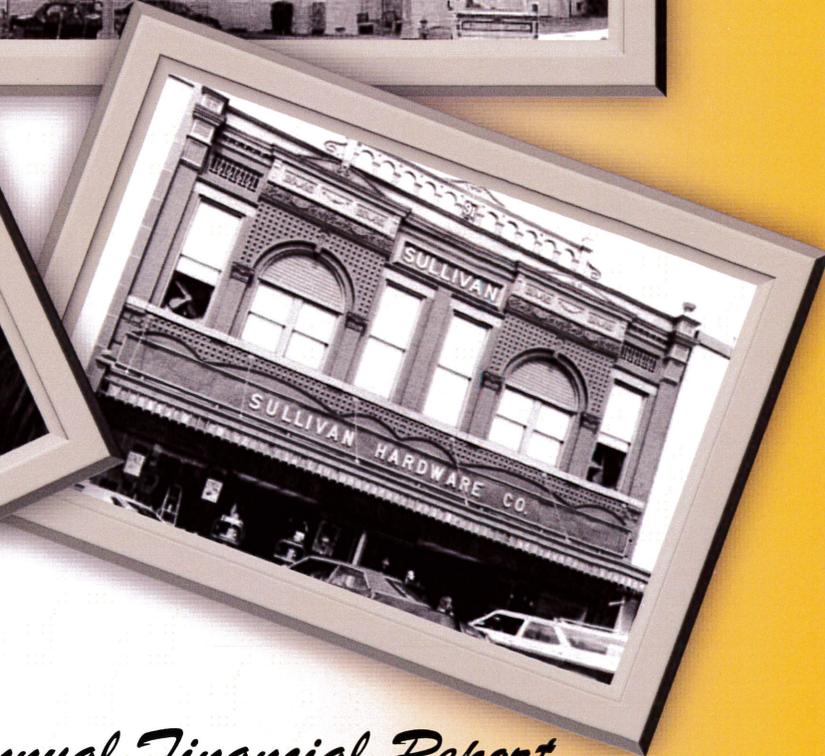
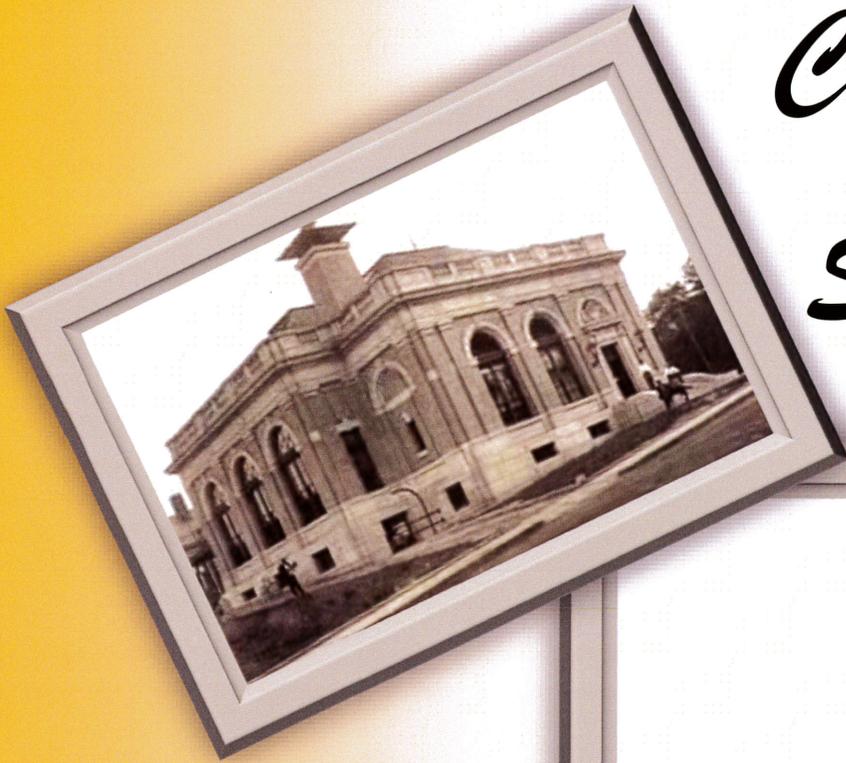


*City of Anderson  
South Carolina*



*Comprehensive Annual Financial Report*

*Fiscal Year Ending June 30, 2015*



**CITY OF ANDERSON, SOUTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2015**

**Prepared By: Finance Department  
Peggy G. Maxwell  
Finance Director**



CITY OF ANDERSON, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

---

**INTRODUCTORY SECTION (UNAUDITED)**

	<u>Page Number</u>
Table of Contents	i
Transmittal Letter	1
List of Principal Officials and Management Team	7
City of Anderson Organizational Chart	8
Certificate of Achievement for Excellence in Financial Reporting	9

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT** 11

Management's Discussion and Analysis 13

**Basic Financial Statements:**

*Government-Wide Financial Statements:*

Statement of Net Position 26

Statement of Activities 27

*Fund Financial Statements:*

Balance Sheet - Governmental Funds 28

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 29

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 30

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities 31

Statement of Net Position - Proprietary Funds 32

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds 33

Statement of Cash Flows - Proprietary Funds 34

Statement of Assets and Liabilities - Fiduciary Fund - Agency Fund 35

Statement of Net Position - Fiduciary Fund - Pension Trust Fund 36

Statement of Changes in Net Position - Fiduciary Fund Types 37

*Notes to the Financial Statements* 38

**Required Supplementary Information:**

Budgetary Comparison Schedule - General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual 83

Notes to Budgetary Comparison Schedule - General Fund 86

Other Post Employment Benefit Plan Schedules

Required Supplementary Information - Defined Benefit Healthcare Plan -  
Schedules of Employer Contributions and Funding Progress 87

(Continued)

CITY OF ANDERSON, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

---

**FINANCIAL SECTION (CONTINUED)**

Page Number

**Required Supplementary Information (Continued):**

Pension Plan Schedules

City of Anderson General Employees' Retirement Plan Schedules

Required Supplementary Information - Schedule of Changes in the Net Pension Liability and Related Ratios	88
Required Supplementary Information - Schedule of Contributions	89
Required Supplementary Information - Schedule of Investment Returns	90

South Carolina Police Officers Retirement System Schedules

Required Supplementary Information - Schedule of the City of Anderson's Proportionate Share of the Net Pension Liability	91
Required Supplementary Information - City of Anderson's Contributions	92

**Supplementary Information:**

Combining and Individual Fund Financial Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds	94
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	96

Special Revenue Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Community Development Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Perpetual Care Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Accommodations Tax Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Hospitality Fee Fund	104

Permanent Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Transportation Investment Fund	107
--	-----

Proprietary Funds

Schedule of Revenues, Expenses, and Changes in Fund Net Position Budgets and Actual - Sewer Fund	111
Schedule of Revenues, Expenses, and Changes in Fund Net Position Budgets and Actual - Water Fund	112
Schedule of Revenues, Expenses, and Changes in Fund Net Position Budgets and Actual - Storm Water Fund	113
Schedule of Revenues, Expenses, and Changes in Fund Net Position Budgets and Actual - Transit Fund	114

(Continued)

CITY OF ANDERSON, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

---

**FINANCIAL SECTION (CONTINUED)**

Page Number

**Supplementary Information: (Continued)**

Combining and Individual Fund Financial Schedules: (Continued)

Fiduciary Funds

Statement of Changes in Assets and Liabilities - Fiduciary Fund - Agency Fund - Forfeitures and Seizures Fund 117

Other Schedules

Schedule of Fines, Assessments, and Surcharges - General Fund - Victim's Advocate 118

Schedule of Budgeted to Actual Cost for the South Carolina Department of Transportation 119

**STATISTICAL SECTION (UNAUDITED)**

Financial Trends Information

Net Position by Component - Last Ten Fiscal Years - accrual basis of accounting 123

Changes in Net Position - Last Ten Fiscal Years - accrual basis of accounting 124

Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years - accrual basis of accounting 126

Fund Balances of Governmental Funds - Last Ten Fiscal Years - modified accrual basis of accounting 127

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - modified accrual basis of accounting 128

Revenue Capacity Information

Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years 130

Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years 131

Principal Property Taxpayers - Current Year and Nine Years Ago 132

Property Tax Levies and Collections - Last Ten Fiscal Years 133

Debt Capacity Information

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years 134

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years 135

Direct and Overlapping Governmental Activities Debt - As of June 30, 2015 136

Legal Debt Margin Information - Last Ten Fiscal Years 137

Pledged Revenue Coverage - Last Ten Fiscal Years 138

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years 139

Principal Employers - Current Year and Nine Years Ago 140

Operating Information

Full-Time Equivalent City Government Employees by Function - Last Ten Fiscal Years 141

Operating Indicators - Last Ten Fiscal Years 142

Capital Asset Statistics - Last Ten Fiscal Years 143

(Continued)

**CITY OF ANDERSON, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2015**

---

**COMPLIANCE SECTION**

	<u>Page Number</u>
Schedule of Expenditures of Federal Awards	145
Notes to the Schedule of Expenditures of Federal Awards	146
Independent Auditor's Report - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	147
Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133	149
Schedule of Findings and Questioned Costs	151
Summary Schedule of Prior Audit Findings	153

**CONTINUING DISCLOSURE SECTION (UNAUDITED)**

Schedule of Sewer System Service Statistics - Sewer Fund	155
Schedule of Water Meter Service - Water Fund	156
Schedule of Largest Utility Users - Water and Sewer Funds	157
Schedule of Utility Rates - Water and Sewer Funds	158



December 16, 2015

The Honorable Mayor  
Members of City Council  
City of Anderson, South Carolina

Dear Mayor Roberts and City Council Members:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (“CAFR”) of the City of Anderson, South Carolina (“City”) for the fiscal year ended June 30, 2015.

This report consists of management’s representations concerning the finances of the City of Anderson. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Anderson has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Anderson’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Anderson’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Anderson’s financial statements have been audited by Greene, Finney, and Horton, LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Anderson’s financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor’s report is presented in the Financial Section of this report.

The independent audit of the financial statements of the City of Anderson was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Compliance Section of the CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Anderson’s MD&A can be found in the Financial Section of the CAFR.

## **PROFILE**

### ***Community Profile***

Anderson was named for General Robert Anderson, a Revolutionary War hero who was born in 1741 in August County, Va. His parents came to this country from Ireland. As a young man, he came to South Carolina to help his good friend, Andrew Pickens, in surveying some land that had been given to the English Colony by the Indians.

He returned to Virginia to marry Ann Thompson and brought her back to South Carolina, where they settled at Long Cane, Abbeville County. General Anderson later moved to the newly opened upstate and settled in the early Pendleton district near the Seneca River on the side of the river that became part of Anderson County when the old district was divided.

The City was founded in December 1826 and incorporated by an act of Legislature, December 9, 1833.

Anderson was the first city in the South to have an unlimited supply of electric power. The first cotton gin in the world to be operated by electricity was in Anderson County in 1897.

### ***City Government***

Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under Council-Manager form of government. The Council is composed of a Mayor and eight Council members. The Mayor and two Council members are elected at-large and six Council members are elected on a single member ward basis. The Mayor and Council, elected for four-year staggered terms, are vested with the legislative and policymaking powers of the City. The Council appoints a City Manager who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City. Twelve division heads currently report to the City Manager and are responsible for the following functions: Courts, City Attorney, Finance, Police, Information Technology, Neighborhood & Transit Services, Fire, General Government, Public Works, Electric City Utilities, Planning & Development, and Recreation & Parks.

The City operates and maintains various programs which are funded from City revenues, as reflected in its annual budget for fiscal year 2014-2015 and provides a full range of services contemplated by statute. These services include the public safety (police and fire) public works; recreational activities; planning; zoning and community services.

### ***Budget Process***

In accordance with the General Statutes of the State of South Carolina, the City Council is required to adopt an annual balanced budget prior to July 1<sup>st</sup>. The City uses the adopted budget as a management control device during the year. A balanced budget is achieved when the City is able to equate the revenues with expenditure over the business cycles.

The budget process begins in February with a special, comprehensive work session in which the Finance Department and City Manager's Office meets with all Departments to discuss current and future trends, needs, and goals of the City. During this meeting the budget calendar is reviewed and budget manuals are distributed to each department. These manuals contain a detailed description of the mechanics associated with the budget.

Each department then prepares a comprehensive list of objectives and funding requests they would like to have considered for the upcoming budget year.

During this time the Finance Department prepares revenue estimates for both the current and upcoming years. Appropriate departments also prepare their own revenue projections for those revenue items affecting their departments.

Each department then meets individually with the City Manager's Office and the Finance Office to review program budgets and expenditure requests. During these meetings, the goals of each department are reviewed and expenditure requests are evaluated to determine the fiscal resources necessary to accomplish these goals.

Following these meetings, the City Manager's Office and the Finance Department meet to prepare a draft budget for submission to City Council. This draft budget is submitted to Council at formal budget workshops held in May and June. The public has an opportunity to comment on the budget at a designated public hearing. A public hearing and three readings are required for formal adoption of the budget. Amendments to the budget are allowable under South Carolina law and are made throughout the year as necessary.

## **FACTORS AFFECTING ECONOMIC CONDITION**

### ***Local Economy***

The City of Anderson is located in the northwest corner of the state of South Carolina on the Piedmont Plateau. It is the county seat, located in the geographical center of the county, and the principal city in Anderson County. The City is ideally located on the busy Interstate 85 corridor, to which much of its economic growth can be attributed. The I-85 corridor from Atlanta to Charlotte is now known as one of the nation's hottest growth areas. Anderson County, South Carolina lies midway between Atlanta, Georgia and Charlotte, North Carolina. This stretch of highway is one of the heaviest traveled highways in the southeast. Business leaders and development officials in Anderson have taken advantage of this asset, and visible progress is the result. Anderson County was ranked 14<sup>th</sup> out of 50 on the "Hottest American cities for business location", (based on a survey of leading site consultants) according to the January 2001 issue of Expansion Management.

Anderson is a major contributor to the success of the upstate. Anderson offers all of the basics upon which to build a thriving economy, including affordable land, a good transportation system, infrastructure, and a large number of recreational amenities. In June 2000, Anderson County was one of only ten communities to be designated an All-American City by the National Civic League. The Anderson community offers the feel of small-town living with the attractions and business opportunities of larger cities only a short drive away. The City encompasses approximately fourteen square miles.

### ***Long-Term Financial Planning***

The City of Anderson each year presents detailed strategies for implementing annual goals. Many of these goals progress a great deal during the year, while others require more time. Both the goals and strategies are indicative of the City's Mission Statement and our visions for the future.

- Continue to improve and enhance our neighborhoods
  - Continue to reduce substandard housing through demolition and clearance; increase new housing opportunities by rebuilding and partnering with residents, businesses, and other entities; boost beautification efforts through enhanced neighborhood gateways for visual appeal and safety.
  - Develop sustainable programs that can be replicated throughout our neighborhoods, and encourage the engagement of neighborhood residents to work together and regroup to achieve an improved sense of livability.
  - Continue to implement Phase 1 of the Neighborhood Revitalization Implementation Plan which includes Murray-Franklin and McCully Street Model Block.
- Continue our downtown revitalization efforts
  - Increase our emphasis on assistance and incentives that encourage private investment, and increase the growth of the Tax Increment Financing district for continued public infrastructure investment.
  - Expand the focus and reach of the downtown master plan by fine-tuning the elements that compliment development i.e. wayfinding, maintenance, partnerships, marketing, promotion, etc.
  - Continue efforts to promote expansion of residential, retail, and other economic development as well as the amenities to compliment them.
- Strengthen our recreation and parks programs and tourism opportunities
  - Focus on comprehensive recreation, parks and tourism development through collaboration.
  - Maximize the positive impact of the Recreation Center on the community, and generate opportunities to promote active and healthy lifestyles.
- Communicate the importance and value of basic City services, with specific attention to equity - the need for all receiving services to pay their equitable portion with a plan fair to all.
- Continue the City's communications program allowing the City to tell its story through our communications tool kit including ECTV-14, website ([www.cityofandersonsc.com](http://www.cityofandersonsc.com)), focused marketing, etc. geared toward retreat issues, major projects and timely subjects.
- Drive the culture change that promotes efficiency, innovation, effectiveness, and equitable value.

Focus and engage the management team to develop methods and actions that advance the priorities in a strategic and comprehensive manner through leadership development, cross-departmental collaboration, benchmarking, etc. Many of these goals represent multi-year tasks and strategies. Many are process-oriented rather than project-oriented. Most all of

them involve the planned expenditure of budgeted funds. Others require seeking alternative resources. Because of this, the City will continue to seek new opportunities relative to funding municipal government.

### ***Financial Policies***

The Statement of Financial Policies presents policies that the City follows in managing its financial and budgetary affairs.

#### **Operating Budget Policies**

- Essential City services will receive first priority. For the purpose of this policy, these services are those that protect lives and property.
- The City will avoid budgetary procedures that balance current expenditures by obligating future year funds.
- The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

#### **Revenue Policies**

- The City will try to maintain a diversified and stable revenue system.
- The City will follow an aggressive policy of collecting revenues.
- The City will consider market rates and rates charged by other municipalities of similar size for charges for services.
- Enterprise funds will be self-supporting.

#### **Investment Policies**

- The City's investment portfolio will be diversified to avoid incurring unreasonable risks.
- The City will obtain the best possible return on all investments within the limits of State law, local ordinances and prudent investment practices.
- The Finance Director will receive a monthly investment report outlining the nature, value, yield, purchase price and any other pertinent information.

#### **Accounting, Auditing and Financial Reporting Policies**

- An independent audit will be performed annually.
- The City will issue annual financial reports in accordance with generally accepted accounting principles ("GAAP") as outlined by the Governmental Accounting, Auditing, and Financial Reporting ("GAAFR") book.

#### **Reserved and Unreserved Fund Balance Policies**

- The City seeks to maintain a prudent level of financial resources to protect against reducing levels of service because of temporary shortfalls or unpredicted one-time expenditures.

### ***Major Initiatives***

For the eleventh straight year, the Mayor, City Council and Division Heads participated in a planning retreat. This retreat helped identify the major issues facing the City.

City Council and management want to ensure that the residents in the City of Anderson are provided the most efficient and effective services at the most affordable costs.

## **AWARDS AND ACKNOWLEDGEMENTS**

### ***Awards***

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Anderson, South Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The City of Anderson has received this award for twenty consecutive years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

The City of Anderson also received the Certificate for Excellence in Distinguished Budget Presentation from the Government Finance Officers Association of the United States and Canada for our Annual Adopted Budget for the fiscal year ended June 30, 2015. This was the eleventh receipt of this award. The 2016 budget has been submitted for consideration of this award.

***Acknowledgments***

We appreciate the support of the Mayor and Council by encouraging excellence in financial reporting through participation in the Certificate of Achievement for Excellence in Financial Reporting Program of the Government Finance Officers Association.

