

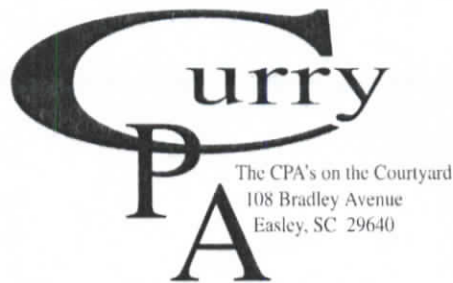
CITY OF LIBERTY
FINANCIAL STATEMENTS

For The Year Ended June 30, 2015

CITY OF LIBERTY
LIBERTY, SOUTH CAROLINA

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Liberty
Liberty, 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 Liberty as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Member of
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South Carolina Association of Certified Public Accountants

To the Honorable Mayor and Members of the City Council
City of Liberty
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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Liberty, South Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information on pages 44-45 and 46-50, the Schedule of the City's Proportionate Shares of the Net Pension Liabilities on page 51 and the Schedule of Pension Plan Contributions on page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Honorable Mayor and Members of the City Council
City of Liberty
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INDEPENDENT AUDITORS' REPORT (CONTINUED)

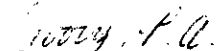
Other Reporting Required By Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the City of Liberty's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Liberty's internal control over financial reporting and compliance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Liberty's basic financial statements. The Schedule of Fines, Assessments, and Surcharges on page 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Fines, Assessments, and Surcharges is the responsibility of management and was 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 Schedule of Fines, Assessments, and Surcharges is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Curry, P. A.

Easley, South Carolina
November 30, 2015

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 389,683	\$ -	\$ 389,683
Receivables (net of allowance for uncollectibles)			
Utility billings	-	157,889	157,889
Other	57,307	40,053	97,360
Internal balances	-	613,955	613,955
Due from other governments	228,781	-	228,781
Prepaid expenses	973	5,860	6,833
Total current assets	676,744	817,757	1,494,501
Non-current assets:			
Restricted assets			
Cash	282,247	19,796	302,043
Capital assets			
Land	114,668	6,414	121,082
Construction In Progress	2,863	-	2,863
Buildings and system improvements	1,586,991	72,713	1,659,704
Roads, sidewalks, and city lots	1,261,876	-	1,261,876
Water and sewer lines	-	5,623,170	5,623,170
Vehicles	1,033,019	152,731	1,185,750
Machinery and equipment	765,408	430,530	1,195,938
Furniture and fixtures	12,092	-	12,092
Software	32,004	21,208	53,212
Less: accumulated depreciation	(3,245,153)	(2,620,256)	(5,865,409)
Total non-current assets	1,846,015	3,706,306	5,552,321
Total assets	2,522,759	4,524,063	7,046,822
DEFERRED OUTFLOWS OF RESOURCES			
SCRS net difference between expected and actual experience related to pensions	15,068	8,114	23,182
PORS net difference between expected and actual experience related to pensions	32,101	-	32,101
SCRS retirement contributions made subsequent to 06/30/14	36,346	19,572	55,918
PORS retirement contributions made subsequent to 06/30/14	110,676	-	110,676
Total deferred outflows of resources	194,191	27,686	221,877
Total assets and deferred outflows of resources	2,716,950	4,551,749	7,268,699
LIABILITIES			
Current liabilities:			
Accrued liabilities	167,651	121,531	289,182
Accrued interest	2,575	4,864	7,439
Capital lease obligations, current	45,589	-	45,589
Bonds payable, current	48,999	13,814	62,813
Customer deposits subject to refunds	-	17,205	17,205
Internal balances	613,955	-	613,955
Total current liabilities	878,769	157,414	1,036,183
Non-current liabilities:			
Compensated absences	46,954	12,474	59,428
SCRS net pension liability	531,776	286,361	818,137
PORS net pension liability	1,202,930	-	1,202,930
Capital lease obligations, non-current	155,242	-	155,242
Bonds payable, non-current	-	136,014	136,014
Total noncurrent liabilities	1,936,902	434,849	2,371,751
Total liabilities	2,815,671	592,263	3,407,934

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
SCRS net difference between projected and actual earnings related to pensions	44,833	24,143	68,976
PORS net difference between projected and actual earnings related to pensions	139,188	-	139,188
Total deferred inflows of resources	184,021	24,143	208,164
Total liabilities and deferred inflows of resources	2,999,692	616,406	3,616,098
NET POSITION			
Invested in capital assets, net of related debt	1,563,768	3,686,510	5,250,278
Restricted for			
Local law enforcement and victims' assistance	32,088	-	32,088
Recreation and tourism	23,840	-	23,840
HIF debt service	226,319	-	226,319
Unrestricted	(2,128,757)	248,833	(1,879,924)
Total net position	\$ (282,742)	\$ 3,935,343	\$ 3,652,601

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

**CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Function/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 393,908	\$ 388,912	\$ -	\$ -	\$ (4,996)	\$ -	\$ (4,996)
Police	848,805	17,278	76,760	10,129	(744,638)	-	(744,638)
Fire	613,480	225,636	-	-	(387,844)	-	(387,844)
Public Works	377,987	165,516	-	-	(212,471)	-	(212,471)
Recreation	423,865	99,986	-	-	(323,879)	-	(323,879)
Total governmental activities	<u>2,658,045</u>	<u>897,328</u>	<u>76,760</u>	<u>10,129</u>	<u>(1,673,828)</u>	<u>-</u>	<u>(1,673,828)</u>
Business-type activities							
Utility system	<u>1,284,218</u>	<u>1,263,437</u>	<u>-</u>	<u>100,181</u>	<u>-</u>	<u>79,400</u>	<u>79,400</u>
Total primary government	<u>\$ 3,942,263</u>	<u>\$ 2,160,765</u>	<u>\$ 76,760</u>	<u>\$ 110,310</u>	<u>(1,673,828)</u>	<u>79,400</u>	<u>(1,594,428)</u>
General Revenues:							
Local taxes					1,112,172	-	1,112,172
State-shared revenues					71,555	-	71,555
Fines					173,592	-	173,592
Restricted investment earnings					-	99	99
Other revenues					124,065	3,454	127,519
Total general revenues					<u>1,481,384</u>	<u>3,553</u>	<u>1,484,937</u>
Changes in net position					<u>(192,444)</u>	<u>82,953</u>	<u>(109,491)</u>
Net position, beginning, previously reported					1,638,747	4,134,716	5,773,463
Restatement					<u>(1,729,045)</u>	<u>(282,326)</u>	<u>(2,011,371)</u>
Net position, beginning, restated					<u>(90,298)</u>	<u>3,852,390</u>	<u>3,762,092</u>
Net position, ending					<u>\$ (282,742)</u>	<u>\$ 3,935,343</u>	<u>\$ 3,652,601</u>

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

**CITY OF LIBERTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2015**

Assets:

Cash and cash equivalents	\$ 389,683
Receivables:	
Taxes/licenses/fines	199,352
Trade accounts	13,923
Other	72,813
Prepaid expenses	973
Restricted assets	
Cash and cash equivalents	<u>282,247</u>
Total assets	<u>\$ 958,991</u>

Liabilities:

Accrued payroll liabilities	\$ 76,616
Accrued liabilities	91,035
Internal balances	613,955
Unearned revenue	<u>2,321</u>
Total liabilities	<u>783,927</u>

Deferred Inflows of Resources:

Unavailable revenue, property taxes	<u>82,346</u>
Total deferred inflows of resources	<u>82,346</u>

Fund Balances:

Nonspendable	
Prepaid expenses	973
Restricted	282,247
Unassigned	<u>(190,502)</u>
Total fund balances	<u>92,718</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 958,991</u>

Fund Balances – Total Governmental Fund

\$ 92,718

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 governmental fund	1,563,768
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund	
Accrued compensated absences	(46,954)
Bonds payable	(48,999)
Capital leases	(200,831)
SCRS net pension liability	(531,776)
PORS net pension liability	(1,202,930)

The net difference between the expected and the actual experience as related to pensions and the SCRS and PORS retirement contributions made subsequent to the measurement date of June 30, 2014 are all reported as deferred outflows of resources in the statement of net position. These are not financial resources and, therefore, are not reported in the governmental funds.

194,191

The net difference between the projected and actual investment earnings as related to pensions is reported as a deferred inflow of resources in the statement of net position. This is not reported in the governmental funds.

(184,021)

Unearned revenue in the governmental fund is susceptible to full accrual in the entity-wide statements

2,321

Property taxes, deferred inflows of resources in the governmental fund, are susceptible to full accrual in the entity-wide statements.

82,346

Accrued interest expense is recorded for government-wide statements but is not recorded in the governmental fund

(2,575)

Net Position Of Governmental Activities

\$ (282,742)

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

**CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

REVENUES:

Taxes	\$ 1,103,341
Permits and fees	388,951
Fines and forfeitures	173,592
Shared revenues	241,555
Miscellaneous	271,217
Charges for services	<u>278,652</u>
Total Revenues	<u>2,457,308</u>

EXPENDITURES:

CURRENT:

Administrative Department	378,365
Police Department	866,153
Fire Department	567,186
Public Works Department	443,095
Recreation Department	375,440

DEBT SERVICE:

Principal	87,888
Interest	<u>5,179</u>

Total Expenditures	<u>2,723,306</u>
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Deficiency of Revenues

Under Expenditures	<u>(265,998)</u>
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OTHER FINANCING SOURCES:

Capital leases	<u>167,883</u>
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Total Other Financing Sources	<u>167,883</u>
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Net Change in Fund Balance	(98,115)
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FUND BALANCE, BEGINNING	<u>190,833</u>
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FUND BALANCE, ENDING	<u>\$ 92,718</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF LIBERTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balance - total governmental fund (\$98,115)

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

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

The details of the difference are as follows:

Capital outlays	\$ 221,438	
Depreciation expense	<u>(251,854)</u>	(30,416)

Governmental funds report retirement contributions made subsequent to the measurement date of June 30, 2014 as expenditures. However, these retirement contributions are not reported in the statement of activities but are reported as deferred outflows of resources in the statement of net position. The actual pension expense reported in the statement of activities is the City's proportionate shares of the annual changes in both the SCRS and PORS net pension liabilities. This is the amount by which the pension expense exceeded the retirement contributions that were made subsequent to the measurement date of June 30, 2014.

