Expenditures of Federal Awards			<u>\$ 884,005</u>

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2015

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of North Augusta, South Carolina, (the "City") under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in nets assets, or cash flows of the City.

Note 2—Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3—State Revolving Loan Funds

Beginning in fiscal year 2014, the City received revolving grant funds from the State in the form of loans, from the U.S. Environmental Protection Agency, Office of Water, passed through the South Carolina Budget and Control Board under Capitalization Grants for Safe Drinking Water State Revolving Loan Funds (CFDA#66.468). The purpose of the grant/loans is to assist in financing the construction of projects that will enable the City to comply with statutory safe drinking standards. The source of the funds for these revolving loans include federal capitalization grant, state match, ARRA, and recycled funds. Loan funds from recycled and state funds are not considered federal funds and are not included on the Schedule of Expenditures of Federal Awards.

The terms of the grant/loans and the outstanding balances at December 31, 2015 are as follows:

Grant Fiscal Year	2014	2015
CFDA #	66.468	66.468
Description	WTP Phase 1	WTP Phase 2
Project Number	3-060-14-0210003-01	3-065-14-0210003-02
Not to Exceed	\$13,000,000	\$13,000,000
Interest Rate and Term	2.00% / 20 years	2.00% / 20 years

These loans are not considered to have continuing compliance requirements under the Uniform Grant Guidance, and, therefore, are only reported on the Schedule of Expenditures of Federal Awards in the year in which the funds are expended and drawn.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2015

Note 4—Prior Year Expenditures Included on the Current Year SEFA

The SEFA includes the following federal expenditures that were incurred in the prior year:

Enhancement Project Grant - CFDA #20.205 in the amount of \$117,035. All of the expenditures were incurred in FY 2014. The South Carolina Department of Transportation, the pass-through entity, agreed that the City should report these expenditures on the FY 2015 SEFA.

Note 5—Non-cash awards

The City did not receive non-cash federal awards during the year ended December 31, 2015.

Note 6—Subrecipients

The City did not provide federal awards to subrecipients during the year ended December 31, 2015.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2015

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)? yes no

Major Programs:

The programs tested as major programs of the City of North Augusta, South Carolina included:

<u>CFDA #</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for Safe Drinking Water State Revolving Loan Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low-risk auditee? yes no

Section II. Findings in relation to the Audit of the Financial Statements

None reported.

Section III. Federal Awards Findings and Questioned Costs

None reported.

CITY OF NORTH AUGUSTA, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2015

Findings - Financial Statement Audit

2014-001

Federal Emergency Management Agency Disaster Public Assistance Grant Program - CFDA # 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.

Findings and Questioned Costs - Major Federal Award Programs Audit

2014-002

Federal Emergency Management Agency Disaster Public Assistance Grant Program - CFDA # 97.036
See financial statement finding 2014-001.

Current Status

Questioned costs were refunded in full. Finding has been corrected.

North
Augusta

South Carolina's Riverfront



**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>	95 – 99
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>	100 – 106
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>	107 – 111
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>	112 – 113
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>	114 – 118

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

North
Augusta

South Carolina's Riverfront



City of North Augusta, South Carolina
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Year Ending December 31				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities					
Net investment in capital assets	\$ 28,977,233	\$ 32,909,692	\$ 37,222,478	\$ 43,873,602	\$ 44,780,462
Restricted	4,716,068	6,386,196	47,801	9,771	5,461
Unrestricted	4,389,098	8,315,826	14,824,747	12,594,803	15,028,645
Total governmental activities net position	<u>\$ 38,082,399</u>	<u>\$ 47,611,714</u>	<u>\$ 52,095,026</u>	<u>\$ 56,478,176</u>	<u>\$ 59,814,568</u>
Business-type activities					
Net investment in capital assets	\$ 32,069,057	\$ 33,496,267	\$ 39,260,545	\$ 40,738,413	\$ 41,186,486
Restricted	8,263,966	9,709,599	8,669,853	9,329,287	10,537,438
Unrestricted	8,182,270	9,426,228	9,366,037	9,289,594	9,417,349
Total business-type activities net position	<u>\$ 48,515,293</u>	<u>\$ 52,632,094</u>	<u>\$ 57,296,435</u>	<u>\$ 59,357,294</u>	<u>\$ 61,141,273</u>
Primary Government					
Net investment in capital assets	\$ 61,046,290	\$ 66,405,959	\$ 76,483,023	\$ 84,612,015	\$ 85,966,948
Restricted	12,980,034	16,095,795	8,717,654	9,339,058	10,542,899
Unrestricted	12,571,368	17,742,054	24,190,784	21,884,397	24,445,994
Total primary government net position	<u>\$ 86,597,692</u>	<u>\$ 100,243,808</u>	<u>\$ 109,391,461</u>	<u>\$ 115,835,470</u>	<u>\$ 120,955,841</u>

	Year Ending December 31				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 48,387,572	\$ 51,180,628	\$ 53,791,597	\$ 57,779,457	\$ 59,649,524
Restricted	9,158,402	7,210,998	7,810,702	7,536,710	6,964,338
Unrestricted	6,382,049	7,342,802	5,466,773	4,267,933	(6,848,500)
Total governmental activities net position	<u>\$ 63,928,023</u>	<u>\$ 65,734,428</u>	<u>\$ 67,069,072</u>	<u>\$ 69,584,100</u>	<u>\$ 59,765,362</u>
Business-type activities					
Net investment in capital assets	\$ 44,889,398	\$ 46,022,914	\$ 47,734,609	\$ 51,802,542	\$ 53,610,839
Restricted	9,422,871	10,116,845	10,104,431	9,883,717	10,248,230
Unrestricted	8,342,254	8,233,390	7,777,449	6,767,765	(1,175,007)
Total business-type activities net position	<u>\$ 62,654,523</u>	<u>\$ 64,373,149</u>	<u>\$ 65,616,489</u>	<u>\$ 68,454,024</u>	<u>\$ 62,684,062</u>
Primary Government					
Net investment in capital assets	\$ 93,276,970	\$ 97,203,542	\$ 101,526,206	\$ 109,581,999	\$ 113,260,363
Restricted	18,581,273	17,327,843	17,915,133	17,420,427	17,212,568
Unrestricted	14,724,303	15,576,192	13,244,222	11,035,698	(8,023,507)
Total primary government net position	<u>\$ 126,582,546</u>	<u>\$ 130,107,577</u>	<u>\$ 132,685,561</u>	<u>\$ 138,038,124</u>	<u>\$ 122,449,424</u>