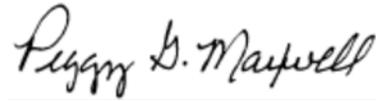
The preparation of the Comprehensive Annual Financial Report was made possible by the hard work of the Finance Division. Each division member has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully Submitted,



---

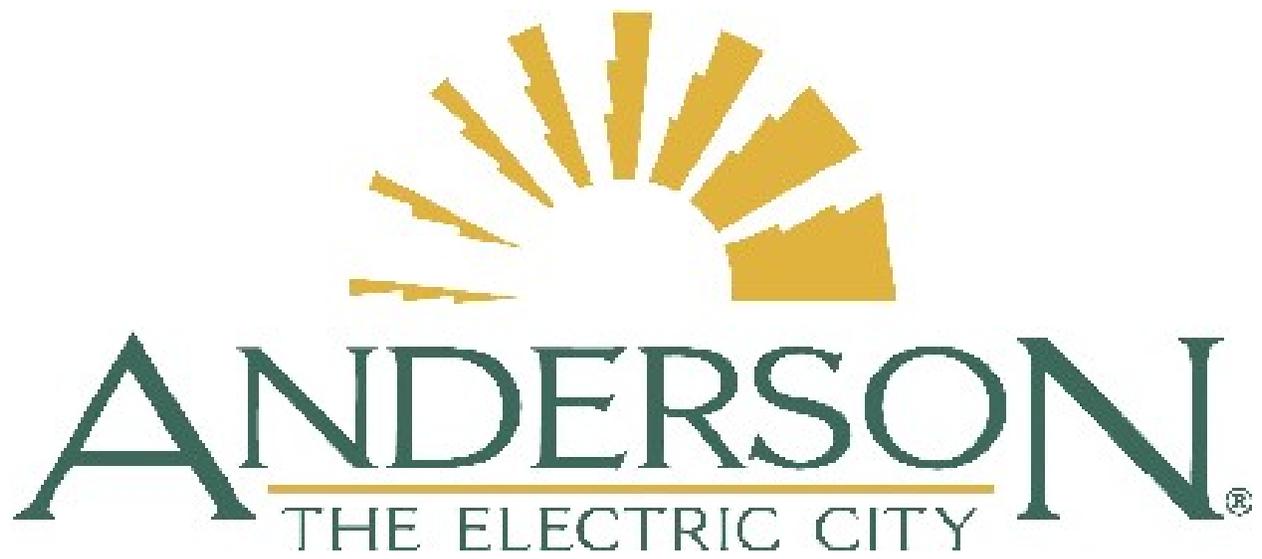
John R. Moore  
City Manager



---

Peggy G. Maxwell  
Finance Director

**This page is intentionally left blank**



**CITY OF ANDERSON, SOUTH CAROLINA  
LIST OF PRINCIPAL OFFICIALS AND MANAGEMENT TEAM  
AS OF JUNE 30, 2015**

**MAYOR**  
Terence V. Roberts

**MAYOR PRO-TEM**  
Donald G. Chapman (Seat 2)

**COUNCILMEMBER SEAT 1**  
Steven C. Kirven

**COUNCILMEMBER SEAT 3**  
A.B. Roberts

**COUNCILMEMBER SEAT 4**  
James A. Stewart

**COUNCILMEMBER SEAT 5**  
Beatrice R. Thompson

**COUNCILMEMBER SEAT 6**  
Richard A. Laughridge

**COUNCILMEMBER AT-LARGE SEAT 7**  
Matthew C. Harbin

**COUNCILMEMBER AT-LARGE SEAT 8**  
John M. Roberts

**CITY MANAGER**  
John R. Moore, Jr.

**ASSISTANT CITY MANAGER**  
Linda P. McConnell

**FINANCE DIRECTOR**  
Peggy G. Maxwell

**CITY ATTORNEY**  
J. Franklin McClain

**CITY JUDGE**  
Kenneth M. Mattison

**POLICE CHIEF**  
James S. Stewart

**FIRE CHIEF**  
R. Dale Horne

**NEIGHBORHOOD & TRANSIT SERVICES DIRECTOR**  
Vacant

**PLANNING & DEVELOPMENT DIRECTOR**  
Maurice L. McKenzie

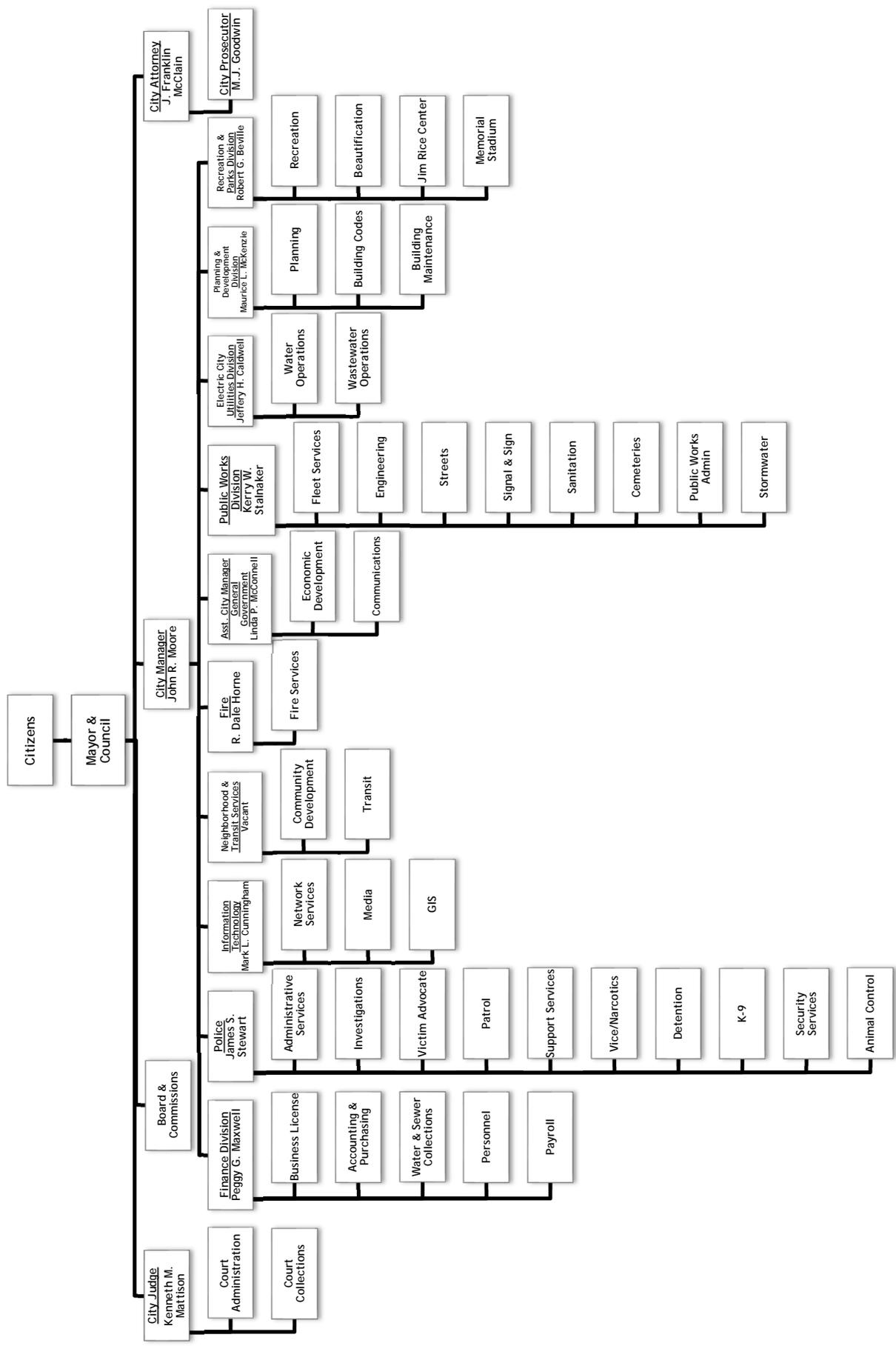
**PUBLIC WORKS DIRECTOR**  
Kerry W. Stalnaker

**UTILITIES DIRECTOR**  
Jeffrey H. Caldwell

**PARKS & RECREATION DIRECTOR**  
Robert G. Beville

**INFORMATION TECHNOLOGY DIRECTOR**  
Mark L. Cunningham

# CITY OF ANDERSON ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Anderson  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

**This page is intentionally left blank**





# Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council  
City of Anderson  
Anderson, 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 Anderson, South Carolina (the "City"), as of and for the year ended June 30, 2015 ("2015"), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anderson, 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.

### ***Change in Accounting Principle***

As discussed in Note I.B to the financial statements, in 2015 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and Governmental Accounting Standards Board Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, statistical section, the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the continuing disclosure section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, and the continuing disclosure section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 16, 2015

## CITY OF ANDERSON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2015

---

As management of the City of Anderson ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2015 ("FY 2015" or "2015") compared to the year ended June 30, 2014 ("FY 2014" or "2014"). The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in letter of transmittal, the financial statements and notes to the financial statements to enhance their understanding the City's overall financial performance.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and its deferred inflows of resources at the close of the current year by approximately \$72,287,000 (*net position*). Of this amount, approximately \$36,401,000 and \$35,885,000 were related to the City's governmental and business-type activities, respectively. In addition, the City's unrestricted net position (which may be used to meet the government's ongoing obligations to citizens and creditors) was approximately (\$928,000) for its governmental activities and approximately \$8,528,000 for its business-type activities.
- The government's total net position increased by approximately \$3,287,000 for governmental activities and approximately \$633,000 for business-type activities compared to the prior year restated net position.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$14,473,000, an increase of approximately \$1,671,000 over the prior year's fund balance.
- The City's General Fund reported total fund balance of approximately \$8,213,000. Approximately 89% of this total amount, or approximately \$7,294,000, is available for spending at the government's discretion (*unassigned fund balance*). The unassigned fund balance for the General Fund was approximately 26% of total General Fund expenditures for the year ended June 30, 2015.
- The City's governmental activities capital assets increased by approximately \$402,000 (1%) during the current fiscal year due to capital asset additions of approximately \$2,352,000, partially offset by depreciation expense of approximately \$1,950,000. The City's business-type activities capital assets decreased by approximately \$3,603,000 (3%) during the current year primarily due to depreciation expense and disposals of approximately \$4,481,000, partially offset by capital asset additions of approximately \$878,000.
- The City's governmental activities total debt (including lease purchase obligations) decreased by approximately \$1,245,000 (10%) during the current year due to scheduled principal payments of approximately \$2,395,000, partially offset by a new lease purchase obligation of approximately \$1,150,000. The City's business-type activities total debt decreased approximately \$3,195,000 (3%) during the current year primarily due to scheduled principal payments.
- The City currently for its 2008 general obligation bond issue has an "A3" rating from Moody's Investors Service and an "AA-" from Standard and Poor's. The City received an "Aa3" and "A+" rating from Moody's Investors Service and Standard and Poor's, respectively, for its 2012 water and sewer system revenue bonds. These ratings are a reflection of the City's strong financial stability.
- The City implemented Governmental Accounting Standard Boards ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. These Statements require the City to recognize a net pension asset/liability, deferred outflows of resources, and deferred inflows of resources for the City's General Employees' Retirement Plan ("City Pension Plan"), and for their participation in the South Carolina Police Officers Retirement System, etc. ("State Retirement Plan"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the statement of net position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the City's Pension Plan Committee and by the South Carolina Public Employee Benefit Authority who administers the State Retirement Plan. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary fund financial statements to reflect the reporting of net pension assets/liabilities and deferred outflows of resources for each of its qualified Plan in accordance with the provisions of these Statements.

# CITY OF ANDERSON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

---

### FINANCIAL HIGHLIGHTS (CONTINUED)

Net position of the City's government-wide financial statements as of July 1, 2014 was decreased by approximately (\$9,714,000) reflecting the cumulative change in accounting principle related to the adoption of these Statements related to the State Retirement Plan. Net position of the City's government-wide financial statements as of July 1, 2014 increased by approximately \$890,000, which consisted of approximately (\$374,000) for its governmental activities and \$1,264,000 for its business-type activities (proprietary funds), reflecting the cumulative change in accounting principle related to the adoption of these Statements related to the City's Pension Plan. See Note IV.B in the notes to the financial statements for more information regarding the City's retirement plans.

### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of five parts – *Introductory Section*, the *Financial Section* (which includes management's discussion and analysis, the financial statements, required supplementary information, and supplementary information), the *Statistical Section*, the *Compliance Section*, and the *Continuing Disclosure Section*.

#### Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements are comprised of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.

**Government-Wide Financial Statements.** The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include general government, public safety, public works, community and economic development, recreation, and advertising and tourism. Taxes, business licenses, building permits, fines, recreational fees, and state and federal grant revenues finance most of these activities. The business-type activities are the City's sewer, water, storm water, and transit operations for which it charges its customers a fee to provide.

The government-wide financial statements can be found as listed in the table of contents.

**Fund Financial Statements.** The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

# CITY OF ANDERSON, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

---

### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the statement of net position and the statement of activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintained seven (7) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Community Development Fund, Perpetual Care Fund, Accommodations Tax Fund, Hospitality Fee Fund, Capital Replacement Fund, and the Transportation Investment Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses four enterprise funds to account for its sewer, water, storm water, and transit operations. The proprietary fund financial statements can be found as listed in the table of contents.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. *Pension Trust* funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans. The General Employees' Retirement Plan Fund is used to account for the City's single-employer defined benefit retirement plan. *Agency* funds are used to account for assets the City holds on behalf of others. The Forfeitures and Seizures Fund is used to account for money that was forfeited and/or seized during a law enforcement action. This money is held until completion of court proceedings. The Agency Fund is custodial in nature and does not present results of operations.

The financial statement of the fiduciary funds can be found as listed in the table of contents.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

**Other Information** – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Regarding the City's major governmental fund, the City adopts an annual budget for its General Fund, as required by the General Statutes. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with its budget. The City sponsors the General Employees' Retirement Plan ("City Pension Plan"), a single-employer defined benefit pension plan, and a healthcare plan ("OPEB plan"). The City has provided the required schedules for the City Pension Plan and OPEB plan as required by GAAP. Required pension schedules have also been included which provide relevant information regarding the City's participation in the South Carolina Police Officers Retirement System, a cost-sharing multiple-employer defined benefit plan. Required supplementary information can be found as listed in the table of contents.

Supplementary information, which includes combining and individual fund schedules, budgetary schedules of the City's governmental and proprietary funds, a schedule of fines, assessments, and surcharges, and schedules of budgeted to actual costs for the SC Department of Transportation are presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

Figure A-1 Major Features of the City of Anderson’s Government-Wide and Fund Financial Statements				
	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds).	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.	Instances in which the City is the trustee or agent for someone else’s resources.
Required Financial Statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Position.</li> <li>▪ Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet.</li> <li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Revenues, Expenses, and Changes in Net Position.</li> <li>▪ Statement of Cash Flows.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Assets and Liabilities and Statement of Fiduciary Net Position.</li> <li>▪ Statement of Changes in Fiduciary Net Position (not required for agency funds).</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements - both financial and capital, and short-term and long-term.	All balance sheet elements that come due during the year or soon, thereafter. No capital assets or long-term obligations are included.	All balance sheet elements - both financial and capital, and short-term and long-term.	All balance sheet elements - short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The following table provides a summary of the City’s net position as of June 30, 2015 compared to June 30, 2014:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015 ^</b>	<b>2014</b>	<b>2015 ^</b>	<b>2014</b>	<b>2015 ^</b>	<b>2014</b>
<b>Assets:</b>						
Current and Other Assets	\$ 24,478,682	23,302,915	16,921,755	15,052,122	41,400,437	\$ 38,355,037
Capital Assets, Net	39,948,128	39,546,454	122,064,368	125,667,659	162,012,496	165,214,113
<b>Total Assets</b>	<b>64,426,810</b>	<b>62,849,369</b>	<b>138,986,123</b>	<b>140,719,781</b>	<b>203,412,933</b>	<b>203,569,150</b>
<b>Deferred Outflows of Resources</b>						
Deferred Loss on Debt Refunding	-	-	1,105,413	1,186,974	1,105,413	1,186,974
Deferred Pension Charges - City Pension Plan	522,181	-	195,526	-	717,707	-
Deferred Pension Charges - State Retirement Plan	1,105,965	-	-	-	1,105,965	-
<b>Total Deferred Outflows of Resources</b>	<b>1,628,146</b>	<b>-</b>	<b>1,300,939</b>	<b>1,186,974</b>	<b>2,929,085</b>	<b>1,186,974</b>
<b>Liabilities</b>						
Long-Term Obligations	14,827,491	15,903,859	102,793,779	105,785,177	117,621,270	121,689,036
Net Pension Liability - State Retirement Plan	9,693,052	-	-	-	9,693,052	-
Other Liabilities	4,011,705	3,742,878	1,607,836	2,132,925	5,619,541	5,875,803
<b>Total Liabilities</b>	<b>28,532,248</b>	<b>19,646,737</b>	<b>104,401,615</b>	<b>107,918,102</b>	<b>132,933,863</b>	<b>127,564,839</b>
<b>Deferred Inflows of Resources</b>						
Deferred Pension Credits - State Retirement Plan	1,121,557	-	-	-	1,121,557	-
<b>Net Position</b>						
Net Investment in Capital Assets	30,092,728	27,461,329	22,339,410	23,043,542	52,432,138	50,504,871
Restricted	7,236,909	7,638,634	5,018,505	4,681,294	12,255,414	12,319,928
Unrestricted	(928,486)	8,102,669	8,527,532	6,263,817	7,599,046	14,366,486
<b>Total Net Position</b>	<b>\$ 36,401,151</b>	<b>43,202,632</b>	<b>35,885,447</b>	<b>33,988,653</b>	<b>72,286,598</b>	<b>\$ 77,191,285</b>

^ The City implemented GASB #68/71 in 2015. See Financial Highlights section for more details.

The City’s total assets and deferred outflows of resources increased approximately \$1,586,000 from the prior year to approximately \$206,342,000 at June 30, 2015. Current and other assets increased approximately \$3,045,000 primarily due to the strong operating performance in the current year and unspent lease purchase obligation proceeds of \$1,150,000 in the Governmental Activities Funds (which will be used to purchase four garbage trucks). Deferred outflows of resources increased by approximately \$1,742,000 at June 30, 2015 compared to the prior year due to the implementation of GASB #68/71 in 2015 (see Financial Highlights section for more details). Capital assets decreased approximately \$3,202,000 from the prior year primarily due to depreciation expense exceeding capital asset additions. Total liabilities and deferred inflows of resources increased approximately \$6,491,000 from the prior year. This increase was primarily due to the City’s implementation of GASB #68/71 in 2015 (see Financial Highlights section for more details) which resulted in the City recording its proportionate share of the net pension liability related to the State Retirement Plan of approximately \$9,693,000, partially offset by scheduled principal payments on the City’s long-term obligations.

The City’s net position increased by approximately \$3,920,000 during the current fiscal year due to current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

The City’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$72,287,000 at June 30, 2015. The largest portion of the City’s net position of approximately \$52,432,000 (approximately 73%) reflects its investment in capital assets (i.e., land, buildings, furniture, equipment, infrastructure, etc.) less any related outstanding debt/lease purchase obligations used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

An additional portion of the City’s net position of approximately \$12,255,000 (approximately 17%) represents resources that are subject to external restrictions on how they may be used. This portion of net position is restricted primarily for debt service or special revenue programs which are restricted by the revenue source (i.e. hospitality fee, accommodations tax, etc.). The remaining portion of the City’s net position is unrestricted net position of approximately \$7,599,000 (approximately 10%) may be used to meet the government’s ongoing obligations to citizens and creditors.

The following table shows the changes in the City’s net position for 2015 compared to 2014.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,370,911	3,698,997	20,348,862	19,179,482	24,719,773	\$22,878,479
Operating Grants and Contributions	1,311,069	1,269,746	731,303	1,058,877	2,042,372	2,328,623
Capital Grants and Contributions	339,612	511,613	177,036	163,356	516,648	674,969
General Revenues:						
Taxes	23,719,957	23,261,383	-	-	23,719,957	23,261,383
Other	685,911	776,724	3,670	5,986	689,581	782,710
<b>Total Revenues</b>	<b>30,427,460</b>	<b>29,518,463</b>	<b>21,260,871</b>	<b>20,407,701</b>	<b>51,688,331</b>	<b>49,926,164</b>
Expenses:						
General Government	6,103,890	6,101,250	-	-	6,103,890	6,101,250
Public Safety	12,888,271	12,395,889	-	-	12,888,271	12,395,889
Public Works	5,320,971	5,286,089	-	-	5,320,971	5,286,089
Community & Economic Development	1,018,494	1,195,924	-	-	1,018,494	1,195,924
Recreation	2,403,626	1,835,590	-	-	2,403,626	1,835,590
Advertising and Tourism	162,076	124,674	-	-	162,076	124,674
Interest	423,517	502,599	-	-	423,517	502,599
Sewer	-	-	10,031,492	10,380,138	10,031,492	10,380,138
Water	-	-	7,622,761	6,860,574	7,622,761	6,860,574
Storm Water	-	-	700,361	581,569	700,361	581,569
Transit	-	-	1,093,110	1,195,662	1,093,110	1,195,662
<b>Total Expenses</b>	<b>28,320,845</b>	<b>27,442,015</b>	<b>19,447,724</b>	<b>19,017,943</b>	<b>47,768,569</b>	<b>46,459,958</b>
Change in Net Position Before Transfers	2,106,615	2,076,448	1,813,147	1,389,758	3,919,762	3,466,206
Transfers In (Out)	1,180,018	1,069,425	(1,180,018)	(1,069,425)	-	-
<b>Change in Net Position</b>	<b>3,286,633</b>	<b>3,145,873</b>	<b>633,129</b>	<b>320,333</b>	<b>3,919,762</b>	<b>3,466,206</b>
Net Position, Beginning of Year -						
As Previously Reported	43,202,632	40,056,759	33,988,653	33,668,320	77,191,285	73,725,079
Cumulative Change in Accounting Principle *	(10,088,114)	-	1,263,665	-	(8,824,449)	-
<b>Net Position, Beginning of Year - As Restated</b>	<b>33,114,518</b>	<b>40,056,759</b>	<b>35,252,318</b>	<b>33,668,320</b>	<b>68,366,836</b>	<b>73,725,079</b>
<b>Net Position - End of Year</b>	<b>\$36,401,151</b>	<b>43,202,632</b>	<b>35,885,447</b>	<b>33,988,653</b>	<b>72,286,598</b>	<b>\$77,191,285</b>

\* The City implemented GASB #68/71 in 2015. See Financial Highlights section for more details.

## CITY OF ANDERSON, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

---

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

*Governmental Activities:* Governmental activities increased the City's net position by approximately \$3,287,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues for 2015 increased approximately \$909,000 (3%) from the prior year and were approximately \$30,427,000. This increase was primarily due to (a) higher tax revenues (some due to recent annexations) and (b) additional franchise fee revenue received from Duke Energy and Piedmont Natural Gas after increases in the franchise fee percentage beginning in FY 2015.
- Total governmental activities expenses increased approximately \$879,000 (3%) from the prior year primarily due to building maintenance and non-capitalizable equipment purchases in the public safety areas (\$492,000), added costs related to operating the new Carolina Wren Park (\$140,000), and various projects and equipment purchases funded by hospitality dollars.

*Business-Type Activities:* Net position for business-type activities (sewer, water, storm water, and transit) increased by approximately \$633,000. Please see "Proprietary Funds" discussion in the following section for details.

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of approximately \$14,473,000 an increase of approximately \$1,671,000 over the prior year fund balance. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately 50% or \$7,294,000 of the total governmental fund balance of approximately \$14,473,000 constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids and inventory (\$111,000; nonspendable), (2) victims services (\$62,000; restricted), (3) TIF debt service or capital projects (\$296,000; restricted), (4) tourism related expenditures (\$1,373,000; restricted), (5) perpetual care (\$666,000; restricted), (6) Permanent Fund principal (\$2,250,000; nonspendable), (7) appropriated for use in FY 2016 budget (\$450,000; assigned), (8) community development (\$256,000; restricted), (9) transit expenditures (\$237,000; restricted), (10) assigned for capital projects (\$328,000) and (11) Capital projects – unspent bond proceeds (\$1,150,000).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was approximately \$8,213,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund (\$7,294,000) represents approximately 26% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$423,000, or 5%. This increase was primarily due to (a) higher tax revenues (some due to recent annexations) and (b) additional franchise fee revenue received from Duke Energy and Piedmont Natural Gas after increases in the franchise fee percentage beginning in FY 2015.