The details of the difference are as follows:

SCRS and PORS retirement contributions subsequent to the measurement date of June 30, 2014	\$ 147,022	
SCRS and PORS proportionate pension expense	<u>(142,515)</u>	4,507

Repayment of debt principal is an expenditure in the governmental fund, but the repayments reduce long-term liabilities in the statement of net position. This is the amount of long-term debt payments. 87,888

Unearned revenue in the governmental fund is susceptible to full accrual on the entity wide statement. This amount is a net decrease in unearned revenue of \$538. (538)

Property taxes, deferred inflows of resources in the governmental fund are susceptible to full accrual on the entity-wide statements. This amount is a net increase in deferred inflows of \$8,831. 8,831

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental fund. This includes the net decrease in compensated absences of \$2,798, a decrease in expenses. 2,798

Accrued interest expense is reported in the entity-wide statements but is not reported in the governmental fund. This includes the net decrease in accrued interest, a reduction in expenses. 484

The governmental fund reports capital lease obligations as other financing sources. However in the entity-wide statements, capital lease obligations are reported as additional liabilities. (167,883)

Change in net position of governmental activities \$(192,444)

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

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
Taxes	\$ 1,034,600	\$ 1,034,600	\$ 1,103,341	\$ 68,741
Permits and fees	364,400	364,400	388,951	24,551
Fines and forfeitures	150,000	150,000	173,592	23,592
Shared revenues	268,000	268,000	241,555	(26,445)
Miscellaneous	223,260	223,260	271,217	47,957
Charges for services	261,100	261,100	278,652	17,552
Total Revenues	<u>2,301,360</u>	<u>2,301,360</u>	<u>2,457,308</u>	<u>155,948</u>
EXPENDITURES:				
CURRENT:				
Administrative Department	279,559	279,559	367,095	(87,536)
Police Department	766,502	766,502	817,841	(51,339)
Fire Department	536,156	536,156	563,764	(27,608)
Public Works Department	292,964	292,964	301,789	(8,825)
Recreation Department	276,269	276,269	358,312	(82,043)
Capital Expenditures	61,891	61,891	221,438	(159,547)
DEBT SERVICE:				
Principal	65,000	65,000	87,888	(22,888)
Interest	6,500	6,500	5,179	1,321
Total Expenditures	<u>2,284,841</u>	<u>2,284,841</u>	<u>2,723,306</u>	<u>(438,465)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>16,519</u>	<u>16,519</u>	<u>(265,998)</u>	<u>(282,517)</u>
OTHER FINANCING SOURCES:				
Capital leases	-	-	167,883	167,883
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>167,883</u>	<u>167,883</u>
Net Change in Fund Balance	<u>16,519</u>	<u>16,519</u>	<u>(98,115)</u>	<u>(114,634)</u>
FUND BALANCE, BEGINNING	<u>190,833</u>	<u>190,833</u>	<u>190,833</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 207,352</u>	<u>\$ 207,352</u>	<u>\$ 92,718</u>	<u>\$ (114,634)</u>

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

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

ASSETS

Current Assets

Operational Receivables (net of allowance for uncollectibles)	\$ 157,889
CDBG Grant Receivable	40,053
Prepaid expenses	5,860
Internal balances	<u>613,955</u>
Total current assets	817,757

Non-current Assets

Restricted Assets

Cash	19,796
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Capital assets

Land	6,414
Buildings and system improvements	72,713
Water and sewer lines	5,623,170
Vehicles	152,731
Machinery and equipment	430,530
Software	21,208
Less: Accumulated depreciation	<u>(2,620,256)</u>
Total non-current assets	3,706,306
Total assets	<u>\$ 4,524,063</u>

DEFERRED OUTFLOWS OF RESOURCES

SCRS net difference between expected and actual experience related to pensions	\$ 8,114
SCRS retirement contributions made subsequent to 06/30/14	<u>19,572</u>
Total deferred outflows of resources	27,686
Total assets and deferred outflows of resources	<u>\$ 4,551,749</u>

LIABILITIES

Current Liabilities

Accrued liabilities	\$ 121,531
Accrued interest	4,864
Bonds payable, current	13,814
Customer deposits subject to refund	<u>17,205</u>
Total current liabilities	<u>157,414</u>

Non-current Liabilities

Compensated absences	12,474
SCRS net pension liability	286,361
Bonds payable, non-current	<u>136,014</u>
Total non-current liabilities	434,849
Total liabilities	<u>\$ 592,263</u>

DEFERRED INFLOWS OF RESOURCES

SCRS net difference between projected and actual earnings related to pensions	\$ 24,143
Total deferred inflows of resources	24,143
Total liabilities and deferred inflows of resources	<u>\$ 616,406</u>

NET POSITION

Invested in capital assets, net of related debt	\$ 3,686,510
Unrestricted	<u>248,833</u>
Total net position	<u>\$ 3,935,343</u>

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

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

OPERATING REVENUES:

Water billings	\$ 572,336
Sewer billings	691,101
Miscellaneous	<u>3,454</u>
Total Operating Revenues	<u>1,266,891</u>

OPERATING EXPENSES:

Water Department	268,037
Water Purchases	203,237
Sewer Department	185,017
County facility fees	326,124
Inter-municipal agreement	100,085
Cramer Roper fees	51,559
Depreciation	141,291
Amortization	<u>1,911</u>
Total Operating Expenses	<u>1,277,261</u>

Operating Loss	<u>(10,370)</u>
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NON-OPERATING REVENUES (EXPENSES):

Interest income	99
Interest expense	(6,957)
Total Non-Operating Revenues (Expenses)	<u>(6,858)</u>

Net Loss Before Capital Grant Contributions	(17,228)
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Capital Grant Contributions	<u>100,181</u>
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Change in net position	<u>82,953</u>
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TOTAL NET POSITION, PREVIOUSLY REPORTED	4,134,716
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RESTATEMENT	<u>(282,326)</u>
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TOTAL NET POSITION, RESTATED	<u>3,852,390</u>
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TOTAL NET POSITION, ENDING	<u>\$ 3,935,343</u>
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The accompanying notes are an integral part of the financial statements

CITY OF LIBERTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,248,591
Payments to suppliers	(877,736)
Payments to employees	(183,106)
Net cash provided by operating activities	<u>187,749</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Cash decrease in internal balances	108,096
Principal paid on revenue bonds	(13,636)
Interest paid on revenue bonds	(7,669)
Capital grant contribution	60,128
Capital assets purchased	(334,668)
Net cash used for capital and related financing activities	<u>(187,749)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income	99
Net cash provided by investing activities	<u>99</u>
Net increase in cash and cash equivalents	99
Cash And Cash Equivalents, Beginning of Year	<u>99</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 19,796</u>

Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:

Operating Loss	\$ (10,370)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation and amortization	143,202
Increase in operational receivables	(19,998)
Increase in prepaid expenses	(1,174)
Decrease in prepaid water accounts receivable	(382)
Increase in compensated absences	1,026
Increase in deposits	2,080
Increase in accrued liabilities	71,094
Increase in accrued salaries	1,646
Increase in accrued payroll taxes	126
Increase in pension expense per GASB Statement No. 68	499
Total adjustments	<u>198,119</u>

Net Cash Provided By Operating Activities	<u>\$ 187,749</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Liberty, South Carolina (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity: The City operates under a Council form of government and provides the following services: public safety (police and fire), streets, sanitation, water and sewer, and general and administrative. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the financial statements for the City consist only of the funds and account groups of the City. The City has no oversight responsibility for any other governmental entity.

The following is a summary of the more significant policies:

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" The primary objective of GASB No. 62 is to directly incorporate the applicable guidance from certain FASB and AICPA pronouncements into the state and local government accounting and reporting standards.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" This statement requires governments to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and a net position of the governments, which is the residual of all other elements presented in the entity's statement of financial position.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" This statement requires governments to reclassify certain items as deferred outflows of resources that were previously reported as assets and to reclassify certain items as deferred inflows of resources that were previously reported as liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements of deferred outflows of resources and deferred inflows of resources. Specifically, the statement amends the criteria for determining major funds and limits the use of the term *deferred* in financial statement presentations.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

The City adopted the following new Governmental Accounting Standards Board (GASB) pronouncements for the year ended June 30, 2015.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" This statement provides guidance on a state or local government employer's accounting and reporting for employee pensions. Under this statement, the employer is to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. Also, if a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the employer's reporting period, the statement requires the employer to recognize its contributions as deferred outflows of resources in the statement of net position. In addition, the statement requires recognition of deferred outflows of resources and deferred inflows of resources in the statement of net position for changes that arise from other types of events in the net pension liability of a state or local government employer. Moreover, the statement requires the employer to adjust the beginning net position balance for what the amount would have been if the statement had been implemented in the employer's prior reporting period. Specifically, the beginning net position balance should be adjusted for the following items determined as of the measurement date of the beginning net pension liability: the net pension liability; contributions made by the employer; and any deferred outflows of resources and deferred inflows of resources, if determinable. Contributions made by the employer subsequent to the measurement date of the net pension liability are now required to be recognized as deferred outflows of resources in the statement of net position. However, *GASB Statement No. 68* further states that the beginning net position should not be adjusted for any deferred outflows of resources, including contributions made subsequent to the measurement date of the beginning net pension liability, or any deferred inflows of resources if it is not practical to determine all of the amounts. This requirement under the statement was later amended with the adoption of *GASB Statement No. 71*, which is explained below.

GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date" This statement is an amendment to paragraph 137 of *GASB Statement No. 68*. Before this amendment, paragraph 137 of *GASB Statement No. 68* stated that if it was not practical for an employer to determine the amounts for all deferred outflows of resources and deferred inflows of resources as related to pensions then the beginning net position balance should not be adjusted for any deferred outflows of resources or deferred inflows of resources. However, this could result in a significant understatement of the employer's beginning net position and expense. Therefore, this statement amends paragraph 137 of *GASB Statement No. 68* to require that upon implementation of *GASB Statement No. 68*, a government is to adjust its beginning net position balance for contributions made subsequent to the measurement date of the beginning net pension liability. *GASB Statement No. 68* continues to require that the beginning net position be adjusted for other deferred outflows of resources and deferred inflows of resources only if it is practical to determine such amounts upon implementation of the statement. This was not amended by *GASB Statement No. 71*.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund 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. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which are normally supported by taxes and intergovernmental revenues or from specific revenue sources such as grants, 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental fund and the proprietary fund.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide and the proprietary fund financial statements are reported using the *economic resources* measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 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 government reports the following major government fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The *enterprise fund* accounts for the activities of the utility services.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments:

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. If applicable, investments are stated at cost, which approximates market value. Section 6-5-10 of the SC Code of Laws outlines authorized investments for political subdivisions. The City has chosen to adhere to the SC Code of Laws regarding the type of investments that it is allowed to make as opposed to formally adopting its own deposit and investment policy.