Note: A prior period adjustment for ad valorem property tax revenues and related allowance of \$28,681 required a restatement of beginning net position for Fiscal Year 2014

Note: GASB 68, Accounting and Financial Reporting for Pensions and GASB 71 Pension Transition for Contributions Made Subsequent to the Measurement Date, were adopted by the City for Fiscal Year 2015. A restatement of beginning net position of \$18,624,474 was required to reflect implementation.

City of North Augusta, South Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Year Ending December 31				
	2006	2007	2008	2009	2010
Expenses					
Governmental activities:					
General government	\$ 2,858,015	\$ 3,283,604	\$ 2,890,989	\$ 3,646,500	\$ 3,798,574
Public safety	4,624,981	4,955,943	5,265,573	5,414,709	5,898,849
Public works	1,516,253	1,487,012	2,692,210	1,883,507	1,796,722
Recreation and parks	2,928,875	3,327,793	3,763,461	3,623,796	3,994,496
Debt service - interest and fees	23,700	24,001	433,418	476,037	380,060
Loss on debt defeasance	-	-	-	-	-
Total governmental activities expenses	<u>\$ 11,951,824</u>	<u>\$ 13,078,353</u>	<u>\$ 15,045,651</u>	<u>\$ 15,044,549</u>	<u>\$ 15,868,701</u>
Business-type activities:					
Water and wastewater	\$ 6,080,671	\$ 6,364,814	\$ 6,694,797	\$ 6,782,763	\$ 6,994,927
Sanitation	2,845,766	3,066,729	3,239,034	3,012,364	3,054,296
Stormwater utility	276,721	281,471	373,803	529,291	519,481
Savannah Bluff Lock and Dam	-	-	-	6,062	23,275
Total business-type activities expenses	<u>\$ 9,203,158</u>	<u>\$ 9,713,014</u>	<u>\$ 10,307,634</u>	<u>\$ 10,330,480</u>	<u>\$ 10,591,979</u>
Total primary government expenses	<u>\$ 21,154,982</u>	<u>\$ 22,791,367</u>	<u>\$ 25,353,285</u>	<u>\$ 25,375,029</u>	<u>\$ 26,460,680</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 4,177,540	\$ 4,552,001	\$ 4,481,413	\$ 4,344,903	\$ 4,386,190
Public safety	925,170	995,420	897,428	945,905	1,082,900
Recreation and parks	915,439	935,166	931,614	921,644	1,110,505
Operating grants and contributions	690,426	754,944	856,777	789,968	893,625
Capital grants and contributions	1,528,331	3,477,186	1,768,611	1,813,172	489,270
Total governmental activities program revenues	<u>\$ 8,236,906</u>	<u>\$ 10,714,717</u>	<u>\$ 8,935,843</u>	<u>\$ 8,815,592</u>	<u>\$ 7,962,490</u>
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 6,799,406	\$ 7,606,718	\$ 7,537,277	\$ 7,714,553	\$ 8,148,497
Sanitation	3,026,197	3,306,010	3,308,538	3,182,076	3,384,930
Stormwater utility	522,304	536,597	547,766	554,394	563,305
Capital grants and contributions	687,953	1,600,851	3,091,789	955,928	511,472
Total business-type activities program revenues	<u>\$ 11,035,860</u>	<u>\$ 13,050,176</u>	<u>\$ 14,485,370</u>	<u>\$ 12,406,951</u>	<u>\$ 12,608,204</u>
Total primary government program revenues	<u>\$ 19,272,766</u>	<u>\$ 23,764,893</u>	<u>\$ 23,421,213</u>	<u>\$ 21,222,543</u>	<u>\$ 20,570,694</u>
Net (expense) / revenue					
Governmental activities	\$ (3,714,918)	\$ (2,363,636)	\$ (6,109,808)	\$ (6,228,957)	\$ (7,906,211)
Business-type activities	1,832,702	3,337,162	4,177,736	2,076,471	2,016,225
Total primary government net expense	<u>\$ (1,882,216)</u>	<u>\$ 973,526</u>	<u>\$ (1,932,072)</u>	<u>\$ (4,152,486)</u>	<u>\$ (5,889,986)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545	\$ 6,142,064
Capital projects sales taxes	617,589	4,679,330	3,415,808	3,331,626	3,354,214
Local hospitality and accommodations taxes	499,739	537,879	550,501	548,490	555,230
Interest on investments	591,214	964,169	533,146	92,616	54,755
Miscellaneous	277,895	326,658	198,679	106,871	577,187
Transfers	315,993	330,850	396,667	537,959	559,153
Total governmental activities	<u>\$ 7,196,045</u>	<u>\$ 11,892,951</u>	<u>\$ 10,593,120</u>	<u>\$ 10,612,107</u>	<u>\$ 11,242,603</u>
Business-type activities:					
Interest on investments	\$ 681,580	\$ 862,217	\$ 400,115	\$ 95,157	\$ 63,562
Miscellaneous	250,910	248,272	483,157	427,190	263,345
Transfers	(315,993)	(330,850)	(396,667)	(537,959)	(559,153)
Total business-type activities	<u>\$ 616,497</u>	<u>\$ 779,639</u>	<u>\$ 486,605</u>	<u>\$ (15,612)</u>	<u>\$ (232,246)</u>
Total primary government	<u>\$ 7,812,542</u>	<u>\$ 12,672,590</u>	<u>\$ 11,079,725</u>	<u>\$ 10,596,495</u>	<u>\$ 11,010,357</u>
Change in Net Position					
Governmental activities	\$ 3,481,127	\$ 9,529,315	\$ 4,483,312	\$ 4,383,150	\$ 3,336,392
Business-type activities	2,449,199	4,116,801	4,664,341	2,060,859	1,783,979
Total primary government	<u>\$ 5,930,326</u>	<u>\$ 13,646,116</u>	<u>\$ 9,147,653</u>	<u>\$ 6,444,009</u>	<u>\$ 5,120,371</u>