In addition, the fund balances of the other governmental funds increased by approximately \$1,248,000, or 25%, over the prior year ending fund balances. This increase was primarily due to the creation of a Capital Replacement Fund. This fund uses Sanitation Fees to purchase much needed capital for the General Fund. In addition, this fund received lease purchase proceeds of approximately \$1,150,000 in 2015 which were unspent as of June 30, 2015.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

---

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)**

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Net position of the Sewer, Water, Storm Water, and Transit enterprise funds at the end of the current year amounted to approximately \$35,885,000. Details on changes in the City's proprietary funds were as follows:

- Sewer Fund – total sewer operating revenues increased approximately \$806,000 or 8% from the prior year. Charges for services increased 13.5% from the prior year or \$918,000 due to a 15% rate increase implemented in August 2014 as a revenue source to pay for the requirements of the Environmental Protection Agency (“EPA”) mandate. Sewer operating expenses increased approximately \$268,000 or 3.7% from the prior year. This was due to an increase in professional fees in response to the EPA consent order. Net position increased approximately \$441,000 as a result of revenues exceeding expenses.
- Water Fund – total water operating revenues increased approximately \$275,000 or 3.5% from the prior year. The revenue increase is due to an increase in overall water usage from the prior year. Excess rains in the prior year led to decrease in watering. Water operating expenses increased \$229,000 or 3.8% from the prior year. Purchased water expense increased \$106,000 as a result of increase water usages as well as an increase in the unaccounted water percentage to 19.5% from 14.3% in prior year. Health insurance expense increased approximately \$61,000 from the prior year and utility supplies and tank maintenance operating expenses increased \$43,000 from prior year due to work on the lines and tanks that was performed by staff. Net position decreased approximately \$12,000 from the prior year due to expenses exceeding revenues.
- Storm Water Fund – total storm water operating revenues increased approximately \$98,000 or 10.3% from the prior year. The increase in the fees is due to \$0.50 ERU rate increase implemented in August 2014. Operating expenses increased by approximately \$121,000 from the prior year due to transfer of three full time employees from the street department in the General Fund to the Storm Water Fund since their focus was storm water related. Net position increased approximately \$225,000 from the prior year, as revenues exceeded expenses.
- Transit Fund – total operating revenues increased approximately \$5,000 or 2.3% from the prior year related to an increase in ridership and County revenue. Operating expenses decreased approximately \$103,000 or 8.6% mainly due to the vacancy of the Transit Director's position. This decrease includes salary and related benefits.

**Fiduciary Funds.** The City's Pension Trust Fund is used to account for the City's Pension Plan. During calendar year 2015, the Pension Plan's net position increased approximately \$939,000 primarily due to employer contributions of approximately \$652,000 and an increase in investment earnings of approximately \$1,575,000, partially offset by benefit and administrative payments of approximately \$1,288,000. The Forfeitures and Seizures Fund (“Agency Fund”) is used to account for money that was forfeited and/or seized during a law enforcement action. This money is held until completion of court proceedings. The Agency Fund is custodial in nature and does not present results of operations. The balance held by others in the Agency Fund was approximately \$22,000 at June 30, 2015.

**General Fund Budgetary Highlights.** If budget amendments are made they generally fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. The City's amendments to its original 2015 General Fund budget were as follows:

- Adding various new subfunds – Cemetery, Parks & Recreation, TIF, Economic Development, and the Capital Replacement subfunds
- Adding police grants received during the year (i.e. Traffic Enforcement Unit, JAG, etc.)
- Adding capital equipment purchases and the employee cost of living adjustment.

The City's actual results for the General Fund were different than the final budgeted amounts due to the following:

- Tax revenues and franchise fees came in higher than budget primarily due to stronger collections in the TIF District, recent annexations and an increase in franchise fee percentages.
- Expenditures are over budget due to several unexpected events during the fiscal year. Those events were not budgeted and include a sewer leak in the Courts Division, the need for a new roof for Fire Station 1, the use of confiscated funds in the Police Division, and several grants received during the fiscal year (IMT, VAWA, Body Armor, etc.)

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The City’s capital assets as of June 30, 2015 and June 30, 2014, amounted to approximately \$162,012,000 and \$165,214,000 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings, improvements, vehicles, machinery and equipment, water and sewer lines, and other infrastructure. The City’s capital assets (net of depreciation) as of June 30, 2015 and 2014 were as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 4,115,026	4,050,996	1,577,100	1,577,100	5,692,126	\$ 5,628,096
Construction in Progress	540,389	3,295,620	599,165	1,418,897	1,139,554	4,714,517
Buildings and Improvements	34,790,056	33,591,611	131,846,227	131,731,114	166,636,283	165,322,725
Water Tanks and Lines	-	-	36,931,805	35,566,760	36,931,805	35,566,760
Infrastructure	15,822,027	12,546,163	-	-	15,822,027	12,546,163
Machinery and Equipment	2,820,877	2,739,885	1,136,648	1,076,240	3,957,525	3,816,125
Furniture and Fixtures	52,566	52,566	365,355	413,737	417,921	466,303
Vehicles	10,351,342	9,863,825	4,767,209	4,795,133	15,118,551	14,658,958
Capital Assets (Historical Cost)	68,492,283	66,140,666	177,223,509	176,578,981	245,715,792	242,719,647
Accumulated Depreciation	28,544,155	26,594,212	55,159,141	50,911,322	83,703,296	77,505,534
Total	<u>\$ 39,948,128</u>	<u>39,546,454</u>	<u>122,064,368</u>	<u>125,667,659</u>	<u>162,012,496</u>	<u>\$ 165,214,113</u>

The total decrease in the City’s capital assets for the current fiscal year was approximately \$3,202,000 (2%). Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$2,352,000 for governmental activities which consisted primarily of the following:
  - Additions related to construction in progress of approximately \$751,000 which were primarily related to the Carolina Wren Park (\$69,000), West Church Streetscape (\$415,000), ball field lighting (\$165,000), recreation bike path design costs (\$53,000), ice skating rink for Carolina Wren Park (\$29,000), and other capital items (\$20,000).
  - Improvements to the parking garage commercial space (incubator project) for approximately \$600,000.
  - Purchase of vehicles for approximately \$488,000.
  - Purchase of other equipment and capital assets of approximately \$513,000.
- Capital asset additions of approximately \$878,000 for business-type activities which consisted primarily of the following:
  - Additions related to construction in progress in the Water Fund of approximately \$43,000 related to the 28 Bypass Pressure/Sullivan Hills water line project (total cost to date of approximately \$1,118,000).
  - Additions related to construction in progress in the Sewer Fund of approximately \$391,000 primarily related to the sewer GIS mapping project.
  - Additions related to construction in progress in the Storm Water Fund of approximately \$112,000 related to various storm water drainage projects.
  - Purchase of various vehicles and equipment of \$332,000.
- Depreciation expense of approximately \$1,950,000 for governmental activities and approximately \$4,472,000 for business-type activities.

Additional information regarding the City’s capital assets can be found in “Note III.D Capital Assets” in the notes to the financial statements.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

***Debt Administration***

As of June 30, 2015 and June 30, 2014, the City had total outstanding debt (including lease purchase obligations) of approximately \$112,266,000 and \$116,706,000, respectively. Of the City’s total long-term obligations at June 30, 2015, approximately \$2,580,000 was general obligation debt which is backed by the full faith and credit of the City. The City’s total debt and lease purchase obligations as of June 30, 2015 and 2014 were as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Debt:						
General Obligation Bonds	\$ 2,580,000	2,880,000	-	-	2,580,000	\$ 2,880,000
Revenue Bonds *	-	-	89,312,483	92,057,114	89,312,483	92,057,114
Special Obligation Bonds	1,630,000	2,140,000	-	-	1,630,000	2,140,000
Tax Increment Bonds	4,410,000	5,060,000	-	-	4,410,000	5,060,000
SC State Revolving Fund Loans	-	-	11,517,888	11,968,315	11,517,888	11,968,315
Community Development Notes	430,000	595,000	-	-	430,000	595,000
Lease Purchase Obligations	2,385,404	2,005,125	-	-	2,385,404	2,005,125
<b>Total Debt</b>	<b>\$ 11,435,404</b>	<b>12,680,125</b>	<b>100,830,371</b>	<b>104,025,429</b>	<b>112,265,775</b>	<b>\$ 116,705,554</b>

\* Including deferred items (i.e. discounts, premiums, etc.).

The total decrease in the City’s debt and lease purchase obligations for the current year was approximately \$4,440,000 or 4%. Major 2015 events for the City’s governmental and business-type activities were as follows:

- The City’s governmental activities total debt (including lease purchase obligations) decreased by approximately \$1,245,000 (10%) during the current year primarily due to scheduled principal payments of approximately \$2,395,000, partially offset by a new lease purchase obligation of approximately \$1,150,000 (which is for the purchase of four garbage trucks).
- The City’s business-type activities total debt (including lease purchase obligations) decreased approximately \$3,195,000 (3%) during the current year primarily due to scheduled principal payments.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. As of June 30, 2015, the City had approximately \$2,580,000 of bonded debt subject to the 8% limit of approximately \$7,830,000 resulting in an unused legal debt margin of approximately \$5,250,000.

Additional information regarding the City’s long-term obligations can be found in “Note III.E Long-Term Obligations” in the notes to the financial statements.

**ECONOMIC FACTORS AND 2016 BUDGET FOR THE CITY**

The City’s elected officials and staff considered many factors when setting the fiscal year 2016 (“FY 16” or “2016”) budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City’s residents were all taken into account. Key budget highlights were as follows:

- The FY 16 budget includes approximately \$202,000 increase over the prior year’s budget for real property taxes due to stronger tax collections and recent annexations.
- The FY 16 budget reflects an increase in franchise fees of \$155,000. City leaders increased the franchise fees from Piedmont Natural Gas from 3% to 5% and from Duke Energy from 3% to 4%. Franchise fees are charged to utilities that operate within the City for right of way access.

**CITY OF ANDERSON, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2015**

---

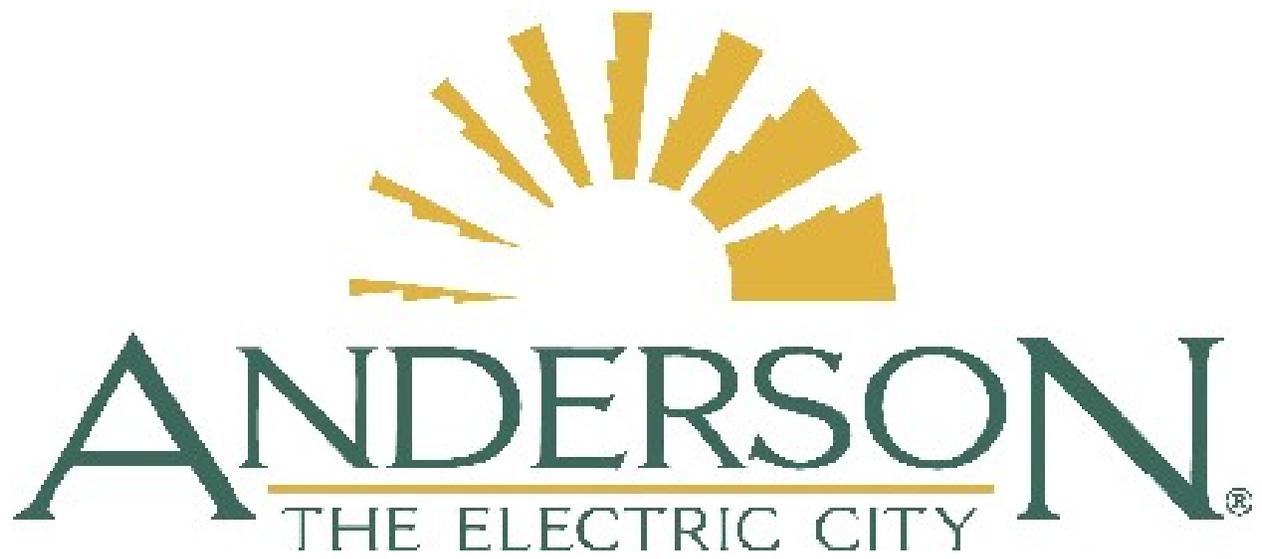
**ECONOMIC FACTORS AND 2016 BUDGET FOR THE CITY (CONTINUED)**

- The FY 16 budget includes a new police department grant “Traffic Enforcement Unit” at \$100,000.
- The formation of the HOME Consortium (comprised of the City, Anderson County, and the City of Belton) enables the City to receive an annual HOME allocation from HUD.
- The budget includes continuing the hiring freeze. Thirteen employment positions have been frozen providing a budget reduction of approximately \$549,000. No additional operating money for any department is included in the FY 16 budget. Departments were allowed to realign money from the FY 15 budget. The City will maintain their high quality of service with the same money as previous years.
- Transfers from the Sewer, Water, Storm Water and Hospitality Fee Funds to the General Fund are budgeted at \$1,419,000 for FY 16. Hospitality monies are used to help fund the beautification department, new parks, recreation center and operations, and downtown projects. Also the City’s administration, finance, garage and other areas provide services to all funds but are paid by the General Fund. The transfers help offset the cost born completely by the General Fund.

**REQUESTS FOR CITY INFORMATION**

This financial report is designed to provide a general overview of the City of Anderson’s finances for all those with an interest in the government’s financing. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Anderson, 401 S. Main Street, Anderson, South Carolina 29624 or visit our website at [www.cityofandersonsc.com](http://www.cityofandersonsc.com).

**This page is intentionally left blank**



# Basic Financial Statements

## CITY OF ANDERSON, SOUTH CAROLINA

## STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,402,779	7,362,889	\$ 14,765,668
Cash and Cash Equivalents, Restricted	3,663,281	7,008,635	10,671,916
Investments, Restricted	2,810,092	720,327	3,530,419
Receivables, Net:			
Interest	21,862	-	21,862
Property Taxes	637,214	-	637,214
Accounts	217,480	381,293	598,773
Utilities	2,241,318	-	2,241,318
Other	80,086	-	80,086
Intergovernmental Receivables	1,463,727	295,737	1,759,464
Community and Business Development Note Receivables	2,591,336	-	2,591,336
Prepays and Inventories	111,606	-	111,606
Land Held for Sale/Redevelopment	159,000	-	159,000
Net Pension Asset - City Pension Plan	3,078,901	1,152,874	4,231,775
Capital Assets:			
Non-Depreciable	4,655,415	2,176,265	6,831,680
Depreciable, Net	35,292,713	119,888,103	155,180,816
<b>TOTAL ASSETS</b>	<b>64,426,810</b>	<b>138,986,123</b>	<b>203,412,933</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Refunding Charges	-	1,105,413	1,105,413
Deferred Pension Charges - City Pension Plan	522,181	195,526	717,707
Deferred Pension Charges - State Retirement Plan	1,105,965	-	1,105,965
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,628,146</b>	<b>1,300,939</b>	<b>2,929,085</b>
<b>LIABILITIES</b>			
Accounts Payable	861,535	492,263	1,353,798
Accrued Interest Payable	94,418	1,990,130	2,084,548
Accrued Salaries and Benefits	933,407	16,427	949,834
Customer Deposits	-	635,270	635,270
Other Accrued Liabilities	107,910	379,779	487,689
Intergovernmental Payables	108,402	-	108,402
Internal Balances	1,906,033	(1,906,033)	-
Net Pension Liability - State Retirement Plan	9,693,052	-	9,693,052
Non-Current Liabilities:			
Due Within One Year	3,917,249	3,908,669	7,825,918
Due in More Than One Year	10,910,242	98,885,110	109,795,352
<b>TOTAL LIABILITIES</b>	<b>28,532,248</b>	<b>104,401,615</b>	<b>132,933,863</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits - State Retirement Plan	1,121,557	-	1,121,557
<b>NET POSITION</b>			
Net Investment in Capital Assets	30,092,728	22,339,410	52,432,138
Restricted For:			
Victim's Advocate	61,801	-	61,801
TIF Debt Service or Capital Projects	262,180	-	262,180
Debt Service	-	3,074,737	3,074,737
Perpetual Care	666,234	-	666,234
Transportation Investment - Nonexpendable	2,250,000	-	2,250,000
Transportation Investment - Expendable	236,840	-	236,840
Community Development	2,412,822	-	2,412,822
Tourism Related Costs	1,347,032	-	1,347,032
Capital Improvements	-	1,943,768	1,943,768
Unrestricted	(928,486)	8,527,532	7,599,046
<b>TOTAL NET POSITION</b>	<b>\$ 36,401,151</b>	<b>35,885,447</b>	<b>\$ 72,286,598</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Contributions	Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 6,103,890	1,274,127	143,958	-	(4,685,805)	-	\$ (4,685,805)
Public Safety	12,888,271	2,131,160	305,930	75,568	(10,375,613)	-	(10,375,613)
Public Works	5,320,971	474,490	102,025	-	(4,744,456)	-	(4,744,456)
Community and Economic Development	1,018,494	181,505	759,156	201,544	123,711	-	123,711
Recreation	2,403,626	309,629	-	62,500	(2,031,497)	-	(2,031,497)
Advertising and Tourism	162,076	-	-	-	(162,076)	-	(162,076)
Interest on Long-Term Obligations	423,517	-	-	-	(423,517)	-	(423,517)
<b>Total Governmental Activities</b>	<b>28,320,845</b>	<b>4,370,911</b>	<b>1,311,069</b>	<b>339,612</b>	<b>(22,299,253)</b>	<b>-</b>	<b>(22,299,253)</b>
<b>Business-Type Activities:</b>							
Sewer	10,031,492	10,964,649	-	134,436	-	1,067,593	1,067,593
Water	7,622,761	8,100,972	-	42,600	-	520,811	520,811
Storm Water	700,361	1,050,581	-	-	-	350,220	350,220
Transit	1,093,110	232,660	731,303	-	-	(129,147)	(129,147)
<b>Total Business-Type Activities</b>	<b>19,447,724</b>	<b>20,348,862</b>	<b>731,303</b>	<b>177,036</b>	<b>-</b>	<b>1,809,477</b>	<b>1,809,477</b>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b>\$ 47,768,569</b>	<b>24,719,773</b>	<b>2,042,372</b>	<b>516,648</b>	<b>(22,299,253)</b>	<b>1,809,477</b>	<b>(20,489,776)</b>

General Revenues and Transfers:

General Revenues:

Taxes:

Property Taxes	11,660,843	-	11,660,843
Tax Increment	982,660	-	982,660
Hospitality Fees	2,561,420	-	2,561,420
Accommodations Taxes	143,145	-	143,145
Franchise Taxes	4,772,553	-	4,772,553
Business Licenses	3,549,706	-	3,549,706
Other Taxes	49,630	-	49,630
Intergovernmental Revenue - Unrestricted	584,148	-	584,148
Investment Income	51,622	3,670	55,292
Miscellaneous	50,141	-	50,141
Transfers In (Out)	1,180,018	(1,180,018)	-

Total General Revenues and Transfers

25,585,886 (1,176,348) 24,409,538

**CHANGE IN NET POSITION**

**3,286,633 633,129 3,919,762**

NET POSITION, BEGINNING OF YEAR - As Previously Reported

43,202,632 33,988,653 77,191,285

Cumulative Change in Accounting Principle - GASB #68/71

(10,088,114) 1,263,665 (8,824,449)

NET POSITION, BEGINNING OF YEAR - As Restated

33,114,518 35,252,318 68,366,836

**NET POSITION, END OF YEAR**

**36,401,151 35,885,447 \$ 72,286,598**

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,402,779	-	\$ 7,402,779
Cash and Cash Equivalents, Restricted	561,518	3,101,763	3,663,281
Investments, Restricted	-	2,810,092	2,810,092
Receivables, Net:			
Interest	-	21,862	21,862
Property Taxes	637,214	-	637,214
Accounts	-	217,480	217,480
Utilities	2,241,318	-	2,241,318
Other	-	80,086	80,086
Intergovernmental Receivables	1,388,161	75,566	1,463,727
Due From Other Funds	800,722	374,045	1,174,767
Prepays and Inventories	111,606	-	111,606
Land Held for Sale/Redevelopment	-	159,000	159,000
<b>TOTAL ASSETS</b>	<b>\$ 13,143,318</b>	<b>6,839,894</b>	<b>\$ 19,983,212</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 789,355	72,180	\$ 861,535
Accrued Salaries and Benefits	933,407	-	933,407
Other Accrued Liabilities	100,469	7,441	107,910
Intergovernmental Payables	108,402	-	108,402
Due To Other Funds	2,580,192	500,608	3,080,800
<b>TOTAL LIABILITIES</b>	<b>4,511,825</b>	<b>580,229</b>	<b>5,092,054</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	418,406	-	418,406
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid and Inventories	111,606	-	111,606
Permanent Fund Principal	-	2,250,000	2,250,000
Restricted For:			
Victim's Advocate	61,801	-	61,801
TIF Debt Service or Capital Projects	296,068	-	296,068
Capital Projects - Unspent Bond Proceeds	-	1,150,004	1,150,004
Perpetual Care	-	666,234	666,234
Tourism Related Expenditures	-	1,372,756	1,372,756
Community Development	-	256,071	256,071
Transit Expenditures	-	236,840	236,840
Assigned For:			
Assigned for Use in FY 2016 Budget	450,000	-	450,000
Assigned for Capital Projects	-	327,760	327,760
Unassigned	7,293,612	-	7,293,612
<b>TOTAL FUND BALANCES</b>	<b>8,213,087</b>	<b>6,259,665</b>	<b>14,472,752</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 13,143,318</b>	<b>6,839,894</b>	<b>\$ 19,983,212</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2015