Receivables and Payables:

Outstanding balances between funds are reported as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes, other than vehicle taxes, are normally levied in October and are payable without penalty through the following January 15th. Vehicle taxes are assessed and collected on a monthly, cyclical basis. By contract the City has authorized Pickens County to assess and collect all vehicle taxes. These collections are remitted to the City of Liberty by the Pickens County Treasurer.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position or Fund Balance (continued)

Prepaid Items:

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items.

Restricted Cash:

Restricted cash in the general fund consists of fines, assessments, and surcharges retained by the City for the purpose of victims' assistance. The restricted asset cash is required to be maintained in a separate bank account by the State of South Carolina.

Restricted cash in the general fund also consists of the revenue generated by the hospitality tax to be used by the City exclusively for recreation and tourism development.

Furthermore, restricted cash in the general fund consists of the cash held in the Special Tax Allocation Fund which is to be used to provide for the payment of the principal and interest of the Tax Increment Bond, Series 2004.

Such general fund resources are included in cash on the financial statements and consist of the following:

Local Law Enforcement and Victims' Assistance	\$ 32,088
Recreation and Tourism	23,840
TIF Debt Service	<u>226,319</u>
Total Restricted Cash in General Fund	<u>\$ 282,247</u>

Restricted cash in the enterprise fund consists of certain resources set aside for the repayment of certain designated expenses. The restricted cash is limited by applicable bond covenants. Such resources are included in cash on the statement of net position and consist of the following:

Reserve for Contingency	\$ 9,898
Reserve for Depreciation	<u>9,898</u>
Total Restricted Cash in Enterprise Fund	<u>\$ 19,796</u>

The "contingency" account is used to report resources set aside to meet unexpected contingencies. The "depreciation" account is used to report resources set aside to fund asset renewals and replacements.

Capital Assets:

Capital assets, which include property, plant, and equipment, are reported in the governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued):

The costs of normal maintenance and repairs (repairs that do not add to the value of the assets or materially extend the assets' lives) are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Buildings	10-40 Years
Roads, sidewalks, and city lots	20 Years
Building Improvements	4-15 Years
Vehicles	3-5 Years
Machinery and equipment	3-10 Years
Furniture & fixtures	5 Years
Software	3 Years

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.

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 and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences:

It is the City's policy to permit full-time employees to accumulate limited amounts of earned vacation leave. Upon separation from service, employees receive payment for a portion of unused vacation leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-term Obligations:

In the government-wide and proprietary fund financial statements, outstanding debt is reported as a liability.

The governmental fund financial statements recognize the proceeds of debt as other financing sources of the current period.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance:

Net position in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position 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.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how the fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally by creditors or imposed by law.

Committed Fund Balance – This classification is the portion of the fund balance that can only be used for specific purposes imposed by majority vote by the City of Liberty's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance – This classification is the portion of the fund balance that the City of Liberty intends to use for specific purposes as established by the City's Council or by the City's Mayor.

Unassigned fund balance - This classification is the portion of the fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the City's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental fund* and *net position– governmental activities* as reported in the government-wide statement of net position. One element of the reconciliation states that capital assets used in government activities are not financial resources and, therefore, are not reported in the governmental fund but are reported in the government-wide statement of net position.

Capital Assets, Net of Depreciation	\$ 1,563,768
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Unearned revenue, a liability in the governmental fund, is susceptible to full accrual in the government-wide statement of net position. This is the additional unearned revenue that has been taken into income in the government-wide statements.

Unearned Revenue	\$ 2,321
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Property taxes, deferred inflows of resources in the governmental fund, are susceptible to full accrual in the government-wide statement of net position. This is the additional deferred inflows of resources that have been taken into income in the government-wide statements.

Deferred Inflows of Resources, Property Taxes	\$ 82,346
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Another element of the reconciliation states that accrued interest is recorded in the government-wide statements but is not recorded in the governmental fund. This is the additional accrued interest recorded in the government-wide statement of net position.

Accrued Interest	\$ (2,575)
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The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental fund* and *net position– governmental activities* as reported in the government-wide statement of net position. Another element of that reconciliation explains that “long-term liabilities (not due and payable in the next fiscal year) are not reported on the governmental fund balance sheet. The difference of (\$2,031,490) consists of bonds payable of (\$48,999), capital leases payable of (\$200,831), SCRS net pension liability of (\$531,776), PORS net pension liability of (\$1,202,930), and compensated absences payable of (\$46,954).

Capital Leases	\$ (200,831)
Bonds Payable	(48,999)
SCRS Net Pension Liability	(531,776)
PORS Net Pension Liability	(1,202,930)
Compensated Absences	(46,954)
Total	\$ (2,031,490)

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (Continued)

Furthermore, the government-wide statement of net position reports the net difference between the expected and the actual experience as related to pensions as a deferred outflow of resources. Also, the SCRS and PORS retirement contributions made subsequent to the measurement date of June 30, 2014 are reported as deferred outflows of resources in the government-wide statement of net position. The details of this \$194,191 difference are as follows:

SCRS net difference between expected and actual experience	\$ 15,068
PORS net difference between expected and actual experience	32,101
PORS retirement contributions subsequent to measurement date	110,676
SCRS retirement contributions subsequent to measurement date	<u>36,346</u>
Net adjustment to increase <i>net changes in fund balance-</i> <i>total governmental funds</i> to arrive at <i>changes in net position</i> <i>of governmental activities</i>	\$ <u>194,191</u>

Lastly, the reconciliation explains that the net difference between the projected and the actual investment earnings as related to pensions is reported as a deferred inflow of resources in the government-wide statement of net position. The details of this (\$184,021) difference are as follows:

SCRS net difference between projected and actual investment earnings	\$ (44,833)
PORS net difference between projected and actual investment earnings	<u>(139,188)</u>
Net adjustment to decrease <i>net changes in fund balance-</i> <i>total governmental funds</i> to arrive at <i>changes in net position</i> <i>of governmental activities</i>	\$ <u>(184,021)</u>

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “The governmental fund reports capital outlays as expenditures in the year of purchase. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this (\$30,416) difference are as follows:

Capital outlay (Current Year)	\$ 221,438
Depreciation expense	<u>(251,854)</u>
Net adjustment to decrease <i>net changes in fund balances- total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ (30,416)

Another element of the reconciliation states that “payments on long-term debt are reported as expenditures in the governmental fund. The same payments reduce long-term liabilities in the statement of net position.” The details of this difference are as follows:

Principal repayments:	
Capital Leases	\$ 40,710
Bonds payable	<u>47,178</u>
Net adjustment to increase <i>net changes in fund balance- total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 87,888

Also, the reconciliation explains that retirement contributions made subsequent to the measurement period are not reported in the statement of activities but are reported as deferred outflows of resources in the statement of net position. However, the actual pension expense reported in the statement of activities is the City’s proportionate share of the annual change in the SCRS and PORS net pension liabilities. The details of this \$4,507 difference are as follows:

SCRS retirement contributions subsequent to the measurement date of 06/30/14	\$ 36,346
SCRS proportionate pension expense	(37,272)
PORS retirement contributions subsequent to the measurement date of 06/30/14	110,676
PORS proportionate pension expense	<u>(105,243)</u>
Net adjustment to increase <i>net changes in fund balances- total governmental fund</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 4,507

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities (Continued)

Unearned revenue in the governmental fund is not recognized as income until receipt. In the entity-wide statements, revenue is recognized on the full accrual basis.

Adjustment due to the net decrease in unearned revenue	\$ (538)
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Property taxes, deferred inflows of resources in the governmental fund, are not recognized as income until receipt. In the entity-wide statements, property taxes are recognized on the full accrual basis.

Adjustment due to the net increase in deferred inflows of resources	\$ 8,831
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Accrued interest expense is not recognized on the governmental fund statements. Accrued interest is recognized and reported on the entity-wide statements.

Adjustment due to the net decrease in accrued interest expense, a reduction in expenses.	\$ 484
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental fund. These include the net decrease in compensated absences, a reduction in expenses.

	\$ 2,798
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The governmental fund reports capital lease obligations as other financing sources. However, in the entity-wide statements, capital lease obligations are reported as additional liabilities.

	\$ (167,883)
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**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information:

Budgets and Budgetary Accounting: As set forth in the City Charter, the City Council adopts an annual budget for the general fund and the enterprise fund. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the enterprise fund is adopted under a basis consistent with generally accepted accounting principles, except that depreciation and amortization are not considered. Additionally, cash outlays for debt principal and fixed assets funded by operations are budgeted, but treated differently in accordance with generally accepted accounting principles. After joint workshops with the City Council, the Mayor submits to the City Council a proposed operating budget covering the general and enterprise funds for the fiscal year commencing the following July 1. These workshops and hearings are open to the public. The operating budget includes proposed expenditures and the means for financing them. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance. Appropriations lapse at the end of each fiscal year.

The Mayor is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund or transfer amounts between departments must be approved by the City Council. The presented budgeted amounts are as originally adopted or as last amended by the City Council. There are no reported differences between the original budget and the final budget.

Deposits and Investments:

Section 330.15 of the Federal Deposit Insurance Corporation's regulations governs the insurance coverage of the accounts for public units, which includes states, counties, municipalities, or any political subdivisions of the public units. According to Section 330.15, the insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution of the official custodian. If the public unit and the public unit's official custodian are located in the same State, then all time and savings deposits owned by the public unit are combined and insured up to \$250,000. Also, all demand deposits owned by the public unit are combined and separately insured up to \$250,000. However, if the public unit and the public unit's official custodian are located in different States, time; savings; and demand deposits owned by the public unit are combined and insured up to \$250,000. In other words, time and savings deposits would not be insured separately from demand deposits.

At June 30, 2015, the bank balance of the City's cash deposits held at First Citizens Bank was \$674,580, and the bank balance of the City's certificates of deposit was \$19,796. Of the total bank balance of the City's cash deposits and certificates of deposit, \$250,000 was covered by federal depository insurance. Since the City is located in South Carolina, and the official custodian is located in North Carolina, all deposits were combined and insured up to \$250,000. Therefore, total deposits at First Citizens Bank that were not insured by federal depository insurance were \$444,376 on June 30, 2015.

As of June 30, 2015, collateral was pledged to secure the non-federal depository insured bank deposits of the City of Liberty at First Citizens Bank.