(continued)

City of North Augusta, South Carolina
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Year Ending December 31				
	2011	2012	2013	2014	2015
Expenses					
Governmental activities:					
General government	\$ 3,416,002	\$ 3,574,637	\$ 3,893,288	\$ 4,181,576	\$ 4,573,665
Public safety	6,546,364	6,975,047	6,615,699	7,232,466	7,517,589
Public works	2,796,708	2,980,032	2,609,477	2,348,897	2,051,542
Recreation and parks	3,792,045	4,053,013	4,212,673	4,501,259	4,723,035
Debt service - interest and fees	358,055	340,610	313,866	163,147	168,583
Loss on debt defeasance	-	-	277,682	-	-
Total governmental activities expenses	<u>\$ 16,909,174</u>	<u>\$ 17,923,339</u>	<u>\$ 17,922,685</u>	<u>\$ 18,427,345</u>	<u>\$ 19,034,414</u>
Business-type activities:					
Water and sewer	\$ 7,220,770	\$ 6,958,202	\$ 7,491,321	\$ 7,420,051	\$ 8,081,456
Sanitation	3,168,553	3,160,647	3,376,614	3,958,515	4,316,548
Stormwater utility	542,919	568,984	826,121	507,555	494,179
Savannah Bluff Lock and Dam utility	22,000	24,000	24,000	24,000	24,000
Total business-type activities expenses	<u>\$ 10,954,242</u>	<u>\$ 10,711,833</u>	<u>\$ 11,718,056</u>	<u>\$ 11,910,121</u>	<u>\$ 12,916,183</u>
Total primary government expenses	<u>\$ 27,863,416</u>	<u>\$ 28,635,172</u>	<u>\$ 29,640,741</u>	<u>\$ 30,337,466</u>	<u>\$ 31,950,597</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 4,605,180	\$ 4,711,699	\$ 4,892,172	\$ 5,272,149	\$ 5,621,613
Public safety	1,177,117	1,092,699	1,055,155	1,109,022	1,067,969
Recreation and parks	1,060,317	1,019,548	1,058,841	1,090,469	1,285,045
Operating grants and contributions	1,375,032	848,298	872,295	1,496,428	943,574
Capital grants and contributions	1,569,830	1,619,796	1,357,083	468,934	-
Total governmental activities program revenues	<u>\$ 9,787,476</u>	<u>\$ 9,292,040</u>	<u>\$ 9,235,546</u>	<u>\$ 9,437,002</u>	<u>\$ 8,918,201</u>
Business-type activities:					
Charges for services:					
Water and sewer	\$ 8,450,349	\$ 8,388,987	\$ 8,564,524	\$ 8,800,125	\$ 8,664,457
Sanitation	3,400,975	3,388,623	3,647,518	4,163,934	4,168,309
Stormwater utility	572,288	573,660	575,233	584,566	746,814
Operating grants and contributions	-	-	-	264,747	2,449
Capital grants and contributions	245,500	206,463	220,936	618,036	396,837
Total business-type activities program revenues	<u>\$ 12,669,112</u>	<u>\$ 12,557,733</u>	<u>\$ 13,008,211</u>	<u>\$ 14,431,408</u>	<u>\$ 13,978,866</u>
Total primary government program revenues	<u>\$ 22,456,588</u>	<u>\$ 21,849,773</u>	<u>\$ 22,243,757</u>	<u>\$ 23,868,410</u>	<u>\$ 22,897,067</u>
Net (expense) / revenue					
Governmental activities	\$ (7,121,698)	\$ (8,631,299)	\$ (8,687,139)	\$ (8,990,343)	\$ (10,116,213)
Business-type activities	1,714,870	1,845,900	1,290,155	2,521,287	1,062,683
Total primary government net expense	<u>\$ (5,406,828)</u>	<u>\$ (6,785,399)</u>	<u>\$ (7,396,984)</u>	<u>\$ (6,469,056)</u>	<u>\$ (9,053,530)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Ad valorem property taxes	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860	\$ 6,993,684	\$ 6,874,139
Capital projects sales taxes	3,474,959	1,861,677	1,180,511	2,733,613	2,828,301
Local hospitality and accommodations taxes	559,853	584,227	622,971	661,531	713,903
Interest on investments	33,350	77,894	70,768	69,440	89,791
Gain(loss) on disposal of capital assets	-	-	-	-	(3,311)
Miscellaneous	336,245	590,882	631,662	696,936	886,062
Transfers	536,574	542,241	657,011	378,848	514,893
Total governmental activities	<u>\$ 11,235,153</u>	<u>\$ 10,437,704</u>	<u>\$ 10,021,783</u>	<u>\$ 11,534,052</u>	<u>\$ 11,903,778</u>
Business-type activities:					
Interest on investments	\$ 42,216	\$ 56,203	\$ 48,450	\$ 50,735	\$ 69,410
Gain(loss) on disposal of capital assets	-	-	-	-	46,107
Miscellaneous	292,738	358,764	561,746	644,361	584,902
Transfers	(536,574)	(542,241)	(657,011)	(378,848)	(514,893)
Total business-type activities	<u>\$ (201,620)</u>	<u>\$ (127,274)</u>	<u>\$ (46,815)</u>	<u>\$ 316,248</u>	<u>\$ 185,526</u>
Total primary government	<u>\$ 11,033,533</u>	<u>\$ 10,310,430</u>	<u>\$ 9,974,968</u>	<u>\$ 11,850,300</u>	<u>\$ 12,089,304</u>
Change in Net Position					
Governmental activities	\$ 4,113,455	\$ 1,806,405	\$ 1,334,644	\$ 2,543,709	\$ 1,787,565
Business-type activities	1,513,250	1,718,626	1,243,340	2,837,535	1,248,209
Total primary government	<u>\$ 5,626,705</u>	<u>\$ 3,525,031</u>	<u>\$ 2,577,984</u>	<u>\$ 5,381,244</u>	<u>\$ 3,035,774</u>