---

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 14,472,752</b>
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets was \$68,492,283 and the accumulated depreciation was \$28,544,155.	39,948,128
Property taxes receivable that will be collected in the future, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the governmental funds.	418,406
Community and business development note receivables are not available to pay for current period expenditures and thus are not recognized in the governmental funds but are recognized in the Statement of Net Position.	2,591,336
Accrued interest on the long-term obligations in governmental accounting is not due or payable in the current period, therefore, they have not been reported as a liability in the funds.	(94,418)
The City's net pension asset, deferred outflows of resources, and deferred inflows of resources related to the City Pension Plan is not reported in the governmental funds but is in the Statement of Net Position.	3,601,082
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to their participation in the State Retirement Plan is not recorded in the governmental funds but is recorded in the Statement of Net Position.	(9,708,644)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Debt Obligations	(9,050,000)
Lease Purchase Obligations	(2,385,404)
Compensated Absence Obligations	(2,773,596)
Net OPEB Liability	<u>(618,491)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 36,401,151</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Property Taxes, Penalties, and Interest	\$ 12,627,783	-	\$ 12,627,783
Hospitality Fees	-	2,561,420	2,561,420
Accommodations Taxes	28,305	114,840	143,145
Licenses and Permits	8,527,603	-	8,527,603
Unrestricted Intergovernmental Revenue	584,148	-	584,148
Restricted Intergovernmental Revenue	627,481	583,155	1,210,636
Sales and Services	945,801	569,905	1,515,706
Fines and Forfeitures	615,431	-	615,431
Prisoner Per Diem	1,203,909	-	1,203,909
Program Income	-	571,629	571,629
Investment Earnings	3,601	47,808	51,409
Miscellaneous	925,002	7,420	932,422
<b>TOTAL REVENUES</b>	<b>26,089,064</b>	<b>4,456,177</b>	<b>30,545,241</b>
<b>EXPENDITURES</b>			
Current:			
General Government	5,360,870	-	5,360,870
Public Safety	12,093,073	-	12,093,073
Public Works	5,179,445	-	5,179,445
Community and Economic Development	595,746	1,001,203	1,596,949
Recreation	1,852,484	930,118	2,782,602
Advertising and Tourism	-	156,731	156,731
Nondepartmental	923,463	3,134	926,597
Capital Outlay	26,937	239,255	266,192
Debt Service:			
Principal Retirement	1,189,754	1,204,946	2,394,700
Interest	291,859	121,564	413,423
Bank Fees	33,537	-	33,537
<b>TOTAL EXPENDITURES</b>	<b>27,547,168</b>	<b>3,656,951</b>	<b>31,204,119</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,458,104)</b>	<b>799,226</b>	<b>(658,878)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital Lease Issued	-	1,150,000	1,150,000
Transfers In	2,077,546	64,655	2,142,201
Transfers Out	(196,381)	(765,802)	(962,183)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,881,165</b>	<b>448,853</b>	<b>2,330,018</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>423,061</b>	<b>1,248,079</b>	<b>1,671,140</b>
FUND BALANCES, BEGINNING OF YEAR	7,790,026	5,011,586	12,801,612
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 8,213,087</b>	<b>6,259,665</b>	<b>\$ 14,472,752</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 1,671,140**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	15,720
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt or entering into capital leases also increases long term liabilities in the Statement of Net Position.	(1,150,000)
Repayment of bond principal, lease purchase, and developer reimbursement is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,394,721
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	23,422
Changes in the City's net pension asset, deferred outflows of resources, and deferred inflows of resources related to the City Pension Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities	226,291
Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities	5,230
Long-term community and business development loans (note receivables) made by the City during the current year are reported as expenditures in the governmental funds but are shown as a note receivable in the Statement of Net Position.	201,833
The repayment of principal by debtors to the City is considered income in the governmental funds, but the repayment is shown as a reduction of the notes receivable amounts in the Statement of Net Position.	(335,045)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(168,353)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$2,351,617 exceeded depreciation expense of \$1,949,943 in the current period.	401,674

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 3,286,633**

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS

JUNE 30, 2015

	SEWER FUND	WATER FUND	STORM WATER FUND	TRANSIT FUND	TOTAL
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,752,961	4,280,892	1,182,096	146,940	\$ 7,362,889
Cash and Cash Equivalents, Restricted	6,471,002	398,759	138,874	-	7,008,635
Investments, Restricted	720,327	-	-	-	720,327
Accounts Receivable, Net	381,293	-	-	-	381,293
Intergovernmental Receivables	-	-	-	295,737	295,737
Due From Other Funds	1,019,830	1,018,254	137,267	68,235	2,243,586
Total Current Assets	<u>10,345,413</u>	<u>5,697,905</u>	<u>1,458,237</u>	<u>510,912</u>	<u>18,012,467</u>
Non-Current Assets:					
Net Pension Asset - City Pension Plan	399,301	583,411	45,266	124,896	1,152,874
Capital Assets:					
Non-Depreciable	1,700,909	384,236	91,120	-	2,176,265
Depreciable, Net	90,041,264	25,244,199	3,651,608	951,032	119,888,103
Total Non-Current Assets	<u>92,141,474</u>	<u>26,211,846</u>	<u>3,787,994</u>	<u>1,075,928</u>	<u>123,217,242</u>
<b>TOTAL ASSETS</b>	<b><u>102,486,887</u></b>	<b><u>31,909,751</u></b>	<b><u>5,246,231</u></b>	<b><u>1,586,840</u></b>	<b><u>141,229,709</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Refunding Charges	330,496	774,917	-	-	1,105,413
Deferred Pension Charges	67,721	98,946	7,677	21,182	195,526
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>398,217</u></b>	<b><u>873,863</u></b>	<b><u>7,677</u></b>	<b><u>21,182</u></b>	<b><u>1,300,939</u></b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	206,911	271,796	1,878	11,678	492,263
Accrued Interest Payable	1,559,528	425,109	5,493	-	1,990,130
Accrued Salaries and Benefits	-	-	-	16,427	16,427
Customer Deposits	-	635,270	-	-	635,270
Other Accrued Liabilities	377,831	1,659	-	289	379,779
Due To Other Funds	169,328	29,798	6,348	132,079	337,553
Current Portion of Debt Service Rebate	756,565	-	-	-	756,565
Current Portion of Compensated Absences	44,389	49,454	7,446	10,168	111,457
Current Portion of Debt	2,527,066	428,002	85,579	-	3,040,647
Total Current Liabilities	<u>5,641,618</u>	<u>1,841,088</u>	<u>106,744</u>	<u>170,641</u>	<u>7,760,091</u>
Non-Current Liabilities:					
Other Post Employment Benefits	38,436	55,909	12,230	12,230	118,805
Debt Service Rebate, Less Current Portion	635,023	-	-	-	635,023
Compensated Absences, Less Current Portion	160,536	130,427	27,649	22,946	341,558
Debt, Less Current Portion	68,340,563	28,069,883	1,379,278	-	97,789,724
Total Long-Term Liabilities	<u>69,174,558</u>	<u>28,256,219</u>	<u>1,419,157</u>	<u>35,176</u>	<u>98,885,110</u>
<b>TOTAL LIABILITIES</b>	<b><u>74,816,176</u></b>	<b><u>30,097,307</u></b>	<b><u>1,525,901</u></b>	<b><u>205,817</u></b>	<b><u>106,645,201</u></b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	21,205,040	(2,094,533)	2,277,871	951,032	22,339,410
Restricted for Debt Service	2,967,706	(26,350)	133,381	-	3,074,737
Restricted for Capital Improvements	1,943,768	-	-	-	1,943,768
Unrestricted	1,952,414	4,807,190	1,316,755	451,173	8,527,532
<b>TOTAL NET POSITION</b>	<b><u>\$ 28,068,928</u></b>	<b><u>2,686,307</u></b>	<b><u>3,728,007</u></b>	<b><u>1,402,205</u></b>	<b><u>\$ 35,885,447</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	SEWER FUND	WATER FUND	STORM WATER FUND	TRANSIT FUND	TOTAL
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 7,732,417	7,535,600	1,050,581	232,660	\$ 16,551,258
Cost Recovery Charges	2,935,579	-	-	-	2,935,579
Pretreatment Fees	107,298	-	-	-	107,298
Permits and Fees	120,250	127,762	-	-	248,012
Other Operating Fees	69,105	437,610	-	-	506,715
<b>TOTAL OPERATING REVENUES</b>	<b>10,964,649</b>	<b>8,100,972</b>	<b>1,050,581</b>	<b>232,660</b>	<b>20,348,862</b>
<b>OPERATING EXPENSES</b>					
Administrative	909,444	974,363	428,987	743,376	3,056,170
Sewer Line	614,170	-	-	-	614,170
Plant	2,236,406	-	-	-	2,236,406
Sewer Lab	69,391	-	-	-	69,391
Pretreatment	55,334	-	-	-	55,334
Municipal Business Center	-	106,789	-	-	106,789
Water Distribution and Storage	-	1,221,547	-	-	1,221,547
Garage	-	-	-	174,386	174,386
Nondepartmental	330,374	255,571	35,455	53,470	674,870
Purchased Water	-	2,767,976	-	-	2,767,976
Depreciation and Amortization	3,299,899	929,214	202,093	121,878	4,553,084
<b>TOTAL OPERATING EXPENSES</b>	<b>7,515,018</b>	<b>6,255,460</b>	<b>666,535</b>	<b>1,093,110</b>	<b>15,530,123</b>
<b>OPERATING INCOME (LOSS)</b>	<b>3,449,631</b>	<b>1,845,512</b>	<b>384,046</b>	<b>(860,450)</b>	<b>4,818,739</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Federal Grants	-	-	-	460,895	460,895
State Grants	-	-	-	270,408	270,408
Interest Earned on Investments	2,244	979	447	-	3,670
Interest on Long-Term Obligations	(2,506,932)	(1,367,301)	(33,826)	-	(3,908,059)
Gain (Loss) on Sale of Capital Assets	(9,542)	-	-	-	(9,542)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(2,514,230)</b>	<b>(1,366,322)</b>	<b>(33,379)</b>	<b>731,303</b>	<b>(3,182,628)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
<b>CONTRIBUTIONS AND TRANSFERS</b>	<b>935,401</b>	<b>479,190</b>	<b>350,667</b>	<b>(129,147)</b>	<b>1,636,111</b>
Capital Contributions - Capacity Fees	73,200	42,600	-	-	115,800
Donated Capital Assets	61,236	-	-	-	61,236
Transfers In	-	-	-	199,962	199,962
Transfers Out	(629,238)	(533,317)	(126,087)	(91,338)	(1,379,980)
<b>CHANGE IN NET POSITION</b>	<b>440,599</b>	<b>(11,527)</b>	<b>224,580</b>	<b>(20,523)</b>	<b>633,129</b>
NET POSITION, BEGINNING OF YEAR - As Previously Reported	27,190,655	2,058,357	3,453,811	1,285,830	33,988,653
Cumulative Change in Accounting Principle - GASB #68/71	437,674	639,477	49,616	136,898	1,263,665
NET POSITION, BEGINNING OF YEAR - As Restated	27,628,329	2,697,834	3,503,427	1,422,728	35,252,318
<b>NET POSITION, END OF YEAR</b>	<b>\$ 28,068,928</b>	<b>2,686,307</b>	<b>3,728,007</b>	<b>1,402,205</b>	<b>\$ 35,885,447</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2015

	SEWER FUND	WATER FUND	STORM WATER FUND	TRANSIT FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 11,207,977	8,125,954	1,050,581	256,727	\$ 20,641,239
Payments to Suppliers for Goods and Services	(2,932,138)	(3,621,597)	(159,252)	(501,364)	(7,214,351)
Payments for Personal Services	(1,128,509)	(1,533,979)	(284,621)	(480,781)	(3,427,890)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7,147,330	2,970,378	606,708	(725,418)	9,998,998
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>					
State and Federal Grants	-	-	-	901,000	901,000
Transfers to Other Funds	(1,282,583)	(528,445)	(214,832)	(91,338)	(2,117,198)
Transfers from Other Funds	-	-	-	82,296	82,296
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(1,282,583)	(528,445)	(214,832)	891,958	(1,133,902)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Contributions - Capacity Fees and Grants	73,200	42,600	-	-	115,800
Acquisition of Capital Assets	(569,698)	(78,772)	(141,918)	(26,150)	(816,538)
Bond and Revolving Fund Loan Principal Payments	(2,495,000)	(366,746)	(83,681)	-	(2,945,427)
Bond and Revolving Fund Loan Interest Payments	(3,254,597)	(912,842)	(34,140)	-	(4,201,579)
Debt Service Rebate Payments	(44,946)	-	-	-	(44,946)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(6,291,041)	(1,315,760)	(259,739)	(26,150)	(7,892,690)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Earnings	2,244	979	447	-	3,670
Short Term Investments, Net	54,728	-	-	-	54,728
NET CASH PROVIDED BY INVESTING ACTIVITIES	56,972	979	447	-	58,398
<b>NET INCREASE (DECREASE) IN RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS</b>					
	<b>(369,322)</b>	<b>1,127,152</b>	<b>132,584</b>	<b>140,390</b>	<b>1,030,804</b>
<b>RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, Beginning of Year</b>					
	8,593,285	3,552,499	1,188,386	6,550	13,340,720
<b>RESTRICTED AND UNRESTRICTED CASH AND CASH EQUIVALENTS, End of Year</b>					
	<b>\$ 8,223,963</b>	<b>4,679,651</b>	<b>1,320,970</b>	<b>146,940</b>	<b>\$ 14,371,524</b>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:					
Operating Income (Loss)	\$ 3,449,631	1,845,512	384,046	(860,450)	\$ 4,818,739
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:					
Depreciation and Amortization Expense	3,299,899	929,214	202,093	121,878	4,553,084
Change in Accounts Representing Operating Activities:					
Accounts Receivable	65,553	-	-	24,067	89,620
Accounts Payable	199,334	226,242	(9,949)	11,678	427,305
Accrued Salaries and Benefits	(38,823)	(50,126)	(10,298)	(2,753)	(102,000)
Customer Deposits	-	24,982	-	-	24,982
Other Accrued Liabilities	23,290	(63)	-	170	23,397
Other Post Employment Benefits	3,439	5,002	9,048	1,094	18,583
Compensated Absences	(3,420)	32,495	35,095	(11,922)	52,248
Debt Service Rebate	177,775	-	-	-	177,775
Net Pension Asset	5,578	8,150	632	1,744	16,104
Deferred Pension Charges	(34,926)	(51,030)	(3,959)	(10,924)	(100,839)
Net Cash Provided by (Used in) Operating Activities	\$ 7,147,330	2,970,378	606,708	(725,418)	\$ 9,998,998
Noncash Investing and Capital and Related Financing Items					
Donated Capital Assets	\$ 61,236	-	-	-	\$ 61,236
Depreciation and Amortization Expense	\$ 3,299,899	929,214	202,093	121,878	\$ 4,553,084

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF ASSETS AND LIABILITIES -  
FIDUCIARY FUND - AGENCY FUND

JUNE 30, 2015

---

	<b>FORFEITURES AND SEIZURE FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 21,801
<b>TOTAL ASSETS</b>	<b>\$ 21,801</b>
<b>LIABILITIES</b>	
Due to Others	\$ 21,801
<b>TOTAL LIABILITIES</b>	<b>\$ 21,801</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF NET POSITION -  
FIDUCIARY FUND - PENSION TRUST FUND

DECEMBER 31, 2014

---

	<b>GENERAL EMPLOYEES' RETIREMENT PLAN</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 838,396
Investments:	
Commingled Domestic Equity Funds	16,781,583
Commingled Foreign Equity Funds	2,962,561
Commingled Domestic Bond Funds	7,727,026
Accounts Receivable:	
Contributions	147,216
Interest	18,021
Other Assets	28,253
<b>TOTAL ASSETS</b>	<b><u>\$ 28,503,056</u></b>
<b>LIABILITIES</b>	
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>
<b>NET POSITION</b>	
Held in Trust for Pension Benefits	<u>28,503,056</u>
<b>TOTAL NET POSITION AND LIABILITIES</b>	<b><u>\$ 28,503,056</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF CHANGES IN NET POSITION -  
FIDUCIARY FUND - PENSION TRUST FUND

YEAR ENDED DECEMBER 31, 2014

	<b>GENERAL EMPLOYEES' RETIREMENT PLAN</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 652,392
Total Contributions	<u>652,392</u>
Investment Earnings:	
Interest	26,370
Dividends	605,635
Realized and Unrealized Appreciation in Fair Value of Investments	943,270
Total Investment Earnings	<u>1,575,275</u>
<b>TOTAL ADDITIONS</b>	<u><b>2,227,667</b></u>
<b>DEDUCTIONS</b>	
Pension Benefits	1,203,192
Administrative Expenses	85,160
<b>TOTAL DEDUCTIONS</b>	<u>1,288,352</u>
<b>NET INCREASE IN NET POSITION</b>	<b>939,315</b>
NET POSITION, BEGINNING OF YEAR	<u>27,563,741</u>
<b>NET POSITION, END OF YEAR</b>	<u><b>\$ 28,503,056</b></u>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

**CITY OF ANDERSON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

---

The City of Anderson (“City”) was founded in December 1826 and incorporated by an act of Legislature on December 9, 1833. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under Council-Manager form of government. The Council is composed of a Mayor and eight Council members. The Mayor and two Council members are elected at-large and six Council members are elected on a single member ward basis. The Mayor and Council, elected for four-year staggered terms, are vested with the legislative and policymaking powers of the City. The Council appoints a City Manager who serves as the chief executive officer of the City and is responsible to the Council for proper administration of all affairs of the City.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

As required by GAAP, the financial statements present the City’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity’s governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity’s resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

***Related Organizations***

Anderson Regional Joint Water System (“System”) was formed as a partnership of rural and municipal water districts devoted to providing a high-quality, clean, safe, reliable, economical flow of treated water to its wholesale customers in Anderson and Pickens counties. The System is governed by a 14 member Board of Commissioners for which the City of Anderson serves as a member and its largest customer. Each member of the Board represents a water district or municipality that purchases its water from the Joint Water System. Currently, there are fifteen (15) member agencies in Anderson and Pickens Counties. The City has the responsibility of appointing one board member but this appointment does not represent a majority or controlling interest in the System. The System does not have significant exclusive operational or financial relationships with the City. Therefore, it is not considered to be a component unit as defined by GAAP.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. The Reporting Entity (Continued)**

*Related Organizations (Continued)*

The City, the County of Anderson, and the City of Belton in 2006 joined together to form the Home Consortium (“Consortium”). The Consortium was formed to make available federal funds through the US Department of Housing and Urban Development Home program. The Consortium does not have an official board or council. The City is eligible to receive 35% of the funds allocated to the Consortium (after certain defined fees and administrative expenses of the Consortium). The City does not have financial accountability for the Consortium but merely reports its portion of the revenues and expenditures earned/incurred related to the HOME program. The Consortium is not considered to be a component unit as defined by GAAP.

*Major Operations*

The City’s major operations as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, sewer and water, transit services and general administration.

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements.

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

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

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary and Fiduciary Funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. A four month availability period is generally used for revenue recognition for all other governmental fund revenues.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the City.

**Governmental Fund Types** are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Funds and Fiduciary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds, non-major funds**, are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following non-major budgeted Special Revenue Funds:

Community Development Fund	Perpetual Care Fund
Accommodations Tax Fund	Hospitality Fee Fund

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The *Capital Replacement Fund, a non-major capital projects fund* and an unbudgeted fund, is used to account for and report resources that are received from the City's new sanitation fee or that are transferred from other funds to provide resources for future capital asset purchases. The sanitation fee funds are by ordinance committed for capital replacement purposes. Any unspent sanitation fee funds will be shown as committed fund balance in this fund.

The *Permanent Fund, a non-major fund* and a budgeted fund, is used to account for and report resources that are endowed to the City in trust, for which only the interest earnings may be used by the City for various restricted purposes as specified by the private donors. The City's Transportation Investment Fund is used to account for a \$2,250,000 contribution to the City from a local utility company to divest itself of the transit operations. The original contribution and subsequent investment earnings are restricted by City Council as to amount and nature of allowable expenditures with a portion being available for transit operations and a portion being available for capital or debt service expenditures of the General Fund. This is a budgeted fund and any remaining fund balance is restricted.

*Proprietary Fund Types* are accounted for based on the economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has four enterprise funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's proprietary fund types and major and non-major funds are as follows:

*Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following Enterprise Funds:

The **Sewer Fund, a major fund**, is used to account for the City's sewer operations. The City operates two wastewater treatment facilities and provides sewer taps for the City of Anderson and the surrounding areas. This is a budgeted fund.

The **Water Fund, a major fund**, is used to account for the City's water operations. The City owns the water mains and lines and provides water services for the City of Anderson and the surrounding areas. This is a budgeted fund.

The **Storm Water Utility Fund, a major fund**, is used to account for the City's storm water drainage operations. This is a budgeted fund.

The **Transit Fund, a major fund**, is used to account for the City's transit operations. The City provides transit services for citizens of the City by maintaining three bus routes. This is a budgeted fund.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

*Fiduciary Fund Types* include the *Pension Trust Fund* and the *Agency Fund*. These funds are used to account for assets held by the City in a trustee capacity for individuals, other governments, and/or other funds and are accounted for in essentially the same manner as Proprietary Funds. Pension Trust funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans. The General Employees' Retirement Plan Fund is used to account for the City's single-employer defined benefit retirement plan. The General Employees' Retirement Plan Fund is shown on a calendar year basis since the plan's year end is December 31<sup>st</sup>. Agency funds are generally used to account for miscellaneous assets that the government holds on behalf of others. The Forfeitures and Seizures Fund is used to account for money that was forfeited and/or seized during a law enforcement action. This money is held until completion of court proceedings. The Forfeitures and Seizures Fund is custodial in nature and does not present results of operations.