The securities are held as book entries at the Federal Reserve in the name of the First Citizens Bank of North Carolina (FCBNC) as Escrow Agent for the First Citizens Bank of South Carolina (FCBSC). FCBNC is an independent, third party entity from FCBSC. The securities are pledged to the entity and can be substituted, but not released, without their consent.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Due From Other Governments

Due from other Governments to the City of Liberty's General Fund at June 30, 2015 consists of the following:

Due from State of South Carolina -- General Fund:	
Local Option Sales Tax Distributions	\$ 28,988
Aid To Subdivision Distributions	16,593
Merchants Inventory Tax	1,662
Due from Pickens County	
Property Taxes	88,486
Dispatch Services	9,000
Fire Protection	42,500
Part-time Wage Reimbursement for Fire Department	6,976
Reimbursement for Recreation Department	711
School Resource Officer Reimbursement from School District	17,750
Municipal Association of South Carolina	6,865
SC Regional Housing Authority	5,114
Internal Revenue Service	1,341
City of Anderson	
Juvenile Housing Fees	780
City of Easley	
Juvenile Housing Fees	195
City of Pickens	
Juvenile Housing Fees	260
City of Oconee	
Juvenile Housing Fees	260
Town of Six Mile	
Recycling Income	500
City of Pickens	
Recycling Income	800
 Total Due From Other Governments	 <u>\$ 228,781</u>

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 – CAPITAL ASSETS

Capital assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities				
Capital assets, not being depreciated				
Land	\$ 114,668	\$ -	\$ -	\$ 114,668
Construction in progress	<u>2,863</u>	<u>-</u>	<u>-</u>	<u>2,863</u>
Total capital assets not being depreciated	<u>117,531</u>	<u>-</u>	<u>-</u>	<u>117,531</u>
Capital assets being depreciated				
Buildings and improvements	1,576,991	10,000	-	1,586,991
Machinery and equipment	736,844	29,569	(1,005)	765,408
Furniture and fixtures	12,092	-	-	12,092
Roads, sidewalks, and city lots	1,255,696	6,180	-	1,261,876
Software	32,004	-	-	32,004
Vehicles	<u>905,941</u>	<u>175,689</u>	<u>(48,611)</u>	<u>1,033,019</u>
Total capital assets being depreciated	<u>4,519,568</u>	<u>221,438</u>	<u>(49,616)</u>	<u>4,691,390</u>
Less: accumulated depreciation for				
Buildings	(998,480)	(59,094)	-	(1,057,574)
Machinery and equipment	(641,170)	(38,906)	1,005	(679,071)
Furniture and fixtures	(10,544)	(1,078)	-	(11,622)
Roads, sidewalks, and city lots	(589,630)	(68,110)	-	(657,740)
Software	(28,114)	(1,667)	-	(29,781)
Vehicles	<u>(774,977)</u>	<u>(82,999)</u>	<u>48,611</u>	<u>(809,365)</u>
Total accumulated depreciation	<u>(3,042,915)</u>	<u>(251,854)</u>	<u>49,616</u>	<u>(3,245,153)</u>
Total capital assets being depreciated, net	<u>1,476,653</u>	<u>(30,416)</u>	<u>-</u>	<u>1,446,237</u>
Governmental activities capital assets, net	<u>\$ 1,594,184</u>	<u>\$ (30,416)</u>	<u>\$ -</u>	<u>\$ 1,563,768</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities	
General government	\$ 25,543
Police	37,048
Fire	49,700
Public works	75,609
Recreation	<u>63,954</u>
Total depreciation expense – governmental activities	<u>\$ 251,854</u>

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Business-type activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 6,414	\$ -	\$ -	\$ 6,414
Total capital assets not being depreciated	6,414	-	-	6,414
Capital assets being depreciated				
Building and system improvements	56,013	16,700	-	72,713
Machinery and equipment	427,602	2,928	-	430,530
Water and sewer lines	5,308,130	315,040	-	5,623,170
Software	21,208	-	-	21,208
Intangibles	8,125	-	(8,125)	-
Vehicles	152,731	-	-	152,731
Total capital assets being depreciated	5,973,809	334,668	(8,125)	6,300,352
Less: accumulated depreciation for				
Buildings and system improvements	(46,916)	(2,973)	-	(49,889)
Machinery and equipment	(408,025)	(4,243)	-	(412,268)
Water and sewer lines	(1,850,085)	(134,075)	-	(1,984,160)
Software	(21,208)	-	-	(21,208)
Intangibles	(6,213)	(1,912)	8,125	-
Vehicles	(152,731)	-	-	(152,731)
Total accumulated depreciation	(2,485,178)	(143,203)	8,125	(2,620,256)
Total capital assets being depreciated, net	3,488,631	191,465	-	3,680,096
Governmental activities capital assets, net	\$ 3,495,045	\$ 191,465	\$ -	\$ 3,686,510

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 – LONG-TERM DEBT

The bonds payable of the general fund consist of the following:

Tax increment bond, series 2004 dated December 23, 2004 in the amount of \$450,000. Interest accrues on the bonds at 3.86% per annum with a maturity date of December 1, 2015.	\$ 48,999
Total General Fund Bonds Payable	<u>\$ 48,999</u>

The following represents maturity of the general fund bonds payable as of June 30, 2015:

June 30, 2016	<u>48,999</u>
Total General Fund Bonds Payable	<u>\$ 48,999</u>

Bonds payable of the enterprise fund consist of the following:

Water System Improvement Revenue Bonds, series 1983, due in annual installments of \$21,305 including interest that accrues at 5.00% per annum and the maturity is in November 2023.	\$ 149,828
Total Enterprise Fund Bonds Payable	<u>\$ 149,828</u>

The following represents maturity of the enterprise fund reserve bonds as of June 30, 2015:

June 30, 2016	13,814
June 30, 2017	14,504
June 30, 2018	15,229
June 30, 2019	15,991
June 30, 2020	16,791
Thereafter	<u>73,499</u>
Total Enterprise Fund Bonds Payable	<u>\$ 149,828</u>

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 - LONG TERM DEBT (CONTINUED)

Annual debt service requirements to amortize all bonds payable including interest outstanding of \$43,062 are as follows:

Year Ending June 30	Tax Increment Bonds	Water System 1983 Bonds	Total
2016	\$ 50,890	\$ 21,305	\$ 72,195
2017	-	21,305	21,305
2018	-	21,305	21,305
2019	-	21,305	21,305
2020	-	21,305	21,305
Thereafter	-	84,474	84,474
Total	<u>\$ 50,890</u>	<u>\$ 190,999</u>	<u>\$ 241,889</u>

During the year ended June 30, 2015, the following changes occurred with the bonds payable:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within 1 Year
General Fund:					
Bonds payable	\$ 96,177	\$ -	(\$ 47,178)	\$ 48,999	\$ 48,999
Total	<u>\$ 96,177</u>	<u>\$ -</u>	<u>(\$ 47,178)</u>	<u>\$ 48,999</u>	<u>\$ 48,999</u>
Enterprise Fund:					
Revenue bonds	\$ 163,465	\$ -	(\$ 13,637)	\$ 149,828	\$ 13,814
Total	<u>\$ 163,465</u>	<u>\$ -</u>	<u>(\$ 13,637)</u>	<u>\$ 149,828</u>	<u>\$ 13,814</u>

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The City has entered into a lease agreement as lessee to finance the acquisition of one 2014 Dodge Charger police vehicle. The lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is a summary of the equipment leased under this capital lease agreement as of June 30, 2015:

	<u>General Fund</u>
Police Vehicle	<u><u>\$ 34,500</u></u>

The following is a schedule of the future minimum lease payments (including interest) required under the capital lease and the present value of the net minimum lease payments as of June 30, 2015:

<u>Year Ending</u> <u>June 30</u>	<u>General Fund</u>
2016	\$ 11,840
2017	11,840
2018	<u>11,840</u>
	<u><u>\$ 35,520</u></u>
Total minimum lease payments	\$ 35,520
Less: amount representing interest	<u>(1,020)</u>
Present value of future minimum lease payments	<u><u>\$ 34,500</u></u>

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6 – CAPITAL LEASE OBLIGATIONS (CONTINUED)

The City has entered into a lease agreement as lessee to finance the acquisition of a 2015 Freightliner garbage truck for the Public Works Department. The lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is a summary of the equipment leased under this capital lease agreement as of June 30, 2015:

	<u>General Fund</u>
Public Works Vehicle	<u>\$ 133,383</u>

The following is a schedule of the future minimum lease payments (including interest) required under the capital lease and the present value of the net minimum lease payments as of June 30, 2015:

<u>Year Ending June 30</u>	<u>General Fund</u>
2016	\$ 20,640
2017	20,640
2018	20,640
2019	20,640
2020	20,640
Thereafter	41,280
	<u>\$ 144,480</u>
Total minimum lease payments	\$ 144,480
Less: amount representing interest	(11,097)
Present value of future minimum lease payments	<u>\$ 133,383</u>

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6 – CAPITAL LEASE OBLIGATIONS (CONTINUED)

The City has entered into a lease agreement as lessee to finance the acquisition of a 2005 Brush Truck for the Public Works Department. The lease qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future minimum lease payments as of the date of its inception. The following is a summary of the equipment leased under this capital lease agreement as of June 30, 2015:

	<u>General Fund</u>
Public Works Vehicle	<u>\$ 49,015</u>

The following is a schedule of the future minimum lease payments (including interest) required under the capital lease and the present value of the net minimum lease payments as of June 30, 2015:

Year Ending June 30	<u>General Fund</u>
2016	\$ 16,890
2017	<u>16,890</u>
	<u>\$ 33,780</u>
Total minimum lease payments	\$ 33,780
Less: amount representing interest	<u>(832)</u>
Present value of future minimum lease payments	<u>\$ 32,948</u>

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6- CAPITAL LEASE OBLIGATIONS (CONTINUED)

During the year ended June 30, 2015, the following changes occurred in capital leases:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due</u> <u>Within 1 Year</u>
Police Vehicles	\$ 24,643	\$ 34,500	(\$ 24,643)	\$ 34,500	\$ 11,332
Public Works Vehicles	<u>49,015</u>	<u>133,383</u>	<u>(16,067)</u>	<u>166,331</u>	<u>34,257</u>
Total	<u>\$ 73,658</u>	<u>\$ 167,883</u>	<u>(\$ 40,710)</u>	<u>\$ 200,831</u>	<u>\$ 45,589</u>

NOTE 7- OPERATING LEASES

The City has several non-cancelable operating leases for equipment that extend over the next five years. Rental expenses for operating leases during the twelve month period ended June 30, 2015 were approximately \$17,600.

As of June 30, 2015 the future minimum lease payments for the next five years under non-cancelable operating leases are as follows:

<u>Year Ending</u>	
June 30, 2016	\$ 20,323
June 30, 2017	20,323
June 30, 2018	20,323
June 30, 2019	10,162
Thereafter	<u> = </u>
Total minimum lease payments	<u>\$ 71,131</u>

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan descriptions. 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. 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, 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. To be eligible for the 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 the PORS. Magistrates are required to participate in the 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 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 provided. The SCRS and PORS provide retirement, disability, life insurance, and death benefits. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A SCRS 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 SCRS 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. The total of the member's age and the member's creditable service has to equal at least 90 years. Both SCRS 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. 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.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

A PORs 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 PORs 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 PORs 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.