City of North Augusta, South Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Year Ending December 31				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 2,433	\$ 61,429	\$ 49,883	\$ 10,947	\$ 6,780
Unreserved	1,294,516	1,018,244	257,821	595,511	522,008
Total General Fund	<u>\$ 1,296,949</u>	<u>\$ 1,079,673</u>	<u>\$ 307,704</u>	<u>\$ 606,458</u>	<u>\$ 528,788</u>
All Other Governmental Funds					
Reserved	\$ 4,723,255	\$ 6,333,187	\$ 7,187	\$ 7,187	\$ -
Unreserved	8,187,083	14,049,569	14,964,062	12,509,474	15,060,268
Total all other governmental funds	<u>\$ 12,910,338</u>	<u>\$ 20,382,756</u>	<u>\$ 14,971,249</u>	<u>\$ 12,516,661</u>	<u>\$ 15,060,268</u>
	Year Ending December 31				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable *	\$ 1,723	\$ 1,220	\$ 1,630	\$ 1,774	\$ -
Restricted *	2,600	3,140	32,841	60,140	88,746
Committed *	695,829	1,143,666	966,050	1,073,650	796,106
Unassigned *	-	-	-	-	2,375,000
Total General Fund	<u>\$ 700,152</u>	<u>\$ 1,148,026</u>	<u>\$ 1,000,521</u>	<u>\$ 1,135,564</u>	<u>\$ 3,259,852</u>
All Other Governmental Funds					
Restricted *	8,599,562	6,725,864	7,065,591	6,746,666	5,790,157
Committed *	2,053,852	1,197,249	1,534,983	2,114,554	2,184,346
Assigned *	4,728,272	6,031,460	4,234,929	2,489,051	1,261,269
Unassigned *	-	-	-	(188,988)	(69,258)
Total all other governmental funds	<u>\$ 15,381,686</u>	<u>\$ 13,954,573</u>	<u>\$ 12,835,503</u>	<u>\$ 11,161,283</u>	<u>\$ 9,166,514</u>

*GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, was adopted by the City for Fiscal Year 2011.

City of North Augusta, South Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Year Ending December 31				
	2006	2007	2008	2009	2010
Revenues					
Ad valorem taxes	\$ 4,893,615	\$ 5,054,065	\$ 5,498,319	\$ 5,994,545	\$ 6,142,064
Capital projects sales taxes	617,589	4,679,330	3,415,808	3,331,626	3,354,214
Local hospitality and accommodations taxes	499,739	537,879	550,501	548,490	555,230
Licenses and permits	4,177,540	4,552,001	4,481,413	4,344,903	4,386,190
Fines and forfeitures	855,129	926,477	830,404	880,343	1,017,029
Charges for services	985,480	1,004,109	998,638	1,083,661	1,176,376
Intergovernmental	1,242,562	965,087	2,263,544	2,181,554	1,105,430
Miscellaneous/interest earnings	912,490	1,574,185	907,236	453,852	513,604
Contributions	-	-	57,000	-	-
Grant revenue	-	-	304,844	421,586	-
Total Revenues	\$ 14,184,144	\$ 19,293,133	\$ 19,307,707	\$ 19,240,560	\$ 18,250,137
Expenditures					
General government	\$ 2,739,949	\$ 2,681,386	\$ 2,881,302	\$ 2,921,774	\$ 3,296,614
Public safety	4,365,183	4,657,544	4,992,356	5,091,162	5,547,594
Public works	812,420	902,549	1,116,121	1,078,396	1,182,030
Recreation and parks	2,487,298	2,589,110	2,922,300	2,818,409	2,947,681
Capital outlay	5,021,984	8,294,272	12,209,020	8,928,503	2,596,756
Debt service:					
Capital lease payments	394,662	371,555	906,150	945,126	883,675
Interest and fiscal charges	23,700	142,499	433,418	412,307	386,664
Intergovernmental	-	-	800,000	-	-
Total Expenditures	\$ 15,845,196	\$ 19,638,915	\$ 26,260,667	\$ 22,195,677	\$ 16,841,014
Excess (deficiency) of revenues over (under) expenditures	\$ (1,661,052)	\$ (345,782)	\$ (6,952,960)	\$ (2,955,117)	\$ 1,409,123
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ -	\$ 634,442	\$ -	\$ -	\$ 293,749
Capital lease obligations	313,677	6,689,632	408,499	285,909	217,368
Lease issuance cost	-	(24,000)	-	-	-
Proceeds from bond issue	4,716,068	-	-	-	-
Transfers in	1,725,684	1,625,366	1,439,423	771,195	1,141,208
Transfers out	(1,409,691)	(1,294,516)	(1,078,440)	(257,821)	(595,511)
Total other financing sources (uses)	\$ 5,345,738	\$ 7,630,924	\$ 769,482	\$ 799,283	\$ 1,056,814
Net change in fund balance	\$ 3,684,686	\$ 7,285,142	\$ (6,183,478)	\$ (2,155,834)	\$ 2,465,937
Debt service as a percentage of noncapital expenditures	3.87%	4.53%	9.53%	10.23%	8.92%