***Change in Accounting Principle***

The City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") for the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in single-employer or cost-sharing multiple employer plans are now required to recognize a net pension asset/liability for their single-employer plan or their proportionate share of the net pension asset/liability of cost-sharing multiple employer plans. It is GASB's intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension asset/liability, deferred outflows of resources, and deferred inflows of resources for the General Employees' Retirement Plan ("City Pension Plan"), single-employer plan, and for their participation in the South Carolina Police Officers Retirement System ("State Retirement Plan"), cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the Pension Plan Committee for the City's Pension Plan and by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the State Retirement Plan. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and proprietary funds financial statements to reflect the reporting of net pension assets/liabilities and deferred outflows of resources for each of its qualified plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased by approximately (\$9,714,000) reflecting the cumulative change in accounting principle related to the adoption of these Statements related to the State Retirement Plan. Net position of the City's government-wide financial statements as of July 1, 2014 increased by approximately \$890,000, which consisted of approximately (\$374,000) for its governmental activities and \$1,264,000 for its business-type activities (proprietary funds), reflecting the cumulative change in accounting principle related to the adoption of these Statements related to the City's Pension Plan. See Note IV.B for more information regarding the City's retirement plans.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

***1. Cash, Cash Equivalents, and Investments***

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

The City's operating cash and investment policy is designed to operate within existing statutes (which are identical for all non-fiduciary funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

- Fixed income mutual funds are funds that primarily invest in government and corporate debt. The primary objective of these funds is to provide a steady cash flow to investors.
- Certificates of Deposit (“CD”) are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.
- Municipal securities are issued by state and local governments or their agencies which may be general obligations of the issuer or secured by specified revenues. Interest income received by holders of municipal bonds is often exempt from the federal and state income tax.
- US securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the “full faith and credit” of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.
- Agency securities are securities that are generally backed by mortgage loans, and due to their creation from particular corporations that are sponsored by the U.S. government, they enjoy credit protection based on either an implicit or explicit guarantee from the U.S. Government.
- South Carolina Local Government Investment Pool (“LGIP”) investments are invested with the South Carolina State Treasurer’s Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but has a policy that it will operate in a manner consistent with the SEC’s Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund amounts or payables have been recorded.

All trade and property taxes receivable are shown net of an allowance for uncollectible amounts. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges and services, including franchise fees, hospitality fees, sanitation, water, sewer, storm water, and other fees and charges.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

3. *Inventories and Prepaid Items*

Inventories of materials, supplies and gasoline are stated at average cost, which approximates market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

4. *Capital Assets*

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-Wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the Government-Wide Statement of Net Position and in the respective fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) or groupings of similar items with individual costs is less than \$5,000, but when purchased together the total is greater than \$100,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated fair market value (as estimated by the City) at the date of donation.

Public domain (“infrastructure”) general capital assets acquired prior to July 1, 2002, consist of the road network (roads, bridges, curbs and gutters, streets, and sidewalks, drainage systems, lighting systems), and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980. These assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Buildings and Improvements	15 - 40 years
Infrastructure	20 - 40 years
Distribution Systems	15 - 40 years
Furniture and Fixtures	5 - 10 years
Equipment	3 - 10 years
Vehicles	5 - 10 years

5. *Compensated Absences*

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation is accumulated in varying amounts based on years of service to a maximum amount of 30 days, and sick leave is accumulated to a maximum amount of 120 days. Sick leave with pay may be taken by an eligible employee but only for personal illness or the illness of a member of the employee’s immediate family.

Sick leave for a regular, full-time employee with the City with 15 consecutive years of service that (a) retires from the City or (b) who is separated from the City on some basis other than involuntary termination for violation of the City’s disciplinary rules is eligible for the cash value of his/her personal accrued sick leave at the time of termination or retirement. These benefits will be paid as follows:

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. *Compensated Absences (Continued)*

Cash Out Benefit – an employee may elect to receive the cash equivalency for unused sick leave. For employees who terminated prior to August 1, 2009, this payment shall be made in equal payments semi-annually over a ten-year period. For employees who terminated after August 1, 2009, this payment shall be made in \$1,000 monthly installments until the cash value has been exhausted. This liability is included in the compensated absence liability.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences.*” The entire compensated absence liability and expense is reported on the government-wide financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements, and is due and payable.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed when incurred.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized immediately. The face amount of debt or capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. *Deferred Outflows/Inflows of Resources*

As defined by GASB Concept Statement No. 4, “*Elements of Financial Statements*”, deferred outflows/inflows of resources are the consumption/acquisition of net assets/position by the government that are applicable to a future reporting period.

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports *deferred refunding charges* in its Statements of Net Position. If material, deferred refunding charges, which is the difference between the reacquisition price and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred refunding charges is included in interest expense. (2) The City also reports *deferred pension charges* in its Statements of Net Position in connection with the City Pension Plan and their participation in the State Retirement Plan. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statements of Net Position in connection with the City Pension Plan and their participation in the State Retirement Plan. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

In accordance with GAAP, the City classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. City Council reserves the right to assign fund balance.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**9. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**10. Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**11. Other Postemployment Benefits**

Other postemployment benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

**12. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. Encumbrances and unused expenditure appropriations lapse at year end.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

*13. Accounting 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. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent amounts at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

*14. Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The City follows the following procedures in establishing its annual budgets:

1. On or before the first Friday in March of each year, all departments/agencies of the government submit requests for appropriation to the City manager so that a budget may be prepared. The budget is prepared by fund, function and department, and includes information on the past year, the current year budget and requested appropriations for the next fiscal year.
2. In May of each year, the proposed budget is presented to the City Council for review. The City adopts the budget ordinance before June 30 of each year. Amounts transferred between departments within any fund and any revisions that do not alter the total expenditures of any fund do not have to be approved by City Council. Changes that alter total expenditures of any fund must be changed by an affirmative vote of a majority of City Council. Budgeted expenditure appropriations lapse at year-end.
3. Legally adopted budgets are employed as a management control device during the year for the General Fund (which includes the Cemetery, Parks and Recreation, Economic Development Incentive, Economic Development Division, and Tax Increment Financing subfunds), Community Development Fund, Perpetual Care Fund, Transportation Investment Fund, Hospitality Fee Fund, and Accommodation Tax Fund. The City also adopts budgets for all proprietary funds. All annual appropriations lapse at fiscal year-end. Expenditures may not legally exceed appropriations on the fund level.
4. The budgets for the budgeted funds are legally adopted on a basis consistent with GAAP. The budgets at the end of the year for these funds represent the budgets adopted and amended by the City Council.
5. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year end lapse and are generally re-appropriated in the succeeding year's budget.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, \$1,967,000 of the City’s bank balances of approximately \$20,841,000 (with a carrying value of approximately \$19,171,000) were exposed to custodial credit risk as they were collateralized but the securities were not held in the name of the City.

*Investments - Non-Pension Trust Fund*

As of June 30, 2015, the City had the following non-pension trust fund investments and maturities:

Investment Type	Credit Rating ^	Fair Value	Investment Maturities in Years			
			< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
LGIP	NR, NR	\$ 138,874	138,874	-	-	\$ -
Money Market Mutual Funds	AAAm, Aaamf	6,712,920	6,712,920	-	-	-
Certificates of Deposit	~	514,946	125,279	210,461	54,076	125,130
Municipal Securities	AA, Aa1	113,657	-	15,395	-	98,262
US Securities	*	429,508	157,279	182,243	89,986	-
Agency Securities	AA, Aaa	1,908,822	50,244	146,916	320,878	1,390,784
Total		\$ 9,818,727	7,184,596	555,015	464,940	\$ 1,614,176

^ If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.

~ Certificates of Deposit are covered by FDIC insurance and thus no credit ratings are required.

\* U.S. government securities are not considered to have credit risk. Credit ratings for these investments have not been disclosed.

NR – Not rated.

**Interest Rate Risk:** The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

**Concentration of Credit Risk for Investments:** The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures. As of June 30, 2015, the City held approximately \$533,000 (5.4%) and \$550,000 (5.6%) in various debt securities with the Federal Home Loan Bank and Federal National Mortgage Association (Fannie Mae), respectively.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Certain cash, cash equivalents and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2015 were (a) those imposed by the revenue source (i.e. hospitality fees, accommodation taxes, grants, etc.), (b) debt service reserve funds, (c) permanent fund contribution, and (d) unspent debt and lease purchase proceeds.

*Reconciliation to the Financial Statements – Non-Pension Trust Fund*

A reconciliation of cash and investments for all activities, except for the City’s pension trust fund, is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 19,171,077
Fair Value of Investments	9,818,727
Total Deposits and Investments	\$ 28,989,804
Statement of Net Position:	
Cash and Cash Equivalents	\$ 14,765,668
Cash and Cash Equivalents, Restricted	10,671,916
Investments, Restricted	3,530,419
Statement of Assets and Liabilities - Fiduciary Fund - Agency Fund	
Cash and Cash Equivalents	21,801
Total Cash, Cash Equivalents, and Investments	\$ 28,989,804

*Investments – Fiduciary Fund – Pension Trust Fund*

The City’s investment policy for its General Employees’ Retirement Plan Fund (“City Pension Plan”) requires the overall asset investment allocation mix for the City Pension Plan includes various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified risk and return requirements of the portfolio. See “Note IV.B Retirement Plans” for more details on the City Pension Plan’s investment policy.

The Pension Trust Fund’s investments at December 31, 2014 is shown in the following table. The Pension Plan reports its investments at fair value.

Investment Type	Credit Rating ^	Fair Value	Investment Maturities in Years			
			< 1 yr	1 - 3 yrs	3 - 5 yrs	> 5 yrs
Money Market Funds	AAAm, Aaamf	\$ 838,396	838,396	-	-	\$ -
Domestic Equity Funds	~	16,781,583	~	~	~	~
Foreign Equity Funds	~	2,962,561	~	~	~	~
Domestic Bond Funds	NR, NR	7,727,026	9,850	-	2,573,602	5,143,574
Total		\$ 28,309,566	848,246	-	2,573,602	\$ 5,143,574

^ If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.  
 ~ Credit ratings and weighted average maturities are not applicable for equities or equity funds.  
 NR - Not rated.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

*Investments – Fiduciary Fund – Pension Trust Fund (Continued)*

**Interest Rate Risk for Pension Trust Fund:** The Pension Plan does not have a formal interest rate risk policy. The investment guidelines of the Pension Plan are based upon an investment horizon of greater than five years. The Pension Plan’s strategic asset allocation is also based on this long-term perspective. Short-term liquidity requirements are anticipated to be covered by the annual contribution from the City.

**Custodial Credit Risk for Investments for Pension Trust Fund:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Pension Plan does not have an investment policy for custodial credit risk.

**Credit Risk for Investments for Pension Trust Fund:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pension Plan does not have an investment policy for credit risk but relies on the prudent expert to make credit risk determinations.

**Concentration of Credit Risk for Investments for Pension Trust Funds:** The Pension Plan places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

B. Receivables and Unavailable/Unearned Revenues

*Property Taxes*

Gross property taxes receivable of approximately \$750,000 represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible of approximately \$113,000. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue on the governmental fund financial statements and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Anderson County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 6 percent of the estimated market value. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15<sup>th</sup> of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 <sup>th</sup>	3%
February 2 <sup>nd</sup>	an additional 7%
March 17 <sup>th</sup>	an additional 5%

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City’s fiscal year 2015 real and business personal property taxes (which was for tax year 2014) were levied in September 2014 based on a millage rate of 118 mills. The City’s assessed value of real and personal property was approximately \$97.9 million for tax year 2014. Any amounts received by Anderson County but not yet remitted to the City at year end are included in the caption “Intergovernmental Receivables” in the balance sheet and statement of net position.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Unavailable/Unearned Revenues (Continued)

*Community and Business Development Note Receivables*

The City has approximately 150 outstanding notes receivables funded with the proceeds from the Community Development notes payable. Normally these notes are issued in varying amounts not to exceed \$25,000 with interest rates ranging from 0% to 3% for loan periods of 20 years or less but with the recent Neighborhood Stabilization Program the City is part of, some of the loan amounts exceed \$25,000. At June 30, 2015, the outstanding notes receivable balance was approximately \$2,423,000.

The City has nine active outstanding business development notes receivable funded through the business development portion of the Community Development Block Grant program. These amounts are issued in varying amounts at varying interest rates for loan periods of 10 years to 17 years. At June 30, 2015, the outstanding notes receivable balance was approximately \$168,000.

*Intergovernmental and Other Receivables*

The City has receivables related to water, sewer, storm water, and sanitation utility fee billings (which are billed in the General Fund and recorded as an interfund payable to the enterprise funds), Hospitality Fee Fund, and other miscellaneous receivables. Water, sewer and storm water fees are billed every week for the previous four weeks of service.

*Reconciliation of Governmental Fund Receivable Balances to the Financial Statements*

The net receivables of the City's governmental activities at June 30, 2015 consisted of the following:

Description	General Fund	Accommodations Tax Fund	Hospitality Fee Fund	Perpetual Care Fund	Transportation Investment Fund	Community Development Fund	Totals
Property Taxes, Net	\$ 637,214	-	-	-	-	-	\$ 637,214
Utilities	2,241,318	-	-	-	-	-	2,241,318
Accommodations Taxes	-	75,566	-	-	-	-	75,566
Hospitality Fees	-	-	217,480	-	-	-	217,480
Interest	-	-	-	3,393	18,469	-	21,862
Franchise Fees	426,942	-	-	-	-	-	426,942
Aid to Subdivisions	135,460	-	-	-	-	-	135,460
Grants	320,239	-	-	-	-	80,086	400,325
Other	505,520	-	-	-	-	-	505,520
Net Receivables	\$ 4,266,693	75,566	217,480	3,393	18,469	80,086	\$ 4,661,687

**Unavailable and Unearned Revenues**

Governmental funds defer revenue in connection with receivables for revenues that are not considered to be available (a component of deferred inflows of resources) to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2015, the City had the following unavailable/unearned revenues:

Description	Fund	Unavailable	Unearned	Total
Property Taxes Receivable	General	\$ 418,406	-	\$ 418,406
Total Unavailable/Unearned Revenue		\$ 418,406	-	\$ 418,406

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

*Interfund Receivables and Payables*

Interfund balances at June 30, 2015, consisted of the following individual fund receivables and payables (most of which are expected to be repaid within one year):

Fund	Receivables	Payables
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 800,722	\$ 2,580,192
<b><u>Major Enterprise Funds:</u></b>		
Sewer Fund	1,019,830	169,328
Water Fund	1,018,254	29,798
Storm Water Fund	137,267	6,348
Transit Fund	68,235	132,079
<b><u>Other Non-Major Governmental Funds:</u></b>		
Other Governmental Funds	374,045	500,608
Totals	<u>\$ 3,418,353</u>	<u>\$ 3,418,353</u>

The interfund receivables and payables are generally a result of the General Fund financing salaries and other operating expenditures for Grant Funds and Special Revenue Funds. During 2013, the General Fund loaned the Community Development Fund monies to pay off its line of credit with a local bank. The loan outstanding at June 30, 2015 was approximately \$51,000 and will be repaid from community development program revenue in the coming years. During the year ended June 30, 2002, the City began providing water service in addition to sewer service. The General Fund acts as an agent for the utility funds billings and collections. Thus, utility receivables are recorded in the General Fund and the revenue is recorded in the corresponding utility fund – water, sewer, or storm water. The General Fund also processes vendor payments and payroll transactions for the utility funds. Utility payables are recorded on the General Fund and the expense is recorded in the appropriate utility fund. Amounts to be paid between the funds are accounted for in the “due from other funds” or “due to other funds” on the balance sheet.

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Fund	Transfers In	Transfers Out
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 2,077,546	\$ 196,381
<b><u>Major Enterprise Funds:</u></b>		
Sewer Fund	-	629,238
Water Fund	-	533,317
Storm Water Fund	-	126,087
Transit Fund	199,962	91,338
<b><u>Other Non-Major Governmental Funds:</u></b>		
Other Governmental Funds	64,655	765,802
Totals	<u>\$ 2,342,163</u>	<u>\$ 2,342,163</u>

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers (Continued)

*Interfund Transfers (Continued)*

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. The City uses transfers to move unrestricted receipts so that they may be used for various programs in other funds. Transfers are most commonly made for debt service and grant matches. Funds are transferred to the General Fund from Water and Sewer funds in lieu of property taxes and franchise fees. Council approves the amount transferred annually during the budget process.

D. Capital Assets

Capital asset activity for the City’s governmental activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 4,050,996	-	-	64,030	\$ 4,115,026
Construction In Progress	3,295,620	750,845	-	(3,506,076)	540,389
<b>Total Capital Assets, Non-Depreciable</b>	<b>7,346,616</b>	<b>750,845</b>	<b>-</b>	<b>(3,442,046)</b>	<b>4,655,415</b>
Capital Assets, Depreciable:					
Buildings and Improvements	33,591,611	899,280	-	299,165	34,790,056
Furniture and Fixtures	52,566	-	-	-	52,566
Vehicles	9,863,825	487,517	-	-	10,351,342
Machinery and Equipment	2,739,885	80,992	-	-	2,820,877
Infrastructure	12,546,163	132,983	-	3,142,881	15,822,027
<b>Total Capital Assets, Depreciable</b>	<b>58,794,050</b>	<b>1,600,772</b>	<b>-</b>	<b>3,442,046</b>	<b>63,836,868</b>
Less: Accumulated Depreciation for:					
Buildings and Improvements	9,711,018	915,255	-	-	10,626,273
Furniture and Fixtures	50,538	1,715	-	-	52,253
Vehicles	8,727,571	295,055	-	-	9,022,626
Machinery and Equipment	2,191,153	146,233	-	-	2,337,386
Infrastructure	5,913,932	591,685	-	-	6,505,617
<b>Total Accumulated Depreciation</b>	<b>26,594,212</b>	<b>1,949,943</b>	<b>-</b>	<b>-</b>	<b>28,544,155</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>32,199,838</b>	<b>(349,171)</b>	<b>-</b>	<b>3,442,046</b>	<b>35,292,713</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 39,546,454</b>	<b>401,674</b>	<b>-</b>	<b>-</b>	<b>\$ 39,948,128</b>

Ongoing construction in progress in the City’s governmental activities primarily relates to the West Church streetscape project, Bike Path, and Ice Rink at Wren Park.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 491,891	\$ 1,163,675
Public Safety	458,048	440,984
Public Works	132,983	165,442
Community and Economic Development	647,203	3,745
Recreation	621,492	176,097
Total - Governmental Activities	\$ 2,351,617	\$ 1,949,943

Capital asset activity for the City's business-type activities for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Transfers/ Other Changes	Ending Balance
<b>Business-Type Activities</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 1,577,100	-	-	-	\$ 1,577,100
Construction In Progress	1,418,897	545,313	-	(1,365,045)	599,165
Total Capital Assets, Non-Depreciable	2,995,997	545,313	-	(1,365,045)	2,176,265
Capital Assets, Depreciable:					
Buildings and Improvements	131,731,114	115,113	-	-	131,846,227
Water Tanks and Lines	35,566,760	-	-	1,365,045	36,931,805
Machinery and Equipment	1,076,240	72,675	12,267	-	1,136,648
Furniture and Fixtures	413,737	-	48,382	-	365,355
Vehicles	4,795,133	144,673	172,597	-	4,767,209
Total Capital Assets, Depreciable	173,582,984	332,461	233,246	1,365,045	175,047,244
Less: Accumulated Depreciation for:					
Buildings and Improvements	38,656,754	3,180,238	-	-	41,836,992
Water Tanks and Lines	7,774,294	997,637	-	-	8,771,931
Machinery and Equipment	660,462	75,429	12,267	-	723,624
Furniture and Fixtures	242,462	41,374	38,838	-	244,998
Vehicles	3,577,350	176,843	172,597	-	3,581,596
Total Accumulated Depreciation	50,911,322	4,471,521	223,702	-	55,159,141
Total Capital Assets, Depreciable, Net	122,671,662	(4,139,060)	9,544	1,365,045	119,888,103
Business-Type Activities Capital Assets, Net	\$ 125,667,659	(3,593,747)	9,544	-	\$ 122,064,368

Ongoing construction in progress in the City's business-type activities represents costs related primarily to sewer projects and the GIS mapping project.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset additions and depreciation expense for business-type activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
Sewer	\$ 630,934	\$ 3,264,599
Water	78,772	882,953
Storm Water	141,918	202,092
Transit	26,150	121,877
Total - Business-Type Activities	\$ 877,774	\$ 4,471,521

The City governmental and business-type activities receive from time to time donated capital assets (generally water and sewer lines) from subdivisions/projects that are given to the City from various parties. In 2015, the City received donations of approximately \$202,000 related to the incubator project and approximately \$61,000 in donated sewer lines.

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Tax Increment Financing Bonds (“TIFB”) are considered a special obligation of the City payable solely from ad valorem taxes generated by improvements to real property within the redevelopment project area. Special Obligation Bonds (“SOB”) are considered a special obligation of the City and are payable solely from a pledge of hospitality fees. Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from a water and sewer utility funds. Community Development Notes (“CDN”) are obligations of the City that are collateralized by future community development block grants and various real property of the City and are guaranteed by Department of Housing and Urban Development (“HUD”).