Contributions. Per Title 9 of the SC Code of Laws, contribution requirements of the active employees and the participating employers are established and may be amended by PEBA. SCRS Class Two and Class Three members were required to contribute 8.0 percent of their annual pay for the year ended June 30, 2015. PORs Class Two and Class Three members were required to contribute 8.41 percent of their annual pay for the year ended June 30, 2015. The City's contractually required contribution rate for SCRS Class Two and Class Three members for the year ended June 30, 2015 was 10.75 percent of annual payroll and 13.01 percent of annual payroll for PORs Class Two and Class Three members, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Also, the City's contractually required contribution rate for the incidental death benefit was 0.15 percent of annual payroll for SCRS Class Two and Class Three members and 0.20 percent of annual payroll for PORs Class Two and Class Three members. SCRS and PORs contributions to the pension plan by the City were \$55,918 and \$110,676, respectively, for the year ended June 30, 2015. Therefore, total SCRS and PORs contributions to the pension plan by the City were \$166,594 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported liabilities of \$818,137 for its proportionate share of the SCRS net pension liability and \$1,202,930 for its proportionate share of the PORs net pension liability. Therefore, the total SCRS and PORs net pension liabilities were \$2,021,067. The SCRS and PORs net pension liabilities were measured as of June 30, 2014, and the total pension liabilities used to calculate the SCRS and PORs net pension liabilities were determined by an actuarial valuation as of July 1, 2013. The City's proportion of the SCRS and PORs net pension liabilities were based on a projection of the City's long-term share of SCRS and PORs contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion of SCRS and PORs contributions were 0.0047% and 0.0628%, respectively.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the City recognized A SCRS pension expense of \$57,342 and a PORS pension expense of \$105,242. Therefore, the City recognized total SCRS and PORS pension expense of \$162,584 for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for SCRS and PORS from the following sources:

	Deferred Outflows Of Resources		Deferred Inflows Of Resources	
	SCRS	PORS	SCRS	PORS
Net difference between expected and actual experience	\$ 23,182	\$ 32,101	\$ -	\$ -
Net difference between projected and actual investment earnings	-	-	68,976	139,188
Liberty's retirement contributions subsequent to the measurement date	<u>55,918</u>	<u>110,676</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 79,100</u>	<u>\$ 142,177</u>	<u>\$68,976</u>	<u>\$139,188</u>

For the year ended June 30, 2015, the current year SCRS contribution of \$55,918 and PORS contribution of \$110,676 were reported as deferred outflows of resources related to pensions resulting from the City's retirement contributions made subsequent to the measurement date of June 30, 2014. These will be recognized as a reduction of the SCRS and the PORS net pension liabilities for the year ending June 30, 2016. The net difference of (\$45,794) between the other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the SCRS and the net difference of (\$107,087) between the other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the PORS will be recognized in pension expense as follows:

<u>Year ending</u>	<u>SCRS</u>	<u>PORS</u>
June 30, 2016	\$ (10,073)	\$ (26,472)
June 30, 2017	(10,073)	(26,472)
June 30, 2018	(10,073)	(26,472)
June 30, 2019	(15,575)	(27,671)
Thereafter	<u>-</u>	<u>-</u>
Total	<u>\$ (45,794)</u>	<u>\$(107,087)</u>

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Actuarial assumptions. The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement for the SCRS and the PORS:

	SCRS	PORS
Inflation	2.75 percent	2.75 percent
Salary increases	3.5 percent	4.0 percent
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation	7.5 percent, net of pension plan investment expense, including inflation
Benefit adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

An actuarial experience study will be conducted after the June 30, 2015 annual valuation has been completed. This study will involve comparing the actuarial assumptions used in the July 1, 2013 valuation to the actual results as well as making any new estimates and assumptions about the future as related to pensions.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the 2012 third quarter. 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Short term	5.0%	0.9%	0.03%
Domestic fixed income	13.0	7.4	0.26
Global fixed income	9.0	4.9	0.27
Global public equity	31.0	7.8	2.42
Global tactical asset allocation	10.0	5.1	0.51
Hedge funds	8.0	4.0	0.32
Private debt	7.0	10.2	0.71
Private equity	9.0	10.2	0.92
Real estate	5.0	5.9	0.29
Commodities	3.0	5.1	0.15
Total Expected Real Return	<u>100.0%</u>		5.88%
Inflation for Actuarial Purposes			<u>2.75</u>
Total Expected Nominal Return			<u>8.63%</u>

The total expected nominal return rate of 8.63 percent has been reduced to 7.5 percent in order to be more conservative.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 – EMPLOYEE BENEFITS (CONTINUED)

GENERAL INFORMATION ABOUT THE PENSION PLAN (CONTINUED)

Discount rate. The discount rate used to measure the total pension liabilities for the SCRS and the PORS was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and the 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, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current active and inactive employees. 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 liabilities for the SCRS and the PORS.

Sensitivity of the City's proportionate share of the net pension liabilities to changes in the discount rate. The following table presents the City's proportionate share of the net pension liabilities for the SCRS and PORS calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liabilities for the SCRS and the PORS would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Liberty's proportionate share of the SCRS net pension liability	\$1,058,720	\$ 818,137	\$ 617,422
Liberty's proportionate share of the PORS net pension liability	\$1,681,064	\$1,202,930	\$ 807,315
Total	<u>\$2,739,784</u>	<u>\$2,021,067</u>	<u>\$1,424,737</u>

Pension plans' fiduciary net positions. Detailed information about the pension plans' fiduciary net positions is available in the separately issued comprehensive annual financial report (CAFR) containing financial statements and required supplementary information for the SCRS and the 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.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 – DEFERRED COMPENSATION PLANS

The City employees may participate in the 457, and/or 401 (k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. There are no employer contributions made by the City to these plans.

NOTE 10 – ECONOMIC DEPENDENCY

During the current fiscal year, the City provided service to approximately 1,400 water customers. However, the City did not receive a substantial percentage of its operating revenue from any single water customer.

NOTE 11 – RISK MANAGEMENT

The City carries commercial insurance through the State of South Carolina Municipal Insurance Risk Finance Fund for its general liability insurance and through the South Carolina Municipal Insurance Trust for its workers' compensation insurance. The City pays annual premiums for these coverages. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 12 – SUBSEQUENT EVENTS

We have evaluated all subsequent events through November 30, 2015. Per the City, as of this date, there have not been any subsequent events that should have had an effect on the financial statements as of and for the year ended June 30, 2015.

**NOTE 13 – POST-EMPLOYMENT COST AND ACCRUED POST-EMPLOYMENT COST LIABILITIES
OTHER THAN PENSIONS**

The City has adopted GASB Statement 45. The statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual basis measurement and recognition of post-employment cost (expense) other than pensions over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with other post-employment benefits and whether and to what extent progress is being made in funding the plan.

As of June 30, 2015 the City does not have any post-employment cost nor any accrued liabilities associated with post-employment benefits other than pensions.

CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 – SC DEPARTMENT OF PUBLIC SAFETY GRANT

The City of Liberty received a grant reimbursement in the amount of \$14,849 from the SC Department of Public Safety for the year ended June 30, 2015. This grant reimbursement was for printers, cables, scanners, and cameras for the police vehicles as well as for mounts for laptops used in the police vehicles. Prior to receiving the grant reimbursement, the City had expended \$3,174 on eight printers and cables, \$3,032 on eight scanners, \$7,088 on eight cameras, and \$3,041 on eight mounts for the laptops. Therefore, the total cost of the equipment was \$16,335. This equipment was purchased for the police vehicles in an effort to improve the efficiency and effectiveness of the Police Department by decreasing the time to enter criminal data, to prepare related reports, and to search or update criminal records. Specifically, the printers enabled the police officers to print out tickets and any prior incident reports at the crime scene. The scanners enhanced the accuracy and up to date information on drivers' licenses. Lastly, the mounts allowed the police officers to be able to enter the data on their laptops.

NOTE 15 – SC MUNICIPAL INSURANCE TRUST GRANT

The City of Liberty received a total of \$1,040 in grant reimbursements from the SC Municipal Insurance Trust for the year ended June 30, 2015. These reimbursements were for the purchase of name plates, tactical pants, tactical shirts, vest carriers, and back patches for the Police Department. The total cost to the City was \$2,080.

NOTE 16 – COMMUNITY DEVELOPMENT BLOCK GRANT

The City received grant reimbursements from the South Carolina Department of Commerce for sewer upgrades performed on Commerce Street in Liberty's downtown area for the year ended June 30, 2015. These grant reimbursements were received for invoices submitted to the City by Payne, McGinn, and Cummins at completion of various stages of the project. Also, one of the grant reimbursements was for an invoice submitted to the City by the SC Appalachian Council of Governments for the administrative costs associated with the project. The City received total grant reimbursements of \$60,128 from the South Carolina Department of Commerce for the year ended June 30, 2015. Furthermore, additional grant reimbursements of \$40,053 were accrued that the City received after June 30, 2015 for current year grant expenses. Therefore, total current year grant reimbursements were \$100,181. The City spent \$213,059 of its own funds for the sewer upgrades performed. The sewer upgrades were completed by June 30, 2015.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 18 - PRIOR-PERIOD ADJUSTMENT

The City adopted the *GASB Statement No. 68, "Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. Under this statement, employers are required to report a prior-period adjustment to the beginning net position balance for what the balance would have been had the statement been implemented in the year prior to the City's current year-end. Specifically, the beginning net position should be adjusted for the employer's proportionate share of the net pension liability for the prior year; any retirement contributions made by the employer in the prior year; and any other deferred outflows and deferred inflows of resources, if determinable at implementation of the statement. For the year ended June 30, 2015, the City of Liberty reported a total prior-period adjustment of \$(2,011,371) to the beginning net position balance in the statement of net position for the governmental and business-type activities. This prior-period adjustment included the City's proportionate share of the SCRS and PORS net pension liabilities in the amounts of \$852,339 and \$1,301,861, respectively. This prior-period adjustment also included the retirement contributions made by the City for the SCRS and the PORS in the amounts of \$45,731 and \$97,098, respectively, for the year ended June 30, 2014. The beginning net position balance was not adjusted for any other deferred outflows of resources or deferred inflows of resources because they were not determinable at the implementation of the statement.

**CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
TAXES:				
Property	\$ 280,000	\$ 280,000	\$ 274,993	\$ (5,007)
Vehicle	30,000	30,000	53,814	23,814
Delinquent	20,000	20,000	25,129	5,129
Manufacturer's	-	-	8,014	8,014
Local option sales tax	249,000	249,000	274,622	25,622
Merchant inventory	6,600	6,600	6,648	48
Homestead	53,000	53,000	50,291	(2,709)
Hospitality tax	65,000	65,000	81,592	16,592
TIF	120,000	120,000	101,437	(18,563)
Broker	211,000	211,000	226,801	15,801
	<u>1,034,600</u>	<u>1,034,600</u>	<u>1,103,341</u>	<u>68,741</u>
PERMITS AND FEES:				
Business license	95,000	95,000	96,472	1,472
Franchise fees	260,900	260,900	289,405	28,505
Yard sale fees	300	300	182	(118)
Building and miscellaneous permits	8,000	8,000	2,853	(5,147)
Police fingerprint fees	-	-	39	39
Election fees	200	200	-	(200)
	<u>364,400</u>	<u>364,400</u>	<u>388,951</u>	<u>24,551</u>
FINES AND FORFEITURES:				
Police fines	150,000	150,000	173,592	23,592
	<u>150,000</u>	<u>150,000</u>	<u>173,592</u>	<u>23,592</u>
SHARED REVENUES:				
Fire district contract	208,000	208,000	170,000	(38,000)
Local governments	60,000	60,000	71,555	11,555
	<u>268,000</u>	<u>268,000</u>	<u>241,555</u>	<u>(26,445)</u>
MISCELLANEOUS:				
Recyclables	34,000	34,000	29,182	(4,818)
Fire Department 1% Funds	12,600	12,600	14,058	1,458
Pickens Dispatch	36,000	36,000	36,000	-
School Resource Officer Grant	71,000	71,000	71,000	-
Miscellaneous	-	-	2,566	2,566
Miscellaneous Insurance Payments	-	-	5,140	5,140
S. C. Housing Authority	5,500	5,500	5,114	(386)

**CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
MISCELLANEOUS (CONTINUED):				
SCMIT Grant	-	-	1,040	1,040
SC Department of Public Safety Grant	-	-	14,849	14,849
County Fire Calls	25,000	25,000	25,000	-
Fire District Reimbursement	-	-	30,636	30,636
Rosewood Rental Income	5,000	5,000	5,015	15
Cell Tower Rent	10,560	10,560	10,560	-
Fire Fund Raiser	5,000	5,000	1,938	(3,062)
Returned Check Fees	100	100	50	(50)
Sale of Vehicle	-	-	880	880
Donations	3,000	3,000	10,050	7,050
Police Bond Escheatment	-	-	750	750
Confiscated Drug Income	-	-	3,339	3,339
Sale of T-Shirts	500	500	-	(500)
Rec Sale of Spirit Cups	2,000	2,000	-	(2,000)
Rec Sponsor Banners	2,000	2,000	3,300	1,300
Sale of Stadium Signs	5,000	5,000	750	(4,250)
Team Sponsorships	5,000	5,000	-	(5,000)
Public Works Sale of Recyclables	1,000	1,000	-	(1,000)
Capital Leases	-	-	167,883	167,883
	<u>223,260</u>	<u>223,260</u>	<u>439,100</u>	<u>215,840</u>
CHARGES FOR SERVICES:				
Sanitation user fees	122,000	122,000	150,716	28,716
Recycling income	-	-	14,800	14,800
Recreation Department athletic fees	60,000	60,000	37,614	(22,386)
Recreation Department concessions	55,000	55,000	58,933	3,933
Recreation Department rentals	3,000	3,000	1,220	(1,780)
Recreation Department miscellaneous	1,100	1,100	2,219	1,119
Juvenile Facility	20,000	20,000	13,150	(6,850)
	<u>261,100</u>	<u>261,100</u>	<u>278,652</u>	<u>17,552</u>
TOTALS	<u>\$2,301,360</u>	<u>\$2,301,360</u>	<u>\$2,625,191</u>	<u>\$323,831</u>

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
ADMINISTRATION:				
Salaries and wages – regular	\$ 72,950	\$ 72,950	\$ 82,547	\$ (9,597)
Salaries and wages – council	16,200	16,200	23,700	(7,500)
Salaries and wages – overtime	-	-	36	(36)
Unemployment	-	-	6,381	(6,381)
Admin contract labor	-	-	80	(80)
Admin health/life insurance	53,350	53,350	68,172	(14,822)
Payroll taxes	7,000	7,000	8,218	(1,218)
Pension	8,500	8,500	10,805	(2,305)
Workers' compensation/liability insurance	24,300	24,300	15,626	8,674
Legal and accounting	15,000	15,000	11,474	3,526
Maintenance and service contracts	9,850	9,850	14,899	(5,049)
Admin building repairs	-	-	4,627	(4,627)
Telephone	3,600	3,600	4,591	(991)
Postage	2,000	2,000	2,139	(139)
Department office supplies/printing	1,500	1,500	14,615	(13,115)
Seminars, conventions, and meetings	1,000	1,000	1,288	(288)
Utilities	13,500	13,500	23,904	(10,404)
Dues and subscriptions	2,500	2,500	3,989	(1,489)
Medical services	100	100	175	(75)
Admin website design	-	-	2,214	(2,214)
Holiday and festival expense	7,000	7,000	18,272	(11,272)
Contributions	1,000	1,000	3,099	(2,099)
Senior citizens contribution	1,500	1,500	121	1,379
Debt service principal	46,000	46,000	47,178	(1,178)
Debt service interest	5,500	5,500	3,712	1,788
Capital outlays	-	-	11,270	(11,270)
Legion Hut expense	-	-	433	(433)
Railroad lease	9	9	-	9
Landscape maintenance	-	-	941	(941)
Building permit inspection expense	13,000	13,000	14,820	(1,820)
Planning and zoning	500	500	10	490
Office furniture and equipment	1,000	1,000	4,471	(3,471)
Community development program	-	-	19,373	(19,373)
Rosewood expenses	12,500	12,500	-	12,500
Rosewood capital purchases	45,000	45,000	-	45,000
Janitorial supplies	2,800	2,800	223	2,577
Ordinance recodification	6,500	6,500	-	6,500
Bank charges	1,500	1,500	4,623	(3,123)
Vehicle expense	-	-	657	(657)
Miscellaneous	-	-	572	(572)
Ecivis Grant Network	900	900	-	900
Total Administration	<u>376,059</u>	<u>376,059</u>	<u>429,255</u>	<u>(53,196)</u>

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
POLICE DEPARTMENT:				
Salaries and wages regular	484,729	484,729	506,679	(21,950)
Salaries and wages overtime	6,000	6,000	5,789	211
Salaries and wages municipal judge	12,400	12,400	7,968	4,432
Payroll taxes	37,748	37,748	37,621	127
Workers' compensation insurance	11,500	11,500	13,547	(2,047)
Drug testing	700	700	675	25
Pension	63,725	63,725	67,319	(3,594)
Judge	-	-	1,833	(1,833)
Jury	1,000	1,000	-	1,000
Office furniture and equipment	500	500	7,644	(7,144)
Uniforms	4,000	4,000	5,330	(1,330)
Police grant writing and research	-	-	250	(250)
Maintenance and service contracts	7,000	7,000	7,780	(780)
Computer expenses	3,800	3,800	3,123	677
Maintenance and repairs to buildings	500	500	388	112
Vehicle expense	39,500	39,500	35,121	4,379
Telephone	6,000	6,000	4,587	1,413
Department office supplies/printing	2,000	2,000	7,181	(5,181)
Seminars, conventions, and meetings	-	-	13	(13)
Dues and subscriptions	500	500	390	110
Medical	700	700	327	373
Juvenile center expenses	3,000	3,000	1,281	1,719
Shared fines state	60,000	60,000	86,916	(26,916)
Victims' rights	8,500	8,500	2,169	6,331
Drug fund expense	1,000	1,000	216	784
Debt service principal	19,000	19,000	24,643	(5,643)
Debt service interest	1,000	1,000	644	356
Capital outlays	-	-	48,312	(48,312)
Tasers, radar, etc.	2,000	2,000	2,779	(779)
Prisoner expense	2,000	2,000	2,496	(496)
Postage	600	600	651	(51)
Contributions	500	500	574	(74)
Training	1,500	1,500	5,328	(3,828)
Medical treatment of prisoners	500	500	-	500
Police Dept tech upgrade	1,000	1,000	-	1,000
Canine	1,000	1,000	-	1,000
Supplies	2,000	2,000	1,866	134
Judge's expenses	600	600	-	600
Total Police Department	<u>786,502</u>	<u>786,502</u>	<u>891,440</u>	<u>(104,938)</u>

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
FIRE DEPARTMENT:				
Salaries and wages - regular	236,062	236,062	249,202	(13,140)
Salaries and wages - pt	60,000	60,000	61,604	(1,604)
Salaries and wages - overtime	30,000	30,000	30,523	(523)
Salaries and wages - retention	22,000	22,000	21,804	196
Salaries and wages - volunteer	30,000	30,000	29,762	238
Payroll taxes	27,150	27,150	28,586	(1,436)
Pension	35,000	35,000	43,357	(8,357)
Workers' compensation insurance	7,300	7,300	9,771	(2,471)
Drug testing	400	400	210	190
Uniforms	6,000	6,000	7,328	(1,328)
Maintenance and service contracts	3,500	3,500	2,490	1,010
Vehicle expense	13,739	13,739	18,587	(4,848)
Telephone	5,800	5,800	5,569	231
Department office supplies/printing	500	500	3,574	(3,074)
Seminars, conventions, and meetings	3,000	3,000	2,674	326
Utilities	1,500	1,500	1,734	(234)
Dues and subscriptions	1,000	1,000	210	790
Medical	4,500	4,500	1,407	3,093
1% expense	16,605	16,605	14,359	2,246
Fire prevention	1,000	1,000	-	1,000
Fund raising	1,000	1,000	5,347	(4,347)
Capital outlays	-	-	3,422	(3,422)
Rescue equipment	2,000	2,000	520	1,480
Postage	100	100	47	53
Training	2,000	2,000	2,317	(317)
Training meals	1,500	1,500	1,295	205
Repairs	3,000	3,000	2,735	265
Supplies	3,000	3,000	3,476	(476)
Physicals	3,000	3,000	2,536	464
Radios, walkies, and turnouts	10,000	10,000	8,802	1,198
Office furniture and equipment	2,000	2,000	940	1,060
Expenses funded by county	2,500	2,500	2,332	168
Explorers	1,000	1,000	666	334
Total Fire Department	<u>536,156</u>	<u>536,156</u>	<u>567,186</u>	<u>(31,030)</u>