	Year Ending December 31				
	2011	2012	2013	2014	2015
Revenues					
Ad valorem taxes	\$ 6,294,172	\$ 6,780,783	\$ 6,858,860	\$ 6,993,526	\$ 6,871,821
Capital projects sales taxes	3,474,959	1,861,677	1,180,511	2,733,613	2,828,301
Local hospitality and accommodations taxes	559,853	584,227	622,971	661,531	713,903
Licenses and permits	4,605,181	4,711,699	4,892,172	5,272,149	5,621,613
Fines and forfeitures	1,113,435	1,029,126	991,039	1,044,648	1,138,891
Charges for services	1,123,999	1,083,121	1,122,957	1,154,843	1,285,045
Intergovernmental	2,050,355	1,198,831	1,141,759	1,187,485	872,652
Miscellaneous/interest earnings	369,594	675,603	697,191	747,304	977,123
Contributions	62,497	310,352	1,000	368,500	-
Grant revenue	17,563	4,352	-	-	-
Total Revenues	\$ 19,671,608	\$ 18,239,771	\$ 17,508,460	\$ 20,163,599	\$ 20,309,349
Expenditures					
General government	\$ 2,964,818	\$ 2,984,191	\$ 3,302,811	\$ 3,704,832	\$ 4,028,393
Public safety	6,092,949	6,502,974	6,058,506	6,630,196	7,833,279
Public works	1,117,385	1,176,290	1,157,668	1,344,015	1,487,619
Recreation and parks	2,966,513	3,154,330	3,141,942	3,391,470	3,647,665
Capital outlay	5,903,648	5,089,261	1,353,010	6,269,988	13,260,678
Debt service:					
Capital lease payments	974,915	1,024,075	4,117,682	747,764	897,952
Interest and fiscal charges	361,398	345,547	599,101	179,035	164,947
Total Expenditures	\$ 20,381,626	\$ 20,276,668	\$ 19,730,720	\$ 22,267,300	\$ 31,320,533
Excess (deficiency) of revenues over (under) expenditures	\$ (710,018)	\$ (2,036,897)	\$ (2,222,260)	\$ (2,103,701)	\$ (11,011,184)
Other financing sources (uses)					
Proceeds on sale of capital assets	\$ -	\$ -	\$ -	\$ 26,191	\$ -
Proceeds from bond issuance	-	-	-	-	9,738,217
Capital lease obligations	666,226	515,417	309,494	312,249	887,594
Transfers in	913,575	1,135,143	1,691,350	3,253,841	23,350,453
Transfers out	(377,001)	(592,902)	(1,045,159)	(2,874,993)	(22,835,560)
Total other financing sources (uses)	\$ 1,202,800	\$ 1,057,658	\$ 955,685	\$ 717,288	\$ 11,140,704
Net change in fund balance	\$ 492,782	\$ (979,239)	\$ (1,266,575)	\$ (1,386,413)	\$ 129,520
Debt service as a percentage of noncapital expenditures	9.23%	9.02%	25.67%	5.79%	5.89%

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

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	
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
2015	2014	70,710,810	1,442,916,363	20,984,447	158,860,422	91,695,257	1,601,776,785	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**

Fiscal Year Ended December 31	Overlapping Property Tax Rates										
	City of North Augusta				County of Aiken			Aiken County School District			Total Direct & Overlapping Rates
	(a) Tax Year	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	
2006	2005	72.13	8.95	81.08	67.20	3.30	70.50	124.00	25.50	149.50	
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
2015	2014	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**

Taxpayer	Type of Business	2015			2006		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
S. C. Electric & Gas Co.	Utility	\$ 3,031,790	1	3.31%	\$ 1,845,550	2	3.09%
Wal-Mart, Inc.	Retail Shopping	1,423,040	2	1.55%	1,029,850	3	1.72%
Halocarbon Chemicals, Inc.	Manufacturing	1,185,670	3	1.29%	938,440	5	1.57%
SRP Federal Credit Union	Banking/Credit Union	1,159,430	4	1.26%			
SUSO 3 Augusta, LP	Real Estate	1,087,920	5	1.19%			
Allnex Industries, Inc.	Manufacturing	1,035,610	6	1.13%	2,385,300	1	3.99%
CVS SC Distribution, Inc.	Warehousing/Distribution	743,190	7	0.81%	355,760	9	0.59%
The Kroger Company	Grocery Store	713,440	8	0.78%			
Bell South Telecommunications	Communication	521,520	9	0.57%	1,027,880	4	1.72%
Lowes Home Centers, Inc.	Retail Building Supplies	492,490	10	0.54%			
North Augusta Associates, Ltd	Real Estate				604,020	6	1.01%
UCB BIO Products Inc.	Manufacturing				597,540	7	1.00%
Ramco-Gershenson Property	Real Estate				573,990	8	0.96%
North Augusta Business Technology	Real Estate				348,650	10	0.58%
TOTAL Taxable Assessed							
Value-10 Largest Taxpayers		<u>\$ 11,394,100</u>		<u>12.43%</u>	<u>\$ 9,706,980</u>		<u>16.23%</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 2015 (tax year 2014) 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**

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
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% (d)
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%
2015	2014	\$6,804,705	6,762,260	99.38%	7,976	6,770,236	99.49%

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

(d) Assessments exceeding the original tax levy resulted from settled appeals, causing the percentage of collections to exceed 100%.

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

Year Ended December 31	Total Revenues	Gross Sales	Total Number of Licenses Issued
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
2015	5,302,353	1,098,056,589	1,849

Source: City of North Augusta business license records

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

Year Ended December 31	Residential Inside Water	Non-Residential Inside Water	Total Inside Water Accounts	Residential Outside Water	Non-Residential Outside Water	Total Outside Water Accounts	Total Water Accounts
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
2015	8,074	636	8,710	2,941	153	3,094	11,804

Year Ended December 31	Residential Inside Sewer	Non-Residential Inside Sewer	Total Inside Sewer Accounts	Residential Outside Sewer	Non-Residential Outside Sewer	Total Outside Sewer Accounts	Total Sewer Accounts
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
2015	9,725	562	10,287	967	31	998	11,285