The South Carolina Drinking Water State Revolving Fund Loans (“SRF”) are long-term debt-financing loans offered by the State of South Carolina to provide low-interest loans to communities for construction of drinking water facilities. The SRF is sponsored by EPA under authority of the federal Safe Drinking Water Act. The South Carolina Water Pollution Control Revolving Fund Loans (“RFL”) are long-term debt-financing loans offered by the State of South Carolina to provide low-interest loans to communities for the construction of storm water facilities. Lease Purchase (“LP”) obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of TIFB, SOB, RB, CDN, SRF, RFL, and LP obligations nor the interest thereon. Details on the City’s outstanding debt issues and lease purchase obligations as of June 30, 2015 are as follows:

<b>General Obligation Bonds</b>	<u>Balance at June 30, 2015</u>
<p>\$3,800,000 general obligation serial bonds issued in April 1997 (“GOB – 04/97”), due in annual installments of \$190,000 beginning on April 1, 1998 through April 1, 2017, plus interest at 4.875% to 6.875% due semi-annually. The proceeds from this issue were used to construct additions to and equipping the detention center, renovating City Hall; and other projects that City Council determined by resolution.</p>	\$ 380,000
<p>\$2,850,000 general obligation serial bonds issued in June 2008 (“GOB – 06/08”), due in annual installments of \$75,000 to \$225,000 beginning April 1, 2009 through April 1, 2028, plus interest at 3.25% to 5.0% due semi-annually. The proceeds of this issue were used for construction costs of a new fire station, purchase of a fire truck, and other cost of issuance. Issuance costs were not significant and thus have not been recorded related to this issue.</p>	\$2,200,000

**CITY OF ANDERSON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)**

**E. Long-Term Obligations (Continued)**

	<u>Balance at June 30, 2015</u>
<b><i>Special Obligation Bonds</i></b>	
\$3,350,000 special obligation serial bonds issued in October 2011 (“SOB – 10/11”), due in annual installments of \$240,000 to \$560,000 beginning June 1, 2012 through June 1, 2018, plus interest at 2.44% due annually. The proceeds of this issue are being used for construction costs of the Greenspace and Recreation Project (as defined). Issuance costs were not significant and thus have not been recorded related to this issue.	\$ 1,630,000
<b><i>Tax Increment Financing Bonds</i></b>	
\$5,600,000 tax increment financing bonds issued in September 2011 (“TIFB – 09/11 Series B”), due in annual installments of \$180,000 to \$780,000 beginning April 1, 2012 through April 1, 2021, plus interest at 3.04%, due annually. The proceeds from this issue were used to currently refund the TIFB – 06/08 Series A. Issuance costs were not significant and thus have not been recorded related to this issue.	4,410,000
<b><i>Revenue Bonds</i></b>	
\$48,655,000 water and sewer system revenue bonds issued in March 2009 (“RB – 03/09”), due in annual installments of \$850,000 to \$3,030,000 beginning July 1, 2010 through July 1, 2039, plus interest at 4.00% to 5.00%, due semi-annually. The proceeds from this issue were used to repay the 2008 BAN and for the Rocky River WWTP upgrade. There was a discount on the issuance of these bonds of approximately \$806,000 and debt issuance costs were incurred of approximately \$1,246,000.	45,045,000
\$43,295,000 water and sewer system refunding revenue bonds issued in April 2012 (“RB – 04/12”), due in annual installments of \$315,000 to \$3,365,000 beginning July 1, 2013 through July 1, 2032, plus interest at 2.00% to 5.00%, due semi-annually. The proceeds from this issue were used to currently refund the RB – 11/98 and advance refunded most of the RB – 04/02 and RB – 07/03. A premium on the issuance of these bonds was received of \$4,364,063 and debt issuance costs were incurred of \$800,864. The refunding resulted in a deferred loss of \$1,368,555.	41,440,000
<b><i>South Carolina Revolving Loans</i></b>	
\$5,649,976 South Carolina Drinking Water Revolving Loan finalized in August 2007 (“SRF – 08/07”), received an interest rate reduction in FY 2012, which resulted in a shorter term, due in 93 equal quarterly installments of \$70,892 beginning February 1, 2012 thru February 1, 2035 which includes interest at 2.25%. The proceeds from this loan were used for the construction of two elevated storage tanks and water transmission lines. Issuance costs of \$84,493 were incurred and recorded related to this issue.	4,511,596
\$6,684,626 South Carolina Drinking Water Revolving Loan finalized in February 2008 (“SRF – 02/08”), received an interest rate reduction in FY 2012, which resulted in a shorter term, due in 104 equal quarterly installments of \$78,636 beginning on February 1, 2012 through November 1, 2037 which includes interest at 2.25%. The proceeds from this loan were used for additional water distribution lines. Issuance costs of \$106,688 were incurred and recorded related to this issue.	\$ 5,541,435

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Balance at June 30, 2015
<i>South Carolina Revolving Loans (Continued)</i>	
\$469,000 South Carolina Water Pollution Control Revolving Loan finalized in July of 2009 (“RFL – Orr Street”), received an interest rate reduction in FY 2012, which resulted in a shorter term, due in 71 equal quarterly installments of \$7,314 beginning February 1, 2012 thru August 1, 2029 which includes interest at 2.25%. The proceeds from this loan were used for storm water facilities in the City.	\$ 355,810
\$1,410,598 South Carolina Water Pollution Control Revolving Loan finalized in June of 2010 (“RFL – Huntington Hills”), received an interest rate reduction in FY 2012, which resulted in a shorter term, due in 73 equal quarterly installments of \$22,141 beginning February 1, 2012 thru February 1, 2030 which includes interest at 2.25%. The proceeds from this loan were used for storm water facilities in the City.	1,109,047
<i>Community Development Notes</i>	
\$2,250,000 community development note issued in April 1999 were refinanced in July 2010 (“CDN – 07/10”), due in semi-annual installments of \$165,000 beginning August 1, 2011 through August 1, 2017, plus interest at 1.65% to 1.85%, due semi-annually. The proceeds from this note were used to defray costs associated with the Community Development Projects.	430,000
<i>Lease Purchase Obligations</i>	
\$5,700,000 lease purchase agreement was entered into in December 2004 (“LP – 12/04”), with 12 annual payments (including interest) of \$586,222 beginning December 1, 2005 through December 1, 2016 which includes interest at 3.42%. The proceeds from this lease purchase obligation were primarily used to finance the construction of the Anderson Recreation Center.	1,112,257
\$2,000,000 lease purchase agreement was entered into in November 2005 (“LP – 11/05”), with 2 quarterly interest-only payments beginning January 1, 2006, and 38 quarterly payments (including interest) of \$62,409 beginning July 1, 2006 through October 1, 2015 which includes interest at 3.611%. The proceeds from this lease purchase obligation were used to purchase various equipment.	123,147
\$1,150,000 lease purchase agreement was entered into in June 2015 (“LP – 6/15”), with five annual payments (including interest) of \$240,436 beginning June 1, 2016 through June 1, 2020 which includes interest at 1.52%. The proceeds from this lease purchase obligation will be used for the purchase of four garbage trucks.	\$ 1,150,000

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension* in 2009. This Statement established standards for the measurement, recognition and display of Other Post Employment Benefits (“OPEB”) expenditures and related liabilities (assets), note disclosures, and required supplementary information in financial reports. For more information on the net OPEB liability (which is shown in the long-term obligation rollforward), see “Note IV.C Postemployment Benefits Other Than Pensions” for more details.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the City's governmental activities for the year ended June 30, 2015:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
General Obligation Bonds:					
GOB – 04/97	\$ 570,000	-	190,000	380,000	\$ 190,000
GOB – 06/08	2,310,000	-	110,000	2,200,000	120,000
Total General Obligation Bonds	<u>2,880,000</u>	<u>-</u>	<u>300,000</u>	<u>2,580,000</u>	<u>310,000</u>
Special Obligation Bonds:					
SOB - 10/11 Series A	2,140,000	-	510,000	1,630,000	525,000
Total Special Obligation Bonds	<u>2,140,000</u>	<u>-</u>	<u>510,000</u>	<u>1,630,000</u>	<u>525,000</u>
Tax Increment Financing Bonds:					
TIFB – 09/11 Series A	265,000	-	265,000	-	-
TIFB – 09/11 Series B	4,795,000	-	385,000	4,410,000	680,000
Total Tax Increment Financing Bonds	<u>5,060,000</u>	<u>-</u>	<u>650,000</u>	<u>4,410,000</u>	<u>680,000</u>
Community Development Notes					
CDN – 07/10	595,000	-	165,000	430,000	165,000
Total Community Development Notes	<u>595,000</u>	<u>-</u>	<u>165,000</u>	<u>430,000</u>	<u>165,000</u>
Total Debt	<u>10,675,000</u>	<u>-</u>	<u>1,625,000</u>	<u>9,050,000</u>	<u>1,680,000</u>
Lease Purchases:					
LP – 12/04	1,642,224	-	529,967	1,112,257	548,091
LP – 11/05	362,901	-	239,754	123,147	123,147
LP – 6/15	-	1,150,000	-	1,150,000	223,722
Total Lease Purchases	<u>2,005,125</u>	<u>1,150,000</u>	<u>769,721</u>	<u>2,385,404</u>	<u>894,960</u>
Compensated Absences	2,658,988	1,563,045	1,448,437	2,773,596	1,342,289
Net OPEB Liability	564,746	87,803	34,058	618,491	-
Total Governmental Activities	<u>\$ 15,903,859</u>	<u>2,800,848</u>	<u>3,877,216</u>	<u>14,827,491</u>	<u>\$ 3,917,249</u>

Resources from the Community Development Fund have been used to liquidate the community development notes. Resources from the General Fund and Hospitality Fee Fund have been used to liquidate all of the other governmental activities long-term obligations.

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not believe it has an arbitrage liability at June 30, 2015.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2015, the City had approximately \$2,580,000 of bonded debt subject to the 8% limit of approximately \$7,830,000 resulting in an unused legal debt margin of approximately \$5,250,000.

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2015:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Debt:					
Revenue Bonds:					
RB – 03/09	\$ 46,000,000	-	955,000	45,045,000	\$ 995,000
RB – 04/12	42,980,000	-	1,540,000	41,440,000	1,585,000
Total Revenue Bonds	<u>88,980,000</u>	<u>-</u>	<u>2,495,000</u>	<u>86,485,000</u>	<u>2,580,000</u>
SC State Revolving Fund Loans:					
SRF – 03/06	4,691,122	-	179,526	4,511,596	183,600
SRF – 12/06	5,728,655	-	187,220	5,541,435	191,468
RFL – Orr Street	376,764	-	20,954	355,810	21,429
RFL – Huntington Hills	1,171,774	-	62,727	1,109,047	64,150
Total SC State Revolving Fund Loans	<u>11,968,315</u>	<u>-</u>	<u>450,427</u>	<u>11,517,888</u>	<u>460,647</u>
Subtotal	<u>100,948,315</u>	<u>-</u>	<u>2,945,427</u>	<u>98,002,888</u>	<u>3,040,647</u>
Deferred Amounts on Revenue Bonds:					
Issuance Discounts	(664,839)	-	(26,862)	(637,977)	-
Issuance Premiums	3,741,953	-	276,493	3,465,460	-
Total Debt	<u>104,025,429</u>	<u>-</u>	<u>3,195,058</u>	<u>100,830,371</u>	<u>3,040,647</u>
Compensated Absences	400,767	157,722	105,474	453,015	111,457
Debt Service Rebate	1,258,759	751,086	618,257	1,391,588	756,565
Net OPEB Liability	100,222	25,126	6,543	118,805	-
Total Business-Type Activities	<u>\$ 105,785,177</u>	<u>933,934</u>	<u>3,925,332</u>	<u>102,793,779</u>	<u>\$ 3,908,669</u>

Resources from the Water Fund have been used to liquidate the RB – 04/12 revenue bond and the SRF loans. Resources from the Water and Sewer Funds have been used to liquidate the RB – 04/12 revenue bond. Resources from the Sewer Fund have been used to liquidate the RB – 04/12 revenue bonds and debt service rebate liability. Resources from the Storm Water Fund have been used to liquidate the RFL loans. The Sewer Fund, Water Fund, and Transit Fund have typically been used in prior years to liquidate their respective liabilities for compensated absences and OPEB.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

The order of priority for pledges and security on the capital assets of the City’s water/sewer activities is the revenue bonds and then the state revolving fund loans. The revenue bonds and the South Carolina revolving fund loans require the City to maintain user rates sufficient to generate net earnings, as defined by the agreements, ranging from 110% to 140% of the combined annual principal and interest payments. The revenue bonds and state revolving fund loans contain significant requirements for annual debt service, various restrictive covenants which require the City to maintain various restricted cash and investment accounts and to meet various other general requirements. The City is in compliance with all such significant financial covenants and restrictions at June 30, 2015.

Presented below is a summary of debt service requirements to maturity by year for the City’s governmental and business-type activities as of June 30, 2015:

Year Ending June 30,	Debt		Lease Purchase		Total
	Principal	Interest	Principal	Interest	
<b>Governmental Activities:</b>					
2016	\$ 1,680,000	298,063	894,960	55,957	\$ 2,928,980
2017	1,725,000	245,307	790,522	33,465	2,794,294
2018	1,520,000	191,569	229,797	10,639	1,952,005
2019	890,000	147,660	233,290	7,146	1,278,096
2020	925,000	119,260	236,835	3,600	1,284,695
2021-2025	1,680,000	283,638	-	-	1,963,638
2026-2028	630,000	55,575	-	-	685,575
Totals	\$ 9,050,000	1,341,072	2,385,404	110,807	\$ 12,887,283

Year Ending June 30,	Revenue Bonds		SC State Revolving Loans		Total
	Principal	Interest	Principal	Interest	
<b>Business-Type Activities</b>					
2016	\$ 2,580,000	3,850,201	460,647	255,284	\$ 7,146,132
2017	2,920,000	3,748,126	471,099	244,832	7,384,057
2018	3,495,000	3,609,101	481,789	234,143	7,820,033
2019	3,655,000	3,455,376	492,720	223,210	7,826,306
2020	3,445,000	3,315,726	503,901	212,030	7,476,657
2021-2025	19,565,000	14,136,810	2,696,289	883,364	37,281,463
2026-2030	22,375,000	9,031,733	2,972,188	563,386	34,942,307
2031-2035	14,675,000	5,052,475	2,676,689	242,972	22,647,136
2036-2040	13,775,000	1,788,875	762,566	23,790	16,350,231
Totals	\$ 86,485,000	47,988,423	11,517,888	2,883,011	\$ 148,874,322

IV. OTHER INFORMATION

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

**Participation in Public Entity Risk Pools for Property and Casualty Insurance (Continued)**

The City pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2015, the City's total general risk insurance expense was approximately \$787,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF's net assets/position from its most recently issued audited financial statements at December 31, 2014, totaled approximately \$21,590,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2015, the City's total workers compensation insurance expense was approximately \$413,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. SCMIT's net assets/position from its most recently issued audited financial statements at December 31, 2014, totaled approximately \$52,879,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

**Health Insurance**

The City has a fully insured health insurance program for the City's employees in which the City pays a monthly premium for this coverage and has no additional liability related to health insurance. The City has not significantly reduced insurance coverages from the previous year.

B. Retirement Plans

*City Pension Plan*

*Plan Description*

The General Employees' Retirement Plan ("City Pension Plan") is a single-employer defined benefit pension plan administered by the City of Anderson. It provides retirement, disability, and death benefits to plan members and beneficiaries at the discretion of City Council. Currently, all employees of the City, except for fire and police department personnel, are eligible to participate in the City Pension Plan. The City Administrator, City Clerk and Treasurer, and one Other Employer (appointed by City Council) comprise the Pension Plan Committee ("Committee") which administers the City Pension Plan. City Council has the authority to establish and amend benefit provisions for the City Pension Plan. The City Pension Plan's year end is December 31<sup>st</sup>. The City Pension Plan does not issue a stand-alone financial report. Plan information from the latest actuarial report may be obtained by contacting the City of Anderson Finance Department, 401 S. Main Street, Anderson, South Carolina 29624.

The City Pension Plan provides for a normal retirement age of 65 with 5 years of service with an additional early retirement with the earlier of age 55 with 5 years of service or 30 years of service, with no reduction in benefits. Elected officials' normal retirement dates will now be defined as age 65 with 8 years of service, with an additional early retirement date of age 55 with 5 years of service, with no reduction in benefits. There was a 1.5%, cost-of-living, monthly benefit increase for retirees and beneficiaries granted as of December 1, 2014. The normal retirement benefit is 1.82% of final average earnings times years of benefit service. The City Pension Plan also provides for disability, delayed, and pre-retirement death, and termination benefits.

Employer membership data consists of the following: retirees and beneficiaries receiving benefits – 120; vested inactive employees not yet receiving benefits – 37; and active employees/officials – 209. Covered payroll for year ended December 31, 2014, was approximately \$6,733,000; average pay was approximately \$34,800; average age was approximately 48; and average past service was approximately 11 years.

**CITY OF ANDERSON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

---

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*City Pension Plan (Continued)*

*Basis of Accounting*

The City Pension Plan implemented GASB #67 “Financial Reporting for Pension Plans” (“GASB #67”) in 2014. GASB #67 replaces the requirements of GASB Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements. GASB #67 establishes standards of financial reporting for plans that issue separate financial reports and also those plans whose financial information is included solely in the financial report of another government as a pension trust fund. GASB #67 specifies the required approach for measuring the pension liability of employers and non-employer contributing entities for benefits provided through pension plans.

The City Pension Plan’s financial statements are prepared using the accrual basis of accounting. Employer contributions, benefit payments, and refunds are all recognized when due. All investments are reported at fair value. Securities traded on a national or international exchange are reported at the last reported sales price at current exchange rates. Securities without an established market are reported at estimated fair value. Administrative costs are paid out of the fund’s net position.

*Plan Investments*

The investment objective of the City Pension Plan is to (a) have the ability to pay all benefits and expense obligations when due, (b) control costs of administering the Pension Plan and managing the investments, (c) maximize return within reasonable and prudent levels of risks in order to minimize contributions, and (d) to adhere to the following general safe harbor rules:

- Use prudent experts to make the investment decisions.
- Demonstrate that the prudent expert was selected by following a due diligence process.
- Give the prudent expert discretion over the assets.
- Have the prudent expert acknowledge their co-fiduciary status.
- Monitor the activities of the prudent expert to ensure that the expert is performing the agreed upon tasks.

It is the policy of the Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. This policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

To achieve the above investment objectives, City Council has appointed Synovus Trust Company to serve as Trustee, with their duties and responsibilities described in the executed trust agreement. The City Pension Plan’s current target asset allocation as of December 31, 2014 is summarized in the following table:

Asset Class	Target Allocation
Cash and Money Market Funds	2.0%
Fixed Income	28.0%
Global Equity	70.0%

For the year ended December 31, 2014, the annual money-weighted rate of return on City Pension Plan investments, net of City Pension Plan investment expenses, was 5.81 percent (18.54 percent in the prior year). The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. For more information on the actual investments being held by the City Pension Plan and any significant concentration risk as of December 31, 2014, see “Note III.A Deposits and Investment” for details.

CITY OF ANDERSON, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

---

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*City Pension Plan (Continued)*

*Plan Contributions*

In accordance with the City Pension Plan document, the City makes contributions in amounts determined by the Committee, based on recommendations of the City Pension Plan's actuary. The actuarial determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. As such, the City has established a funding policy of 9.10% of compensation being contributed to the City Pension Plan. Participant contributions are not permitted or required.

*Plan Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation on January 1, 2015, using the following key actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2015
Actuarial Cost Method:	Entry Age
Amortization Period:	Level Percent of Payroll Amount; 30 years - Closed
Actuarial Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Assumed Rate of Return on Investments:	7.5%, net of investment expenses, including inflation
Mortality Rate:	1984 Unisex Pension Mortality Table
Rates of Disability:	Hallman & Lorber Disability Table
Salary Increases:	3.5%, average, including inflation
Survivor Benefits:	50% of monthly benefits
Inflation Rate:	2.0%
Changes in Actuarial Assumptions:	No significant changes in the actuarial assumptions from the prior year.

There was no assumption made about any ad hoc cost-of-living adjustments for the pensioners; historically, the decision about granting these has been made by considering the value of the current net pension liability (asset).

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the City's contributions will continue to be made at their current funding percent (9.10%) of compensation. Based on this assumption, the City Pension Plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

The longer-term expected rate of return on City Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of City Pension Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF ANDERSON, SOUTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*City Pension Plan (Continued)*

*Plan Actuarial Assumptions (Continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash and Money Market Funds	0.00%
Fixed Income	2.25%
Global Equity	7.00%

*Changes in the Net Pension Liability (Asset)*

The components of the change in the City Pension Plan's liability (asset) for the year ended December 31, 2014 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 23,272,847	27,563,741	\$ (4,290,894)
Changes for the Year:			
Service Cost	447,217	-	447,217
Interest	1,733,885	-	1,733,885
Differences between Expected and Actual Experience	20,524	-	20,524
Contributions - Employer	-	652,392	(652,392)
Net Investment Income	-	1,575,275	(1,575,275)
Benefit Payments, Net	(1,203,192)	(1,203,192)	-
Administrative Expenses	-	(85,160)	85,160
Net Changes	<u>998,434</u>	<u>939,315</u>	<u>59,119</u>
Net Pension Liability (Asset)	<u>\$ 24,271,281</u>	<u>28,503,056</u>	<u>\$ (4,231,775)</u>
City Pension Plan's Fiduciary Net Position as a			
Percentage of the Total Pension Liability (Asset)			
Beginning of the Year	<u>118.44%</u>		
End of the Year	<u>117.44%</u>		

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the City Pension Plan as of December 31, 2014, calculated using the discount rate of 7.5 percent, as well as what the City Pension Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City Pension Plan's Net Pension Liability	\$ (1,773,685)	(4,231,775)	\$ (6,338,186)

**CITY OF ANDERSON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Retirement Plans (Continued)**

*City Pension Plan (Continued)*

*City's Recognition of a Net Pension Assets, Pension Expense, and Deferred Outflows/Inflows of Resources:*

As allowed by GASB #68, the City is reporting on its government-wide and proprietary fund financial statements its net pension liabilities and related deferred outflows and inflows of resources using information from the City Pension Plan measured as of January 1, 2015. The City Pension Plan's Total Pension Liability as of December 31, 2014 was \$24,271,281, less the City Pension Plan's Fiduciary Net Position of \$28,503,056, resulting in a Net Pension Asset of \$4,231,775 at December 31, 2014. Accordingly, as of June 30, 2015, the City reported a net pension asset of approximately \$4,232,000. For the year ended June 30, 2015, the City recognized pension expense of approximately \$320,000. At June 30, 2015, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the City Pension Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
City Pension Plan:		
Differences Between Expected and Actual Experience	\$ 16,985	\$ -
Net Difference Between Projected and Actual Earnings on Investments	374,526	-
City's Contributions Subsequent to the Measurement Date	326,196	-
Total City Pension Plan	<u>\$ 717,707</u>	<u>\$ -</u>

Approximately \$326,000 that was reported as deferred outflows of resources as of June 30, 2015 related to the City's contributions to the City Pension Plan subsequent to the measurement date of December 31, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as an increase (decrease) in pension expense as follows:

Year Ended June 30,	City Pension Plan
2016	\$ 97,170
2017	97,170
2018	97,170
2019	97,170
2020	2,831
Total	<u>\$ 391,511</u>

*Payable to Plan*

The City reported a payable of approximately \$314,000 to the City Pension Plan as of June 30, 2015, representing required employer contributions for the fourth quarter of fiscal year 2015. This amount is included in Other Accrued Liabilities on the financial statements and was paid in July 2015.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*State Retirement Plan*

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

*Plan Description*

The South Carolina Police Officers Retirement System ("PORS" or "State Retirement Plan"), 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.