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
PUBLIC WORKS:				
Salaries and wages - regular	77,000	77,000	71,152	5,848
Salaries and wages - recycling	26,522	26,522	28,827	(2,305)
Salaries and wages - overtime	3,000	3,000	3,438	(438)
Salaries and wages - recycling overtime	1,000	1,000	2,277	(1,277)
Payroll taxes	6,000	6,000	5,696	304
Payroll taxes - recycling	2,300	2,300	2,116	184
Drug testing	-	-	240	(240)
Workers' compensation insurance	5,000	5,000	5,543	(543)
Pension	8,000	8,000	9,124	(1,124)
Pension - recycling	2,942	2,942	2,646	296
Uniforms	1,500	1,500	4,034	(2,534)
Uniforms - recycling	400	400	15	385
Recycling expense	-	-	2,178	(2,178)
Maintenance and repairs	3,500	3,500	7,429	(3,929)
Vehicle expense	40,000	40,000	28,337	11,663
Vehicle expense - recycling	20,000	20,000	20,014	(14)
Telephone expense	500	500	-	500
Telephone expense - recycling	600	600	503	97
Department office supplies/printing	-	-	463	(463)
Dues and memberships	-	-	45	(45)
Utilities	63,000	63,000	72,608	(9,608)
Medical	-	-	130	(130)
Asphalt, concrete, gravel	2,000	2,000	3,142	(1,142)
Small hand tools	-	-	297	(297)
Capital outlays	16,891	16,891	141,306	(124,415)
Recycling bins	1,000	1,000	2,116	(1,116)
Cleaning supplies	2,000	2,000	637	1,363
Shop supplies	4,300	4,300	4,758	(458)
Leaf bags	2,000	2,000	1,898	102
Lawn equipment	4,000	4,000	2,360	1,640
County waste fee	14,700	14,700	14,630	70
Building removal	-	-	3,966	(3,966)
Animal control	-	-	1,025	(1,025)
Recycle dues, memberships	200	200	145	55
Recycle station	1,500	1,500	-	1,500
Debt service principal	-	-	16,067	(16,067)
Debt service interest	-	-	823	(823)
Total Public Works	<u>309,855</u>	<u>309,855</u>	<u>459,985</u>	<u>(150,130)</u>

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
RECREATION DEPARTMENT:				
Salaries and wages -- regular	103,369	103,369	125,334	(21,965)
Salaries and wages -- overtime	2,000	2,000	9,879	(7,879)
Payroll taxes	7,000	7,000	9,435	(2,435)
Pension	8,500	8,500	13,771	(5,271)
Drug testing	-	-	1,540	(1,540)
Workers' compensation insurance	1,050	1,050	9,369	(8,319)
Maintenance and repairs	6,000	6,000	11,222	(5,222)
Vehicle expense	5,000	5,000	6,963	(1,963)
Uniforms and accessories	24,000	24,000	27,276	(3,276)
Telephone	2,500	2,500	1,808	692
Department office supplies	4,000	4,000	3,586	414
Recreation supplies	1,000	1,000	724	276
Utilities	28,500	28,500	44,742	(16,242)
Concession expense	19,000	19,000	26,465	(7,465)
Field and gym maintenance	5,000	5,000	6,878	(1,878)
Concession stand expense	850	850	2,060	(1,210)
Team equipment and supplies	8,500	8,500	5,131	3,369
Referees, officials	24,500	24,500	29,105	(4,605)
Insurance, participants	3,100	3,100	2,924	176
Program expenses	3,500	3,500	6,344	(2,844)
Light replacements	500	500	137	363
Field maintenance	5,000	5,000	1,641	3,359
Trophies, banquets	3,000	3,000	3,181	(181)
Safety code update	3,000	3,000	750	2,250
Postage	200	200	56	144
Landscape maintenance	5,000	5,000	5,376	(376)
Donations	200	200	61	139
Holiday expenses	500	500	99	401
Capital outlays	-	-	17,128	(17,128)
Background checks	-	-	15	(15)
Inmate Meals	-	-	237	(237)
Fund raising	-	-	29	(29)
Mower gas and repairs	1,500	1,500	-	1,500
Travel	-	-	1,000	(1,000)
Equipment rental	-	-	606	(606)
Credit card machine expense	-	-	568	(568)
Total Recreation Department	<u>276,269</u>	<u>276,269</u>	<u>375,440</u>	<u>(99,171)</u>
 TOTAL DEPARTMENTAL				
EXPENDITURES	<u>\$2,284,841</u>	<u>\$2,284,841</u>	<u>\$2,723,306</u>	<u>\$(438,465)</u>

CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARES
OF THE NET PENSION LIABILITIES
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS)
POLICE OFFICERS RETIREMENT SYSTEM (PORS)

<u>06/30/14</u>	<u>SCRS</u>	<u>PORS</u>
City of Liberty's proportion of the net pension liability (asset)	0.004752%	0.06284%
City of Liberty's proportionate share of the net pension liability (asset)	\$ 818,137	\$1,202,930
City of Liberty's covered-employee payroll	\$ 424,794	\$ 791,672
City of Liberty's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	192.60%	151.95%
Plan fiduciary net position as a percentage of the total pension liability	59.9%	67.5%

See the notes to the required supplementary information

CITY OF LIBERTY
SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM (SCRS) AND
POLICE OFFICERS RETIREMENT SYSTEM (PORS)
LAST 10 FISCAL YEARS

	<u>06/30/15</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/06</u>
SCRS actuarially determined contributions	\$ 55,918	\$ 44,391	\$ 47,814	\$ 48,077	\$ 49,005	\$ 49,501	\$ 46,947	\$ 42,938	\$ 35,081	\$ 29,847
PORS actuarially determined contributions	<u>110,676</u>	<u>98,484</u>	<u>92,213</u>	<u>94,031</u>	<u>86,689</u>	<u>84,232</u>	<u>85,383</u>	<u>78,048</u>	<u>70,641</u>	<u>71,794</u>
Total SCRS and PORS actuarially determined contributions	<u>\$ 166,594</u>	<u>\$ 142,875</u>	<u>\$ 140,027</u>	<u>\$ 142,108</u>	<u>\$ 135,694</u>	<u>\$ 133,733</u>	<u>\$ 132,330</u>	<u>\$ 120,986</u>	<u>\$ 105,722</u>	<u>\$ 101,641</u>
SCRS and PORS contributions in relation to the actuarially determined contributions	<u>(166,594)</u>	<u>(142,875)</u>	<u>(140,027)</u>	<u>(142,108)</u>	<u>(135,694)</u>	<u>(133,733)</u>	<u>(132,330)</u>	<u>(120,986)</u>	<u>(105,722)</u>	<u>(101,641)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SCRS covered-employee payroll	\$ 520,167	\$ 424,794	\$ 457,550	\$ 512,002	\$ 530,357	\$ 535,725	\$ 508,084	\$ 473,929	\$ 530,746	\$ 445,478
PORS covered-employee payroll	<u>850,699</u>	<u>791,672</u>	<u>774,899</u>	<u>827,738</u>	<u>778,877</u>	<u>790,911</u>	<u>801,718</u>	<u>757,748</u>	<u>685,835</u>	<u>697,029</u>
Total SCRS and PORS covered-employee payroll	<u>\$1,370,866</u>	<u>\$1,216,466</u>	<u>\$1,232,449</u>	<u>\$1,339,740</u>	<u>\$1,309,234</u>	<u>\$1,326,636</u>	<u>\$1,309,802</u>	<u>\$1,231,677</u>	<u>\$1,216,581</u>	<u>\$1,142,507</u>
SCRS contributions as a percentage of covered-employee payroll	10.75%	10.45%	10.45%	9.39%	9.24%	9.24%	9.24%	9.06%	6.61%	6.70%
PORS contributions as a percentage of covered-employee payroll	13.01%	12.44%	11.90%	11.36%	11.13%	10.65%	10.65%	10.30%	10.30%	10.30%

See the notes to the required supplementary information.

**CITY OF LIBERTY, SOUTH CAROLINA
NOTES TO THE REQUIRED SCHEDULES
JUNE 30, 2015**

NOTE 1 – PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

GASB Statement No. 68 requires that a Schedule of Proportionate Share of Net Pension Liability be presented for each cost-sharing pension plan for the last ten years. Specifically, this schedule should present the following information for each year: the employer's proportion (percentage) of the collective net pension liability, the employer's proportionate share (amount) of the collective net pension liability, the employer's covered-employee payroll, the employer's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability. However, until a full 10-year schedule is available, only the year(s) for which the information is available should be presented in the schedule. This information was only available for the year ended June 30, 2014.

NOTE 2 – PENSION PLAN CONTRIBUTIONS

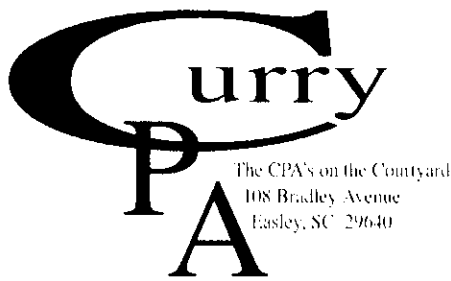
GASB statement No. 68 requires that a Schedule of Pension Plan Contributions be presented for the last ten years if the contribution requirements of the employer are statutorily or contractually established. Specifically, the Schedule of Contributions is to present the following information for the last ten years: the statutorily or contractually required employer contributions, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contributions, the difference between the statutorily or contractually required employer contributions and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required amount, the employer's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contributions as a percentage of the employer's covered-employee payroll. This information has been presented in the Schedule of Contributions for the years ended June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015.

NOTE 3 – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARILLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2014, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2015 reported in that schedule can be found in Note 8 of the basic financial statements.

CITY OF LIBERTY, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Collected by City</u>	<u>Retained by City Treasurer</u>	<u>Remitted to State Treasurer</u>	<u>Allocated to Victims' Assistance</u>
Fines	\$78,071	\$78,071		
Assessments	\$66,140	\$ 7,224	\$58,916	\$ 7,224
Surcharges	\$30,272	\$ 2,272	\$28,000	2,272
Expenditures				(1,048)
Balance, beginning of year				<u>13,638</u>
Balance, end of year				<u>\$22,086</u>



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

To the Honorable Mayor and Members of the City Council
City of Liberty, 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 Liberty, South Carolina as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Liberty, South Carolina's basic financial statements and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies 2015-1 through 2012-3 described in the accompanying schedule of findings to be material weaknesses.

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

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. We consider the deficiencies 2015-4 through 2015-15 described in the accompany schedule of findings to be significant deficiencies

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Liberty, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2015-16 through 2015-26.

City of Liberty, South Carolina's Response to Findings

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

Curry, P.A.