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**

Water Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2015 Annual Consumption</u>		<u>2006 Annual Consumption</u>	
		<u>Rank</u>	<u>Water Usage</u>	<u>Rank</u>	<u>Water Usage</u>
City of North Augusta	Municipal Government	1	60,402,600	2	69,891,600
Halocarbon Chemicals, Inc.	Manufacturing	2	52,360,400	3	40,428,000
Allnex Industries, Inc.	Manufacturing	3	44,228,200	4	27,539,000 (a)
Aiken County Schools	School District	4	12,123,000		
JARS at Breckenridge/Plaza Terrace	Apartments	5	9,229,300	5 & 10	13,477,200 (b)
Gentry's Mobile Home Park	Mobile Home Park	6	7,325,000	8	6,405,900
The Housing Authority	Apartments	7	5,872,200	7	6,948,200
Pinecrest Apartments	Apartments	8	5,252,400		
Plaza Place Apartments, LLC	Apartments	9	5,024,300	9	6,037,000
Silver Creek Valley	Apartments	10	4,036,400		
Breezy Hill Water & Sewer Authority	Water District Provider			1	223,019,000
UniHealth Post Acute Care	Nursing Home Facility			6	7,575,700 (c)

Wastewater Customers

<u>Customer Name</u>	<u>Type of Business</u>	<u>2015 Annual Consumption</u>		<u>2006 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	606,014,000	1	517,546,000
Halocarbon Chemicals, Inc.	Manufacturing	2	52,360,400	2	40,428,000
Allnex Industries, Inc.	Manufacturing	3	43,881,300	3	14,411,600 (a)
City of North Augusta	Municipal Government	4	30,443,600	4	12,048,500
Aiken County Schools	School District	5	10,188,600		
JARS at Breckenridge/Plaza Terrace	Apartments	6	8,964,400	9 & 10	10,364,200 (b)
Gentry's Mobile Home Park	Mobile Home Park	7	7,068,700		
National Healthcare	Nursing Home Facility	8	5,896,700		
Pinecrest Apartments	Apartments	9	5,786,200		
Willow Wick Apartments	Apartments	10	5,548,500	8	5,657,200
The Housing Authority	Apartments			5	6,944,700
Plaza Place Apartments, LLC	Apartments			6	6,370,000
UniHealth Post Acute Care	Nursing Home Facility			7	6,293,100 (c)

Note: Consumption is measured in gallons

Source: City of North Augusta utility billing records

(a) Allnex formerly Cytec formerly Surface Specialties

(b) Breckenridge Apartments and Plaza Place Apartments merged under JARS at Breckenridge/Plaza Terrace

(c) UniHealth Post Acute Care formerly Anna-Maria Medical Care

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

Year Ended December 31	<u>Governmental Activities</u>				<u>Business-Type Activities</u>			Total Primary Government	Population (Estimate)	Per Capita
	General Obligation Bonds	Revenue Bonds	Municipal Center Lease	Capital Leases	Revenue Bonds	Capital Leases	PSA Capacity Payable			
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
2015	-	9,738,317	3,834,882	1,123,575	16,118,138	1,245,633	-	32,060,545	22,568	1,420.62 (b)

(a) Actual Census population from United States Census Bureau

(b) 2015 installment purchase revenue bond to construct and equip a parking garage, 2014A and 2015A SC Drinking Water Revolving Loan Fund serial bonds to construct a raw water storage facility and new water treatment plant.

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 Ten Fiscal Years**

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
2015	-	1,601,776,785	0.00%	22,568	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
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015**

<u>Jurisdiction</u>	<u>Debt Outstanding @ December 31, 2015</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 *	\$ 14,696,774	100.00%	\$ 14,696,774
Overlapping Debt			
County of Aiken	\$ 37,095,000	13.54%	\$ 5,022,663
Aiken County School District	<u>51,330,000</u>	<u>13.54%</u>	<u>6,950,082</u>
Sub-total - Overlapping Debt	<u>\$ 88,425,000</u>	13.54%	<u>\$ 11,972,745</u>
Total	<u><u>\$ 103,121,774</u></u>		<u><u>\$ 26,669,519</u></u>

* Includes Revenue Bonds, 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**

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 4,775,193	\$ 4,855,899	\$ 5,472,536	\$ 5,864,466	\$ 5,993,158
Total net debt applicable to limit	<u>4,716,068</u> *	<u>4,716,068</u> *	<u>4,491,068</u> *	<u>4,239,853</u> *	<u>3,964,448</u> *
Legal debt margin	<u>\$ 59,125</u>	<u>\$ 139,831</u>	<u>\$ 981,468</u>	<u>\$ 1,624,613</u>	<u>\$ 2,028,710</u>
Total net debt applicable to the limit as a percentage of debt limit	98.76%	97.12%	82.07%	72.30%	66.15%

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 6,139,015	\$ 6,875,400	\$ 6,994,935	\$ 7,111,789	\$ 7,335,620
Total net debt applicable to limit	<u>3,684,043</u> *	<u>3,393,638</u> *	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 2,454,972</u>	<u>\$ 3,481,762</u>	<u>\$ 6,994,935</u>	<u>\$ 7,111,789</u>	<u>\$ 7,335,620</u>
Total net debt applicable to the limit as a percentage of debt limit	60.01%	49.36%	0.00%	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**

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	
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
2015	9,120,970	6,800,179	2,320,791	1,100,524	197,891	1,298,415	1.79

NOTE: Revenue bond coverage requirements are defined in the City's Revenue Bond Ordinance by the City's Bond Counsel, Pope Flynn 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)

<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>
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%
2013	164,176	5,944,862	36,210	6.7%
2014	164,753	6,139,496	37,265	6.0%

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 and Per Capita Personal Income figures are not available for 2015.