*Plan Membership*

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

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

*Plan Benefits*

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

CITY OF ANDERSON, SOUTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*State Retirement Plan (Continued)*

*Plan Benefits (Continued)*

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

*Plan Contributions*

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

As noted above, both employees and the City are required to contribute to the PORS at rates established and as amended by the PEBA. The City's contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation as follows for the past three years:

	PORS Rates		
	2013	2014	2015
Employer Rate	11.90%	12.44%	13.01%
Employee Rate	7.00%	7.84%	8.41%

The required contributions and percentages of amounts contributed by the City to the PORS for the past three years were as follows:

Year Ended June 30,	PORS Contributions	
	Required	% Contributed
2015	\$ 847,301	100%
2014	781,917	100%
2013	\$ 741,323	100%

CITY OF ANDERSON, SOUTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

*State Retirement Plan (Continued)*

*Plan Contributions (Continued)*

Eligible payrolls of the City covered under the PORS for the past three years were as follows:

<u>Year Ended June 30,</u>	<u>PORS Payroll</u>
2015	6,512,693
2014	6,285,506
2013	6,229,606

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of the defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company. The net pension liability ("NPL") represents the System's total pension liability determined in accordance with GASB #67 less the PORS' fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for the PORS are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.55%

At June 30, 2015, the City reported total net pension liability of approximately \$9,693,000 for its proportionate share of the net pension liability for the PORS. The net pension liability was measured as of June 30, 2014, and the total pension liability for the PORS used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2013 that was projected forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the PORS relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the City's PORS proportion was .50632 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of approximately \$848,000 for the PORS. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PORS:		
Differences Between Expected and Actual Experience	\$ 258,664	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,121,557
City's Contributions Subsequent to the Measurement Date	847,301	-
Total PORS	<u>\$ 1,105,965</u>	<u>\$ 1,121,557</u>

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

*State Retirement Plan (Continued)*

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

Approximately \$847,000 that was reported as deferred outflows of resources related to the City’s contributions subsequent to the measurement date to the PORS will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PORS will be recognized in pension expense as follows:

Year Ended June 30,	PORS
2016	\$ 213,308
2017	213,308
2018	213,308
2019	222,969
Total	<u>\$ 862,893</u>

*Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete. The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for the PORS.

	PORS
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Salary Increases	Levels off at 4.0%
Includes Inflation at	2.75%
Benefit Adjustments	Lesser of 1% or \$500

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

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

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

*State Retirement Plan (Continued)*

*Actuarial Assumptions and Methods (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 third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (“RSIC”) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds’ assets. As co-fiduciary of the System, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30	0.01
Short Duration	3%	0.60	0.02
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10	0.08
High Yield	2%	3.50	0.07
Bank Loans	4%	2.80	0.11
Global Fixed Income	9%		
Global Fixed Income	3%	0.80	0.02
Emerging Markets Debt	6%	4.10	0.25
Global Public Equity	31%	7.80	2.42
Global Tactical Asset Allocation	10%	5.10	0.51
Alternatives	32%		
Hedge Funds (Low Beta)	8%	4.00	0.32
Private Debt	7%	10.20	0.71
Private Equity	9%	10.20	0.92
Real Estate (Broad Market)	5%	5.90	0.29
Commodities	3%	5.10	0.15
Total Expected Real Return	100%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

CITY OF ANDERSON, SOUTH CAROLINA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plan (Continued)

*State Retirement Plan (Continued)*

*Discount Rate*

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the City's proportionate share of the net pension liabilities of the PORS as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability of the PORS	\$ 13,545,789	9,693,052	\$ 6,505,233

*PORS Fiduciary Net Position*

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

*Payable to PORS*

The City reported a PORS payable of approximately \$106,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the PORS. This amount is included in Other Accrued Liabilities on the financial statements and was paid in July 2015.

C. Postemployment Benefits Other Than Pensions

*Plan Description*

The City sponsors a single-employer defined benefit healthcare plan (the "OPEB Plan") that provides medical and dental insurance for retirees. Public safety participants must be eligible to retire under the South Carolina Retirement System and receive benefits upon retirement. All other participants must meet at least one of the two following criteria for eligibility: (a) have at least 30 years of service with the City of Anderson or (b) have attained age 55 and have at least five years of service with the City. Plan benefits include medical and dental coverage for retirees and their eligible dependents. Retirees and spouses must pay the full group premium rate. Coverage is offered up to age 65 for the retiree and up to age 65 for the surviving spouse after the death of the retiree.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

*Plan Description (Continued)*

Information regarding South Carolina Retirement System eligibility may be found in the Comprehensive Annual Financial Report as identified in "Note IV.B Retirement Plans". The OPEB Plan is approved each year by City Council; the benefit and contribution requirements of the City and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree health care benefits at any time.

As of July 1, 2014, the last measurement date, there were 435 covered participants; 13 members are retirees (or their spouse) receiving benefits and 422 are active participants.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust ("SC ORBET"), an agent multiple-employer investment plan administered by the Municipal Association of South Carolina ("MASC"). SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the OPEB Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of South Carolina, P.O. Box 12109, Columbia, South Carolina 29211.

*Funding Policy*

The plan includes medical benefits for retirees and their eligible dependents. The current average medical premium prior to Medicare eligibility is approximately \$688.50 (PPO Plan) and \$480.75 (HDHP Plan) for retirees and \$1,548.00 (PPO Plan) and \$1,081.25 (HDP Plan) for retiree and spouse. Retirees and spouses must pay 100% of the published premium rate for health insurance. Coverage can continue up to age 65 for the retiree and spouse. Dental coverage is also available. The retiree must pay 100% of the published premium rate for dental coverage. Employees who meet the definition of disabled as defined by Medicare are allowed to continue spouse coverage. The retiree must pay the 100% of the published premium rate.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on a level percent of payroll increasing annually at 2.75%.

*Actuarial Assumptions*

Actuarial valuations of a plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF ANDERSON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**

**IV. OTHER INFORMATION (CONTINUED)**

**C. Postemployment Benefits Other Than Pensions (Continued)**

*Actuarial Assumptions (Continued)*

The following table summarizes the key actuarial assumptions:

Actuarial Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method/Period	Level Percentage of Pay; 30 Years - Open Basis
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00% which includes inflation at 2.75%
Discount Rate	4.00%
Medical Cost Trend Rate	7.75% graded to 5.0% from 2019 and beyond
Payroll Growth	3.50% per year (3.00% inflation plus 0.50% real rate of wage increase)
Coverage Elections	40% of eligible retirees will elect coverage and 20% of those will elect to cover the spouse
Active Participation Marriage Assumption	100% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	UP-84 and PBGC Disabled Retiree Mortality Table
Implicit Subsidy	Total cost of coverage for pre-65 retirees is 35% higher than the average premium rate to account for implicitly subsidized costs

Since 2009 was the implementation year of GASB Statement No. 45, the asset valuation method used initially is market value. The SC ORBET trust's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. The OPEB Plan's UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 is thirty years.

*Annual OPEB Costs and Rollforward of Net OPEB Obligation*

For 2015, the annual OPEB cost (expense) and the progression of the net OPEB obligation in the OPEB Plan for the most recent plan year (fiscal year 2015) was as follows:

1. Net OPEB Obligation (Asset), Beginning of the Plan Year	\$ 664,968
2. One Year's Interest on the Net OPEB Obligation	26,599
3. ARC (Normal Cost Plus Any Amortization Payments)	112,599
4. Adjustment to Annual Required Contribution	(26,269)
5. Annual OPEB Cost: (2)+(3)+(4)	112,929
6. Contributions Made for the Plan Year	40,600
7. Increase (Decrease) in Net OPEB Obligation (Asset): (5)-(6)	72,329
8. Net OPEB Obligation (Asset), End of the Plan Year: (1)+(7)	<u>\$ 737,297</u>

The net OPEB liability has been apportioned between the City's governmental activities and business-type activities (proprietary funds) based on the number of employees per activity. For more information on the breakout of the net OPEB liability of the City between the governmental and business-type activities, see "Note III.E Long-Term Obligations" for more details.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

C. Postemployment Benefits Other Than Pensions (Continued)

*Schedule of Employer Contributions*

The City did not make any explicit contributions to the OPEB Plan to pre-fund benefits but made payments of \$40,600 of covered participants' implicit subsidized benefits.

Annual OPEB cost, annual OPEB cost contributed, percentage of annual OPEB cost contributed to the OPEB Plan and the net OPEB obligation (asset) were as follows:

Fiscal Year Ending	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2011	\$ 150,301	\$ 47,200	31.40%	\$ 377,001
June 30, 2012	175,565	56,900	32.41%	495,666
June 30, 2013	139,555	52,700	37.76%	582,521
June 30, 2014	138,047	55,600	40.28%	664,968
June 30, 2015	\$ 112,929	\$ 40,600	35.95%	\$ 737,297

*Schedule of Funding Progress*

Fiscal year 2009 was the year of implementation of GASB Statement #45 and the City has elected to implement prospectively. This schedule will provide trend information about whether the actuarial values of OPEB Plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The schedule of funding progress for the OPEB Plan is as follows:

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	2,323,000	\$ 2,323,000	0.00%	\$ 15,292,770	15.19%
July 1, 2010	-	1,140,100	1,140,100	0.00%	12,930,900	8.82%
July 1, 2012	-	1,227,855	1,227,855	0.00%	13,797,083	8.90%
July 1, 2014	\$ -	1,034,459	\$ 1,034,459	0.00%	\$ 13,721,278	7.54%

D. Contingent Liabilities and Commitments

*Litigation*

The City is periodically the subject of litigation by a variety of plaintiffs. The City's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

*Grants*

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund, Community Development Fund, or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2015.

CITY OF ANDERSON, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

---

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

*Water Agreement*

The City joined the Anderson County Joint Municipal Water System ("System") in 2002 and entered into a water sale and purchase agreement with the System. The agreement provides for the following:

- Allocates a percentage of the water treatment plant's total capacity to each member with the member agreeing to pay the System's debt service monthly based on its respective percentage of plant capacity together with certain operating expenses proportionate to its percentage of plant capacity. The City's proportion of plant capacity is 32.7% or 10.46 Million gallons per day ("MGD") of the total plant capacity of 32 MGD.
- The cost of future capital improvements not increasing the system's capacity will be shared by the members according to their respective percentage of plant capacity.
- All amounts paid by the members not required to fund debt service will be deposited into a Facilities Renewal and Replacement Fund. Any surplus existing in this fund at year-end will be paid to members based on their respective percentage of plant capacity.

The members of the System also entered into an operating agreement dated April 17, 2002. This agreement provides for the System to sell water to the City on a wholesale basis using existing water transmission mains with each owner agreeing to pay all costs in maintaining their own water transmission mains. The agreement is for 99 years or until additional transmission mains are constructed that enable all of the System's wholesale customers to receive water without utilizing the City's transmission mains, water tanks, and booster station.

In 2005, the members of the system approved the first amendment to the water sale and purchase agreement. This amendment provided for a 13 MGD treatment plant expansion to meet the present and future water needs of the member agencies. The City's portion of this expansion is 28.15% or 3.66 MGD. Currently, the City owns 31.4% or 14.12 MGD of the total 45 MGD treatment capacity.

Following the plant expansion in July 2009, the plant received a filter re-rating that increased the overall allowed treatment capacity to 48 MGD. The System retained the additional 3 MGD as reserve capacity. In the third quarter of fiscal year 2011, the System board approved the construction contracts for approximately \$8,000,000 that were to be paid for by the benefitting parties. The construction costs combined with planning and engineering fees total \$8,491,427. Final project funding was composed of a \$7.850 million SRF loan with the balance paid using System pay as you go ("PAYGO") funding. The City's portion of the SRF loan principal is estimated to be approximately \$2,464,900 or 31.4%.

*Consent Order – Sewer*

The United States Environmental Protection Agency ("EPA") and the City entered into an Administrative Order on Consent ("Consent Order") in May 2014 and paid a fine of approximately \$45,000 for the discharge of untreated wastewater containing pollutants to the navigable waters at locations not authorized by the National Pollutant Discharge Elimination System permit. In the Consent Order, the City agrees to develop a Management, Operation, and Maintenance ("MOM") program over the next couple of years in accordance with established guidelines that will eliminate the sanitary sewer overflows cited in the EPA's visit. The City is currently in the process of developing its MOM program and does not expect that the Consent Order will have a significant financial impact to the City's Sewer Fund.

**CITY OF ANDERSON, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**

---

**IV. OTHER INFORMATION (CONTINUED)**

**D. Contingent Liabilities and Commitments (Continued)**

The City had a purchase commitment for four sanitation trucks in the amount of approximately \$1,119,000 as of June 30, 2015. These trucks were delivered to the City in July 2015.

**E. Cost Recovery**

The City adopted an indirect cost recovery policy of charging the Community Development Fund and Transit Fund for specialized services provided by the General Fund. The cost recovery charge to the Community Development Fund and Transit Fund was based on the indirect cost method which uses a ratio to allocate available costs. These charges are reported as expenditures or expenses in the funds making the payment, and reported as revenue in the General Fund.

**F. Expenditures Over Budget**

In general, City Council approved the expenditures in excess of the final budget but chose not to amend the budget.

**G. Subsequent Events**

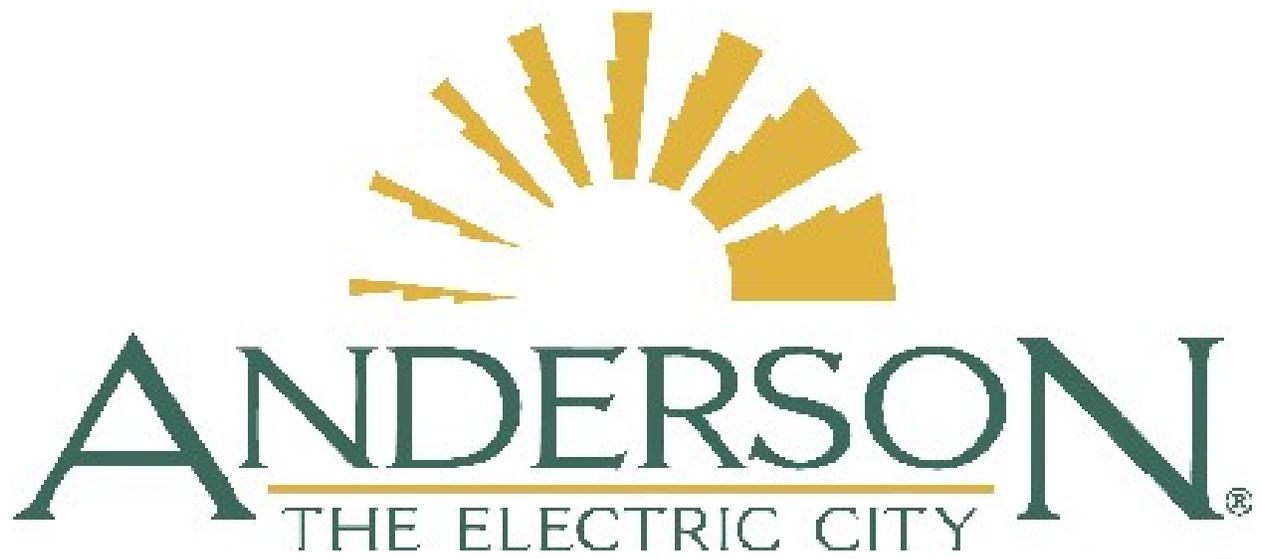
In September 2015, the City approved an engineering contract in the amount of approximately \$690,000 for the removal of sanitary sewer overflow, a construction contract in the amount of approximately \$1,561,000 for stormwater and sewer system improvements, the purchase of three new transit buses for approximately \$1,206,000 requiring a local match of approximately \$69,000.

In September 2015, the City approved a public infrastructure reimbursement agreement with a local business not to exceed \$420,000.

In December 2015, the City approved the purchase of vehicles and equipment in the amount of approximately \$644,000.

## Required Supplementary Information

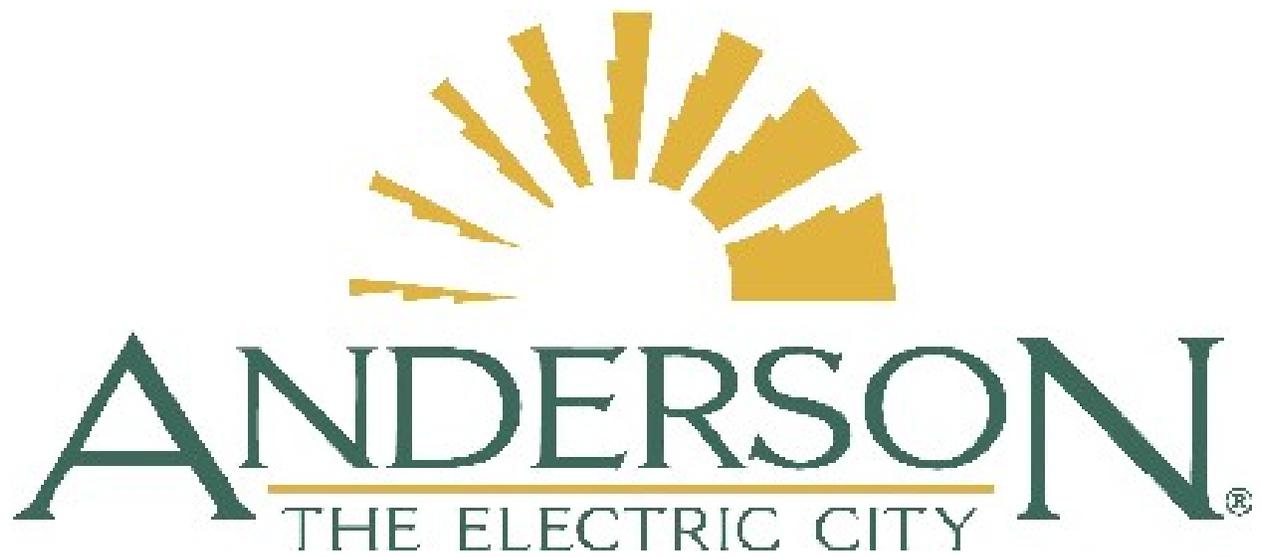
**This page is intentionally left blank**



## **THE GENERAL FUND**

The **General Fund** is used to account for revenues traditionally associated with government which are not legally required to be accounted for in another fund.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property Taxes, Penalties and Interest	\$ 11,998,000	11,998,000	12,627,783	\$ 629,783
Licenses and Permits:				
Business Licenses	3,292,500	3,292,500	3,552,465	259,965
Franchise Fees	4,428,000	4,428,000	4,772,553	344,553
Permits	155,800	155,800	202,585	46,785
	<u>7,876,300</u>	<u>7,876,300</u>	<u>8,527,603</u>	<u>651,303</u>
Unrestricted Intergovernmental Revenue:				
Accommodation Taxes	30,000	30,000	28,305	(1,695)
Local Government Fund	575,775	575,775	584,148	8,373
	<u>605,775</u>	<u>605,775</u>	<u>612,453</u>	<u>6,678</u>
Restricted Intergovernmental Revenue:				
Federal Grants	4,000	227,876	270,021	42,145
State Grants	96,648	197,728	213,502	15,774
ANATS	140,000	140,000	143,958	3,958
	<u>240,648</u>	<u>565,604</u>	<u>627,481</u>	<u>61,877</u>
Sales And Services:				
Cemetery Fees	129,000	258,000	245,808	(12,192)
Recreation Fees	307,744	307,744	309,843	2,099
Towing Fees	100,000	100,000	159,124	59,124
Other	264,000	264,000	231,026	(32,974)
	<u>800,744</u>	<u>929,744</u>	<u>945,801</u>	<u>16,057</u>
Fines and Forfeitures:				
Court and Police Fines	645,200	645,200	615,431	(29,769)
Prisoner Per Diem	1,200,000	1,200,000	1,203,909	3,909
	<u>1,845,200</u>	<u>1,845,200</u>	<u>1,819,340</u>	<u>(25,860)</u>
Investment Earnings	<u>5,000</u>	<u>5,000</u>	<u>3,601</u>	<u>(1,399)</u>
Miscellaneous Revenues:				
Indirect Cost	92,355	92,355	40,000	(52,355)
Miscellaneous	446,666	732,878	885,002	152,124
	<u>539,021</u>	<u>825,233</u>	<u>925,002</u>	<u>99,769</u>
<b>TOTAL REVENUES</b>	<b>\$ 23,910,688</b>	<b>24,650,856</b>	<b>26,089,064</b>	<b>\$ 1,438,208</b>