Easley, South Carolina
November 30, 2015

**CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

INTERNAL CONTROL OVER FINANCIAL REPORTING

- 2015- 1 The accounting personnel lack the formalized knowledge and training to prepare the financial statements in accordance with generally accepted accounting principles. This is a material weakness.
- 2015- 2 There is only minimum oversight from the Mayor and Council over the effectiveness of the internal control procedures of the City. This is a material weakness.
- 2015- 3 The City's Mayor and Council provide minimum oversight over the City's financial accounting records. This is a material weakness.
- 2015- 4 In some instances the City's accounting personnel both bill the revenue and process the revenue (accounts receivable) payments. Also, in some instances the City's accounting personnel both sign the checks and prepare the bank reconciliations. Therefore, at times there is a lack of segregation of duties in accounting.
- 2015- 5 Three check requests were approved by the same person who made the request. Two of the requests were made and approved by an employee in the Recreation Department for cleaning supplies and a website for the City, and one request was made and approved by an employee in the Police Department for a trip to the Greenville County Recreation Department for the Dare Camp.
- 2015- 6 Two petty cash reimbursement requests were not approved. One request was made by an employee in the Administrative Department for a decorative pumpkin for City Hall, and one request was made by an employee in the Recreation Department for décor for the Mayor's office.
- 2015- 7 A petty cash reimbursement request was not completed by one employee in the Water Department for postage to ship another Water Department employee's hand held meter to Lexington, KY for repair.
- 2015- 8 There were a number of transactions that weren't recorded at year end that were June 30, 2015 transactions. These transactions/adjustments were made through the course of the audit to bring the financial records to the accrual basis of accounting.
- 2015- 9 A number of revenue and expense transactions were recorded in the wrong general ledger accounts. These mispostings were corrected during the course of the audit.
- 2015-10 Several payroll errors were identified during the course of the audit. One employee in the Water Department was underpaid for the payroll period ended September 6, 2014, and two employees in the Police Department were underpaid for the payroll periods ended July 13, 2014 and November 15, 2014. Also, one employee in the Water Department was overpaid for the payroll period ended July 13, 2014, and one employee in the Recreation Department was overpaid for the payroll period ended October 4, 2014. Furthermore, one employee in the Administrative Department received a duplicate payment for the payroll period ended October 4, 2014. This amount was repaid by the employee during the current year. Moreover, one employee in the Recreation Department was erroneously paid for sick time for the payroll period ended October 4, 2014. Lastly, one employee in the Water Department was overpaid for the payroll period ended July 13, 2014, and another employee in the Recycling Department was overpaid for the payroll periods ended July 13, 2014 and October 4, 2014. However, the overpayments were deducted from the employees' paychecks in the following payroll periods.

**CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

INTERNAL CONTROL OVER FINANCIAL REPORTING (CONTINUED)

- 2015-11 Invoice documentation was not submitted for thirty-three First Citizens credit card charges totaling \$1,208. One credit card charge was for a meal for the Fire Department in the amount of \$25. The Recreation Department made three credit card charges to Ingles, Fred's, and Dollar General totaling \$29. A memo was identified that stated that the charges were for a yard sale held by the City. However, there is no documentation showing what was purchased specifically. Another credit card charge was made by the Public Works Department for shovel and hammer handles in the amount of \$50. Also, a credit card charge was made by the Water Department at a convenience store for an unidentified purchase in the amount of \$6. There was no memo in explanation of the charge. The remaining twenty-seven credit card charges were made by the Administrative Department in the total amount of \$1,098. Out of those twenty-seven credit card charges, eight charges were for various meals and other food items totaling \$207; two charges were for fuel totaling \$45; another charge was for office supplies in the amount of \$56; and the other sixteen charges totaling \$790 could not be identified specifically as to what they were. These sixteen charges were made to Ingles, CVS Pharmacy, Publix, Walmart, and SQ 141 West LLC. According to the memos identified for some of these charges, the purchases were for holiday expenses, office supplies, a Christmas dinner, supplies for a council meeting, and a community clean up. Again, there was no documentation showing what was specifically purchased.
- 2015-12 Four non-credit card purchases made by the Recreation Department were not supported by invoice documentation. These purchases were for food for the banquets held by the Recreation Department. The total of the purchases was \$190.
- 2015-13 Reviews of the fixed assets used by the Public Works, Water, and Recreation Departments were not performed frequently. Also, when the reviews were performed, they were done by the same person who was responsible for purchasing the fixed assets. Therefore, there is a lack of segregation of duties as well.
- 2015-14 Monthly reconciliations of the athletic fees were not performed by the Recreation Department.
- 2015-15 The City's water billing system calculated several water customers' billings incorrectly for October 2014. The water billing system billed the water customers at the minimum rate instead of at the rate in accordance with the number of gallons used by each customer. Based on conversations with the Water Department Clerk, the water billing system frequently makes errors that have to be corrected manually.

COMPLIANCE AND OTHER MATTERS

- 2015- 16 A number of personal charges were identified on the City's First Citizens and Sam's credit cards during the course of the audit totaling \$13,102. These amounts were all repaid to the City during the current year.

**CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPLIANCE AND OTHER MATTERS (CONTINUED)

- 2015- 17 Two checks were written for which substantiation was not provided to the City. One check was written in the amount of \$600 to be used to purchase a television for a dance class held at the Rosewood Center. Another check was written in the amount of \$1,000 for travel expenses incurred. However, invoices were not provided to substantiate the amounts.
- 2015-18 A check written to petty cash was cashed in order to have change funds for the Liberty Festival. However, no evidence was found that this money was redeposited back into the City's bank account.
- 2015-19 Several employees in the Fire, Police, and Administrative Departments received cell phone upgrades during the current year that were paid by the City.
- 2015-20 One vendor's November 2014 hospitality tax payment was misplaced. This resulted in the vendor having to make the payment again to the City.
- 2015-21 Two vendors did not pay the correct amount of hospitality tax for March 2015. One vendor underpaid, and the other vendor overpaid.
- 2015-22 Registration fees were paid in April 2015 for the attendance of training seminars by the Administrative Department. However, no one attended the training seminars.
- 2015-23 The City withheld retirement contributions at the SCRS member rate instead of at the PORS rate for one employee in the Fire Department.
- 2015-24 Three expenditures were inappropriately made out of the TIF bank account. One expenditure was for the demolition of an old house located in Liberty, and the other two expenditures were for the repair of the door at the Rosewood Center.
- 2015-25 Proof of gross receipts was not submitted with business license applications by nine vendors.
- 2015-26 Under the procurement code and policy, bids are to be obtained for purchases that exceed \$2,500. However the City did not obtain bids for the purchase of a mower for the Recreation Department.

**CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF RESPONSES TO THE FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- 2015- 1 The City will rely upon the expertise of the auditors to prepare the financial statements in accordance with generally accepted accounting principles.
- 2015- 2 The City will continue to try to record all of the current year's transactions in the current year's financial accounting records. The City will enhance their month-end and year-end cut-off procedures to ensure that all relevant transactions have been recorded.
- 2015- 3 All general ledger account transactions will be reviewed for recording accuracy in the future.
- 2015- 4 With the limited accounting staff, total and complete segregation of duties will be hard to achieve. However, the City will review the current duties of the accounting personnel and make necessary changes in the segregation of duties to improve the internal control over the financial transactions.
- 2015- 5 All future check requests will be signed and approved by the respective department heads before being honored by the Administrative Department.
- 2015- 6 All future petty cash reimbursement requests will be signed and approved by the Water Clerk.
- 2015- 7 A petty cash reimbursement request will be prepared for all future requests.
- 2015- 8 The Mayor and or a member of Council will review the effectiveness of the internal control system periodically, and they will make necessary enhancements to the City's internal control system.
- 2015- 9 The Mayor and or a member of Council will review the general ledger transactions on a monthly basis. The Mayor will design and implement a monthly transaction checklist to enhance their oversight responsibilities.
- 2015-10 The duplicate payroll check received by the employee in the Administrative Department was repaid during the current year. The overpayments made to the employees in the Water and Recycling Departments were deducted from the employees' next paychecks. With regards to the other payroll errors that were not detected by the City, a more cursory review of payroll data will be performed in the future to prevent these same errors.
- 2015-11 The Mayor issued a memo to each department asking that invoice documentation be submitted for any purchases made for the City. Furthermore, any expenditures for which invoice documentation is not submitted will be perceived as personal, and the employee will be responsible for payment.
- 2015-12 Employees will be more vigilant in submitting documentation for all future expenditures made. Otherwise, the expenditure will be perceived as personal, and the employee will be responsible for payment.
- 2015-13 Reviews of fixed assets will be performed at least quarterly for all departments by someone who is not responsible for purchasing the fixed assets.
- 2015-14 The Recreation Department will designate someone to perform the monthly reconciliation of the athletic fees.

**CITY OF LIBERTY, SOUTH CAROLINA
SCHEDULE OF RESPONSES TO THE FINDINGS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- 2015-15 The Water Department billed each water customer for the difference between what was actually billed and what should have been billed for October 2014. However, since the City appears to have frequent technical difficulties with the water billing system, the City may need to look into purchasing a more up-to-date billing system.
- 2015-16 The Mayor issued a memo to all departments prohibiting future use of the City's credit cards for personal purchases. Any employees found guilty of utilizing the City's credit cards to make personal purchases will receive disciplinary action.
- 2015-17 No checks will be written for future purchases. Any purchases for the City will be made by credit card and will be substantiated with invoice documentation.
- 2015-18 Any employee who can't provide accountability for a check cashed and used for change funds for a particular event will be responsible for repaying the City for the amount taken out of the City's bank account.
- 2015-19 One employee in the Police Department reimbursed the City during the current year for the upgrade. The employees in the Fire Department repaid the City back after year end for the upgrades, and the employee in the Administrative Department did not repay the City. Any future cell phone upgrades will be the responsibility of the employee.
- 2015-20 All hospitality tax payments will be submitted to one person and kept in a secure central location until deposited.
- 2015-21 The City billed the vendor who underpaid the March 2015 hospitality tax payment for the difference between the amount that was actually paid and the amount that should have been paid. Also, the City paid the vendor who overpaid the March 2015 hospitality tax payment for the difference between the amount that was actually paid and the amount that should have been paid.
- 2015-22 Any employee who does not attend any future training seminars paid by the City will be responsible for reimbursing the City.
- 2015-23 The City will be more vigilant in ensuring that the appropriate rate is being withheld for SCRS members and for PORS members.
- 2015-24 The City transferred the money back into the TIF bank account.
- 2015-25 When applicable the South Carolina Department of Revenue's gross sales listing will be utilized to confirm gross receipts.
- 2015-26 The City will practice better adherence to the procurement code and policy as needed in the future.