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 2011-2014 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
2015	22,568	165,829

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

Employer	Location	Service or Product	2015			2006		
			Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Savannah River Site - see detail below (1)	Out	Materials for Nuclear Defense	11,068	1	14.82%	10,404	1	14.78%
Aiken County Public Schools	In / Out	School District	3,192	2	4.27%	3,350	2	4.76%
Bridgestone Americas Tire Operations LLC	Out	Passenger and Light Truck Tires	1,318	3	1.76%	966	6	1.37%
Kimberly-Clark Corp.	Out	Consumer Paper Products	1,250	4	1.67%	1,145	4	1.63%
Aiken Regional Medical Center	Out	Hospital	1,200	5	1.61%	1,145	5	1.63%
Aiken County Government	Out	County Government	896	6	1.20%	840	7	1.19%
Centerra (a)	Out	Engineering Consulting Firm	699	7	0.94%	300	16	0.43%
Advanced Glassfiber Yarn	Out	Fiberglass Insulation and Circuit Boards	610	8	0.82%	700	8	0.99%
Shaw Industries	Out	Fibers Manufacturing Services and Products to Anesthesia Related	600	9	0.80%	540	10	0.77%
Medac	In	Healthcare Providers	500	10	0.67%			
UPS Customhouse Brokerage	Out	International Customhouse Brokerage	490	11	0.66%	545	9	0.77%
City of Aiken	Out	Municipal Government	443	12	0.59%	387	13	0.55%
Hubbell Power Systems	Out	High Voltage Insulators and Arrestors	380	13	0.51%	450	12	0.64%
TTX/Hamburg Industries, Inc.	In	Re-built Railway Cars	338	14	0.45%	361	14	0.51%
ASCO Valve, Inc.	Out	Solenoid Valve Technology	330	15	0.44%	461	11	0.65%
Bridgestone Americas Off Road Radial Tires	Out	Large and Ultra Large Tires	311	16	0.42%			
Tognum America, Inc. MTU Aiken Plant	Out	Diesel Engines and Components	305	17	0.41%			
City of North Augusta	In	Municipal Government	243	18	0.33%	198	20	0.28%
Autoneum North America, Inc.	Out	Vehicle Carpet and Trunk Systems	226	19	0.30%			
Glaxo Smith Kline	Out	Proprietary Drugs	215	20	0.29%	300	17	4.26%
Halocarbon Chemicals, Inc.	In	Industrial Chemicals	160	**	0.21%			
Newman Technology SC, Inc	Out	Automotive/ATV Exhaust and Suspension	150	**	0.20%	358	15	0.51%
Allnex Industries, Inc.	In	Specialty Chemicals	135	**	0.18%			
BAE Systems	Out	Machine Parts - Track Vehicles	87	**	0.12%	250	18	0.36%
Avondale Mills, Inc.	Out	Textiles	*	*	*	1,544	3	2.19%
R.E. Phelon, Inc.	Out	Aluminum Die Casting	*	*	*	228	19	0.32%

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 subcontractors and temporary construction workers	6,395
MOX Service	1,961
Parsons	453
Department of Energy	258
US Forestry Service	68
Savannah River Ecology Lab	77
Other Subcontractors	<u>1856</u>
	<u>11,068</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	
	workers	%
Aiken County, South Carolina	3,426	53.57%
Columbia County, Georgia	1,018	15.92%
Richmond County, Georgia	704	11.01%
Barnwell County, South Carolina	411	6.43%
Edgefield County, South Carolina	200	3.13%
Orangeburg County, South Carolina	85	1.33%
Bamberg County, South Carolina	80	1.25%
Lexington County, South Carolina	63	0.99%
Allendale County, South Carolina	32	0.50%
Other	<u>376</u>	<u>5.88%</u>
	<u>6,395</u>	100.00%

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

Fund / Function / Department	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
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	3.0	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	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance / IT	5.0	5.0	5.0	5.0	5.0	4.5	4.5	4.5	5.5	5.5
Building Standards	4.0	4.0	4.0	5.0	4.0	3.0	3.5	3.5	3.5	4.5
Economic & Community Development	6.0	6.0	6.0	5.0	4.0	3.0	2.0	2.0	2.0	2.0
City Buildings	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Public Safety	67.0	68.0	69.0	72.0	72.0	76.5	76.5	77.0	79.0	84.0
Public Works										
Engineering	3.0	3.0	3.0	2.5	2.5	1.5	1.5	1.5	1.5	1.5
Streets & Drains	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5	10.0
Parks, Recreation & Tourism										
Recreation	6.0	6.0	6.0	6.0	5.0	5.0	5.0	5.0	4.0	5.0
Parks	3.0	3.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Property Maintenance	11.0	12.0	13.0	13.0	13.0	13.0	13.0	12.0	12.0	13.0
Community Center	3.0	3.0	3.0	3.0	2.0	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	127.0	130.0	133.0	138.5	134.5	135.5	136.0	136.5	139.0	147.5
Stormwater Fund										
Stormwater	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5	5.0	4.5
Sub-total	3.0	3.0	5.0	6.0	6.0	6.0	5.5	5.5	5.0	4.5
Sanitation Fund										
Public Works										
Sanitation	24.5	24.5	26.5	26.5	26.0	26.0	25.5	26.0	26.0	26.0
Material Recovery Center	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8.5	8.5
Sub-total	32.0	32.0	34.0	34.0	33.5	33.5	33.0	33.5	34.5	34.5
Water & Wastewater Fund										
Public Utilities										
Utilities Finance	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Utilities Administration	8.0	8.0	8.0	7.5	8.0	7.5	7.5	7.5	7.5	7.5
Water Operations	8.0	9.0	9.0	9.0	9.0	8.0	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	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Sub-total	37.0	39.0	39.0	38.5	39.0	37.5	38.5	38.5	38.5	38.5
TOTAL	199.0	204.0	211.0	217.0	213.0	212.5	213.0	214.0	217.0	225.0

Source: City of North Augusta Annual Budgets

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

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Size of City (square miles)	19.753	20.050	20.670	20.676	20.723	20.769	20.778	20.989	21.019	21.150
Annexations approved by City Council	4	10	5	3	4	4	7	5	5	-
Building permits issued	726	845	799	684	815	627	604	622	660	648
Plumbing permits issued	612	654	496	283	349	341	291	340	310	373
Mechanical permits issued	405	471	432	333	467	323	345	391	433	417
Electrical permits issued	822	733	622	335	443	411	349	422	431	434
Business licenses issued	1,700	1,736	1,822	1,746	1,803	1,756	1,750	1,760	1,861	1,849
Police										
Total calls for service	54,167	51,071	47,189	46,956	50,349	50,356	42,632	41,058	38,973	40,567
Criminal arrests	1,476	1,861	1,833	2,405	2,024	1,800	1,841	1,377	1,360	1,766
Incident reports (police action required)	3,145	3,205	3,238	3,051	3,277	3,228	3,557	3,377	3,399	3,627
Accident reports (collisions)	1,166	1,127	1,069	1,105	1,068	1,041	1,007	960	1,012	1,190
Traffic offenses (resulting in fine)	6,913	6,884	5,858	5,224	6,590	8,652	8,698	8,780	8,785	8,809
Drug offenses	155	249	202	145	260	231	136	203	157	177
Burglaries reported	265	224	298	385	408	333	218	117	108	97
Fire										
Actual fire calls - Inside City	116	146	133	276	192	150	105	130	145	114
Actual fire calls - Outside City	44	33	34	25	13	23	21	17	12	7
Solid Waste										
Garbage Refuse Collected (tons) - Residential	9,470	9,246	9,544	10,606	10,618	10,402	9,011	9,079	9,143	10,227
Garbage Refuse Collected (tons) - Commercial	6,031	6,876	6,740	6,494	6,049	6,625	6,874	4,992	5,037	4,723
Recyclables Collected (tons)	1,423	1,583	2,119	2,804	3,055	5,617	4,839	5,326	5,313	6,656
Property Maintenance										
Tree trimming hours	100	130	227	185	198	260	287	254	275	1,378
Mowing hours	11,856	11,998	13,198	12,200	12,800	13,250	12,970	12,960	12,976	10,944
Planting hours	4,303	4,330	5,412	5,400	5,500	5,600	5,760	5,565	4,628	1,726
Streets and Drains										
Pothole patching / asphalt tons	373	324	280	236	191	254	388	476	409	341
Curb, gutter & sidewalk repair / CY	159	181	192	152	199	324	290	285	378	472
Storm drain inlets cleaned	259	378	275	221	224	307	330	325	282	419
Street sweeping / miles	2,973	2,400	2,827	2,139	2,168	2,670	2,393	2,727	977	1,339
Parks and Recreation										
Baseball / Number of Players	825	781	782	747	786	784	788	735	789	779
Youth Softball / Number of Players	171	302	289	292	261	270	262	248	259	238
Spring Soccer / Number of Players	427	404	436	566	513	527	540	528	511	484
Fall Soccer / Number of Players	443	437	494	522	504	511	534	474	473	552
Youth Basketball / Number of Players	767	707	576	554	581	595	600	549	680	640
Youth Football / Number of Players	411	429	328	358	346	313	309	310	281	280
Youth Cheerleading / Number of Participants	185	188	128	128	153	165	115	118	96	113
Youth Volleyball / Number of Participants	75	80	76	86	89	91	61	105	83	94
Water										
New water services	178	133	57	52	103	101	43	33	77	77
Water lines installed / L.F.	10,361	6,089	7,626	13,221	3,766	4,662	2,857	5,609	2,068	2,599
Water line leaks repaired	9	27	14	15	17	12	24	29	34	23
Average daily water pumped	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	3,576,000
Daily peak demand (gallons per day)	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	7,000,000
Peak day	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	6/22/2015
Wastewater										
New sewer taps	238	268	94	83	140	122	97	117	135	158
Wastewater lines installed / L.F.	292	2,052	1,922	2,901	0	1,425	160	1,379	508	1,970
Wastewater lines repaired / L.F.	62	29	37	38	54	64	65	33	62	680
Wastewater lines cleaned / L.F.	44,970	56,895	77,402	39,468	67,029	57,810	87,648	73,232	93,859	70,610

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**

Function / Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Number of Stations	2	2	2	2	2	2	2	2	2	3
Number of Public Safety Officers	50	51	52	52	55	55	55	55	58	61
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 2
Signalized Intersections	24	24	24	26	26	30	30	30	30	31
Number of Fire Hydrants										
Inside City	742	774	778	781	792	795	802	805	809	812
Outside City	148	148	149	149	149	149	149	149	149	149
Public Works										
Miles of Streets	131.16	135.88	135.88	137.05	137.77	138.81	140.09	140.85	141.37	141.91
Street Lights	1,641	1,668	1,718	1,740	1,750	1,763	1,789	1,789	1,800	1,817
Parks, Recreation & Tourism										
Number of Parks	19	20	22	22	22	22	22	22	22	22
Park Acreage	463	463	550	550	550	550	550	550	550	550
Miles of Paved Greenway	9.5	11.0	12.5	12.5	14.0	14.0	14.0	14.0	14.0	14.0
Number of Picnic Shelters	4	4	8	8	8	8	8	8	9	9
Baseball / Softball Diamonds	9	9	9	9	9	10	10	10	10	10
Football / Lions Field	1	1	1	2	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	11	11	11	11	11
Multi-purpose Fields	3	3	3	3	3	3	3	3	3	3
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	169.12	170.78	189.85	194.00	194.78	195.15	195.27	196.01	196.08	228.68
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	221.00	225.90	226.09	226.63	227.46	227.72	228.03	228.54	228.57	229.20
Stormwater										
Miles of Storm Sewer	35.69	43.18	56.80	57.28	57.77	58.22	59.29	59.79	60.37	60.73

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, 2015

Water Rate in effect December 31, 2015

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, 2015

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, 2015

	<u>Inside City</u>	<u>Outside City</u>	<u>Recycling</u>
Residential (monthly)	\$15.90	\$23.85	\$3.60

	Base Fee <u>In and Out City</u>	Volume Charge (per cubic yard)		<u>Recycling</u>
		<u>Inside City</u>	<u>Outside City</u>	
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, 2015

Residential Charge (Inside City only)	\$5.00 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, 2015**

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)
 - 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