(Continued)

CITY OF ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
General Government:				
City Council	\$ 352,421	359,449	337,716	\$ 21,733
Courts	417,696	478,310	510,370	(32,060)
City Manager	537,143	553,798	523,164	30,634
Employee Clinic	169,000	186,000	152,979	33,021
Building Inspection	363,763	372,769	322,124	50,645
Building Maintenance	168,896	174,189	162,618	11,571
Law	312,818	317,840	349,522	(31,682)
Finance	678,498	693,511	688,847	4,664
Business Affairs	249,496	347,099	346,392	707
Planning	367,253	377,055	372,742	4,313
Public Buildings	203,440	211,757	176,092	35,665
Information Technology	510,437	515,859	656,355	(140,496)
Downtown Manager	283,259	325,021	761,949	(436,928)
	<u>4,614,120</u>	<u>4,912,657</u>	<u>5,360,870</u>	<u>(448,213)</u>
Public Safety:				
Police	7,515,890	8,215,427	8,573,111	(357,684)
Fire	3,245,643	3,365,477	3,546,899	(181,422)
	<u>10,761,533</u>	<u>11,580,904</u>	<u>12,120,010</u>	<u>(539,106)</u>
Public Works:				
Garage	596,492	612,461	637,307	(24,846)
Engineering	152,610	156,156	137,748	18,408
Signal and Sign	945,748	953,994	965,993	(11,999)
Streets	1,015,499	1,173,199	1,020,271	152,928
Sanitation	1,564,110	1,609,421	1,732,665	(123,244)
Cemetery	367,593	394,487	385,065	9,422
Public Works Complex	259,004	264,499	300,396	(35,897)
	<u>4,901,056</u>	<u>5,164,217</u>	<u>5,179,445</u>	<u>(15,228)</u>
Economic Development	<u>200,000</u>	<u>605,000</u>	<u>595,746</u>	<u>9,254</u>
Recreation:				
Recreation	1,750,379	1,799,471	1,852,484	(53,013)
	<u>\$ 1,750,379</u>	<u>1,799,471</u>	<u>1,852,484</u>	<u>\$ (53,013)</u>

(Continued)

CITY OF ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>EXPENDITURES (CONTINUED)</b>				
Nondepartmental:				
Workers Compensation Insurance	\$ 430,000	390,313	272,297	\$ 118,016
Other Insurance	606,500	577,400	540,300	37,100
Hiring Freeze	(151,315)	(151,315)	-	(151,315)
Employee Benefits	179,650	6,650	17,188	(10,538)
Miscellaneous	178,312	141,312	93,678	47,634
Contingency Fund	709,095	56,331	-	56,331
	<u>1,952,242</u>	<u>1,020,691</u>	<u>923,463</u>	<u>97,228</u>
Debt Service:				
Principal	1,199,636	1,199,636	1,189,754	9,882
Interest and Bank Fees	301,977	301,977	325,396	(23,419)
	<u>1,501,613</u>	<u>1,501,613</u>	<u>1,515,150</u>	<u>(13,537)</u>
<b>TOTAL EXPENDITURES</b>	<b><u>25,680,943</u></b>	<b><u>26,584,553</u></b>	<b><u>27,547,168</u></b>	<b><u>(962,615)</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b><u>(1,770,255)</u></b>	<b><u>(1,933,697)</u></b>	<b><u>(1,458,104)</u></b>	<b><u>475,593</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,670,291	2,035,859	2,077,546	41,687
Transfers Out	(100,036)	(300,036)	(196,381)	103,655
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>1,570,255</u></b>	<b><u>1,735,823</u></b>	<b><u>1,881,165</u></b>	<b><u>145,342</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b><u>(200,000)</u></b>	<b><u>(197,874)</u></b>	<b><u>423,061</u></b>	<b><u>620,935</u></b>
FUND BALANCES, BEGINNING OF YEAR	<u>7,790,026</u>	<u>7,790,026</u>	<u>7,790,026</u>	-
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 7,590,026</u></b>	<b><u>7,592,152</u></b>	<b><u>8,213,087</u></b>	<b><u>\$ 620,935</u></b>

Note: The notes to the budgetary comparison schedule are an integral part of this schedule.

Note: The City's original and final budget reflected an expected use of fund balance of \$200,000 and \$197,874, respectively.

**CITY OF ANDERSON, SOUTH CAROLINA**

**NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**

**YEAR ENDED JUNE 30, 2015**

---

**NOTE 1 – BASIS OF ACCOUNTING**

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note II in the notes to the financial statements for more information on the City’s budgetary information.

**NOTE 2 – ACTUAL EXPENDITURES OVER BUDGET**

In general, City Council approved the expenditures in excess of the final budget but chose not to amend the budget. Expenditures are over budget due to several unexpected events during the fiscal year. Those events were not budgeted and include a sewer leak in the Courts Division, the need for a new roof for Fire Station 1, the use of confiscated funds in the Police Division, and several grants received during the fiscal year (IMT, VAWA, Body Armor, etc.).

**CITY OF ANDERSON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST EMPLOYMENT BENEFIT PLAN – DEFINED BENEFIT HEALTHCARE PLAN  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS**

**YEAR ENDED JUNE 30, 2015**

Fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and the City has elected to implement prospectively. Therefore, comparative data is only available from that date.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ending	Annual Required Contribution	Annual Contributed	Percentage Funded
June 30, 2009	\$ 235,000	\$ 103,000	43.83%
June 30, 2010	235,000	103,000	43.83%
June 30, 2011	149,700	47,200	31.53%
June 30, 2012	158,600	56,900	35.88%
June 30, 2013	138,670	52,700	38.00%
June 30, 2014	137,005	55,600	40.58%
June 30, 2015	\$ 112,599	\$ 40,600	36.06%

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Aggregate (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	2,323,000	\$ 2,323,000	0.00%	\$ 15,292,770	15.19%
July 1, 2010	-	1,140,100	1,140,100	0.00%	12,930,900	8.82%
July 1, 2012	-	1,227,855	1,227,855	0.00%	13,797,083	8.90%
July 1, 2014	\$ -	1,034,459	\$ 1,034,459	0.00%	\$ 13,721,278	7.54%

CITY OF ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANDERSON GENERAL EMPLOYEES' RETIREMENT PLAN -  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS

	For the Year Ended December 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability:										
Service Cost	\$ 447,217	465,572	452,841	484,560	554,927	525,087	489,542	466,099	454,232	\$ 467,658
Interest	1,733,885	1,705,487	1,695,886	1,589,160	1,561,151	1,486,885	1,388,056	1,290,075	1,219,642	1,169,118
Differences Between Expected and Actual Experience	20,524	(102,349)	(560,415)	(125,893)	(857,978)	(114,572)	112,191	177,089	(152,718)	(364,013)
Benefit Payments, Including Refunds of Member Contributions	(1,203,192)	(1,070,124)	(993,026)	(973,090)	(814,280)	(937,027)	(710,622)	(647,286)	(593,922)	(585,674)
Net Change in Total Pension Liability	998,434	998,586	595,286	974,737	443,820	960,373	1,279,167	1,285,977	927,234	687,089
Total Pension Liability - Beginning of Year	23,272,847	22,274,261	21,678,975	20,704,238	20,260,418	19,300,045	18,020,878	16,734,901	15,807,667	15,120,578
Total Pension Liability - End of Year	\$ 24,271,281	23,272,847	22,274,261	21,678,975	20,704,238	20,260,418	19,300,045	18,020,878	16,734,901	\$ 15,807,667
Plan Fiduciary Net Position:										
Employer Contribution	\$ 652,392	695,124	670,672	663,261	702,632	720,563	721,610	644,310	627,472	\$ 603,901
Net Investment Income	1,575,275	4,320,723	2,593,877	293,539	2,252,254	3,719,327	(4,751,381)	1,485,417	2,066,781	1,130,210
Benefit Payments, Including Refunds of Member Contributions	(1,203,192)	(1,070,124)	(993,026)	(973,090)	(814,280)	(937,027)	(710,624)	(647,286)	(593,922)	(585,674)
Administrative Expenses	(85,160)	(75,215)	(76,149)	(76,203)	(70,034)	(68,030)	(73,511)	199,962	(112,077)	(102,961)
Net Change in Plan Fiduciary Net Position	939,315	3,870,508	2,195,374	(92,493)	2,070,572	3,434,833	(4,813,906)	1,682,403	1,988,254	1,045,476
Plan Fiduciary Net Position - Beginning of Year	27,563,741	23,693,233	21,497,859	21,590,352	19,519,780	16,084,947	20,898,853	19,216,450	17,228,196	16,182,720
Plan Fiduciary Net Position - End of Year	\$ 28,503,056	27,563,741	23,693,233	21,497,859	21,590,352	19,519,780	16,084,947	20,898,853	19,216,450	\$ 17,228,196
Net Pension Liability (Asset) - End of Year	\$ (4,231,775)	(4,290,894)	(1,418,972)	181,116	(886,114)	740,638	3,215,098	(2,877,975)	(2,481,549)	\$ (1,420,529)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	117.44%	118.44%	106.37%	99.16%	104.28%	96.34%	83.34%	115.97%	114.83%	108.99%
Covered - Employee Payroll	\$ 6,733,049	6,480,084	6,640,843	6,437,910	6,837,934	7,695,941	7,363,135	7,070,179	6,420,302	\$ 6,263,598
Net Pension Liability as a Percentage of Covered-Employee Payroll	-62.85%	-66.22%	-21.37%	2.81%	-12.96%	9.62%	43.66%	-40.71%	-38.65%	-22.68%

Notes to Schedule:

Significant Benefit Changes: Ad-hoc COLA Granted  
Significant Changes of Assumptions

Significant Benefit Changes: Ad-hoc COLA Granted	1.50%	2.00%	None	2.00%	None	None	2.00%	2.00%	3.00%	2.00%
Significant Changes of Assumptions	None	None	None	None	None	None	None	None	None	None

CITY OF ANDERSON, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANDERSON GENERAL EMPLOYEES' RETIREMENT PLAN -  
 SCHEDULE OF CONTRIBUTIONS

LAST TEN FISCAL YEARS

	For the Year Ended December 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially Determined Contribution	\$ 170,385	374,025	464,526	427,391	602,710	732,513	303,866	305,999	362,585	\$ 339,133
Contributions in Relation to the Actuarially Determined Contribution:										
Employer Contribution	652,392	695,124	670,672	663,261	702,632	720,563	721,610	644,310	627,472	603,901
Total Contributions	<u>652,392</u>	<u>695,124</u>	<u>670,672</u>	<u>663,261</u>	<u>702,632</u>	<u>720,563</u>	<u>721,610</u>	<u>644,310</u>	<u>627,472</u>	<u>603,901</u>
Contribution Deficiency (Excess)	<u>\$ (482,007)</u>	<u>(321,099)</u>	<u>(206,146)</u>	<u>(235,870)</u>	<u>(99,922)</u>	<u>11,950</u>	<u>(417,744)</u>	<u>(338,311)</u>	<u>(264,887)</u>	<u>\$ (264,768)</u>
Covered-Employee Payroll	\$ 6,733,049	6,480,084	6,640,843	6,437,910	6,837,934	7,695,941	7,363,135	7,070,179	6,420,302	\$ 6,263,598
Contributions as a Percentage of Covered-Employee Payroll	9.69%	10.73%	10.10%	10.30%	10.28%	9.36%	9.80%	9.11%	9.77%	9.64%

**Notes to Schedule:**

Valuation Date: Actuarially determined contribution rates are calculated as of January 1st each year, at the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

- Actuarial Cost Method: Entry Age
- Amortization Method: Level Percentage of Payroll, Closed
- Remaining Amortization Period: 30 Years
- Asset Valuation Method: Market Value
- Inflation: 2.0%
- Salary Increases: 3.5%, Average, Including Inflation
- Investment Rate of Return: 7.5%, Net of Pension Plan Investment Expenses, Including Inflation
- Retirement Age: Plan Normal Retirement Date
- Mortality: 1984 Unisex Pension Mortality Table (UP-84)

**Other Information:**

None

CITY OF ANDERSON, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANDERSON GENERAL EMPLOYEES' RETIREMENT PLAN -  
SCHEDULE OF INVESTMENT RETURNS

LAST TEN FISCAL YEARS

	For the Year Ended December 31,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.81%	18.54%	11.94%	10.03%	11.39%	23.34%	-23.48%	8.92%	11.54%	6.46%

**CITY OF ANDERSON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY OF ANDERSON'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
City of Anderson's Proportion of the Net Pension Liability (Asset)	0.50632%	0.50632%
City of Anderson's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,693,052	\$ 10,495,791
City of Anderson's Covered-Employee Payroll	\$ 6,285,506	\$ 6,229,606
City of Anderson's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	154.21%	168.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. Only two years of data were available; thus, only two years were presented.

**CITY OF ANDERSON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY OF ANDERSON'S CONTRIBUTIONS  
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TWO FISCAL YEARS**

---

	<b>Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
Contractually Required Contribution	\$ 847,301	\$ 781,917
Contributions in Relation to the Contractually Required Contribution	847,301	781,917
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City of Anderson's Covered-Employee Payroll	\$ 6,512,693	\$ 6,285,506
Contributions as a Percentage of Covered-Employee Payroll:	13.01%	12.44%

**Notes to Schedule:**

Only two years of data were readily available; thus, only two years were presented.

## Supplementary Information

CITY OF ANDERSON, SOUTH CAROLINA

COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	<b>SPECIAL REVENUE FUNDS</b>	
	<b>COMMUNITY DEVELOPMENT FUND</b>	<b>PERPETUAL CARE FUND</b>
<b>ASSETS</b>		
Cash and Cash Equivalents, Restricted	\$ 457,912	19,094
Investments, Restricted	-	344,645
Receivables, Net		
Interest	-	3,393
Accounts	-	-
Other	80,086	-
Intergovernmental Receivables	-	-
Due from Other Funds	-	299,110
Land Held for Sale/Redevelopment	159,000	-
<b>TOTAL ASSETS</b>	<b>\$ 696,998</b>	<b>666,242</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 1,887	8
Other Accrued Liabilities	6,896	-
Due to Other Funds	432,144	-
<b>TOTAL LIABILITIES</b>	<b>440,927</b>	<b>8</b>
<b>FUND BALANCES</b>		
Nonspendable:		
Permanent Fund Principal	-	-
Restricted For:		
Perpetual Care	-	666,234
Capital Projects - Unspent Bond Proceeds	-	-
Tourism Related Expenditures	-	-
Community Development	256,071	-
Transit Expenditures	-	-
Assigned For:		
Capital Projects	-	-
<b>TOTAL FUND BALANCES</b>	<b>256,071</b>	<b>666,234</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 696,998</b>	<b>666,242</b>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	PERMANENT FUND	TOTAL OTHER GOVERNMENTAL FUNDS
ACCOMMODATIONS TAX FUND	HOSPITALITY FEE FUND	CAPITAL REPLACEMENT FUND	TRANSPORTATION INVESTMENT FUND	
110,285	1,011,004	1,432,063	71,405	\$ 3,101,763
-	-	-	2,465,447	2,810,092
-	-	-	18,469	21,862
-	217,480	-	-	217,480
-	-	-	-	80,086
75,566	-	-	-	75,566
-	-	74,935	-	374,045
-	-	-	-	159,000
<b>185,851</b>	<b>1,228,484</b>	<b>1,506,998</b>	<b>2,555,321</b>	<b>\$ 6,839,894</b>
17,888	23,146	29,234	17	\$ 72,180
-	545	-	-	7,441
-	-	-	68,464	500,608
<b>17,888</b>	<b>23,691</b>	<b>29,234</b>	<b>68,481</b>	<b>580,229</b>
-	-	-	2,250,000	2,250,000
-	-	-	-	666,234
-	-	1,150,004	-	1,150,004
167,963	1,204,793	-	-	1,372,756
-	-	-	-	256,071
-	-	-	236,840	236,840
-	-	327,760	-	327,760
<b>167,963</b>	<b>1,204,793</b>	<b>1,477,764</b>	<b>2,486,840</b>	<b>6,259,665</b>
<b>185,851</b>	<b>1,228,484</b>	<b>1,506,998</b>	<b>2,555,321</b>	<b>\$ 6,839,894</b>

CITY OF ANDERSON, SOUTH CAROLINA

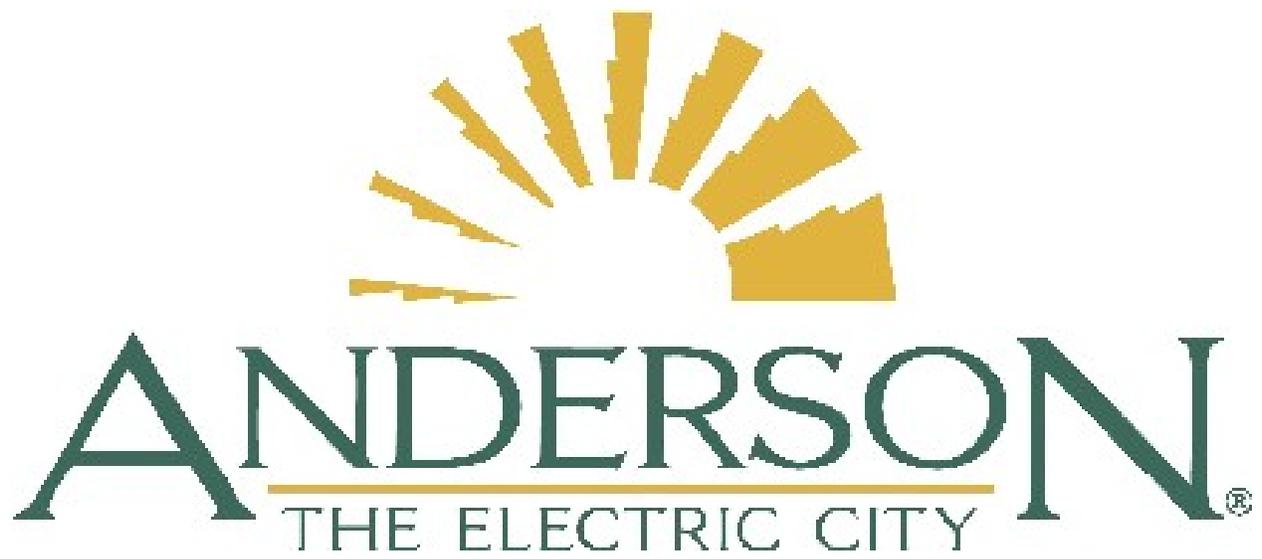
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS	
	COMMUNITY DEVELOPMENT FUND	PERPETUAL CARE FUND
<b>REVENUES</b>		
Hospitality Fee	\$ -	-
Accommodations Taxes	-	-
Federal Grants	583,155	-
Program Income	509,129	-
Sanitation Fees	-	-
Investment Earnings	-	7,650
Miscellaneous	7,420	-
<b>TOTAL REVENUES</b>	<b>1,099,704</b>	<b>7,650</b>
<b>EXPENDITURES</b>		
Current:		
Administration	138,979	-
Community Development	826,834	-
Economic Development	35,390	-
Recreation	-	-
Advertising and Tourism	-	-
Nondepartmental	-	104
Debt Service:		
Principal	165,000	-
Interest	12,414	-
<b>TOTAL EXPENDITURES</b>	<b>1,178,617</b>	<b>104</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(78,913)</b>	<b>7,546</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital Lease Issued	-	-
Transfers In	49,153	15,502
Transfers Out	-	(9,894)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>49,153</b>	<b>5,608</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(29,760)</b>	<b>13,154</b>
FUND BALANCES, BEGINNING OF YEAR	285,831	653,080
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 256,071</b>	<b>666,234</b>

<b>SPECIAL REVENUE FUNDS</b>		<b>CAPITAL PROJECTS</b>		<b>PERMANENT FUND</b>	<b>TOTAL OTHER GOVERNMENTAL FUNDS</b>
<b>ACCOMMODATIONS TAX FUND</b>	<b>HOSPITALITY FEE FUND</b>	<b>FUND CAPITAL REPLACEMENT FUND</b>	<b>TRANSPORTATION INVESTMENT FUND</b>		
-	2,561,420	-	-	\$	2,561,420
114,840	-	-	-	-	114,840
-	-	-	-	-	583,155
-	62,500	-	-	-	571,629
-	-	569,905	-	-	569,905
10	270	4	39,874	-	47,808
-	-	-	-	-	7,420
<b>114,850</b>	<b>2,624,190</b>	<b>569,909</b>	<b>39,874</b>		<b>4,456,177</b>
-	-	-	-	-	138,979
-	-	-	-	-	826,834
-	-	-	-	-	35,390
-	930,118	-	-	-	930,118
156,731	-	-	-	-	156,731
-	-	242,145	140	-	242,389
-	1,039,946	-	-	-	1,204,946
-	109,150	-	-	-	121,564
<b>156,731</b>	<b>2,079,214</b>	<b>242,145</b>	<b>140</b>		<b>3,656,951</b>
<b>(41,881)</b>	<b>544,976</b>	<b>327,764</b>	<b>39,734</b>		<b>799,226</b>
-	-	1,150,000	-	-	1,150,000
-	-	-	-	-	64,655
-	(687,673)	-	(68,235)	-	(765,802)
-	<b>(687,673)</b>	<b>1,150,000</b>	<b>(68,235)</b>		<b>448,853</b>
<b>(41,881)</b>	<b>(142,697)</b>	<b>1,477,764</b>	<b>(28,501)</b>		<b>1,248,079</b>
209,844	1,347,490	-	2,515,341	-	5,011,586
<b>167,963</b>	<b>1,204,793</b>	<b>1,477,764</b>	<b>2,486,840</b>	<b>\$</b>	<b>6,259,665</b>

**This page is intentionally left blank**



## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

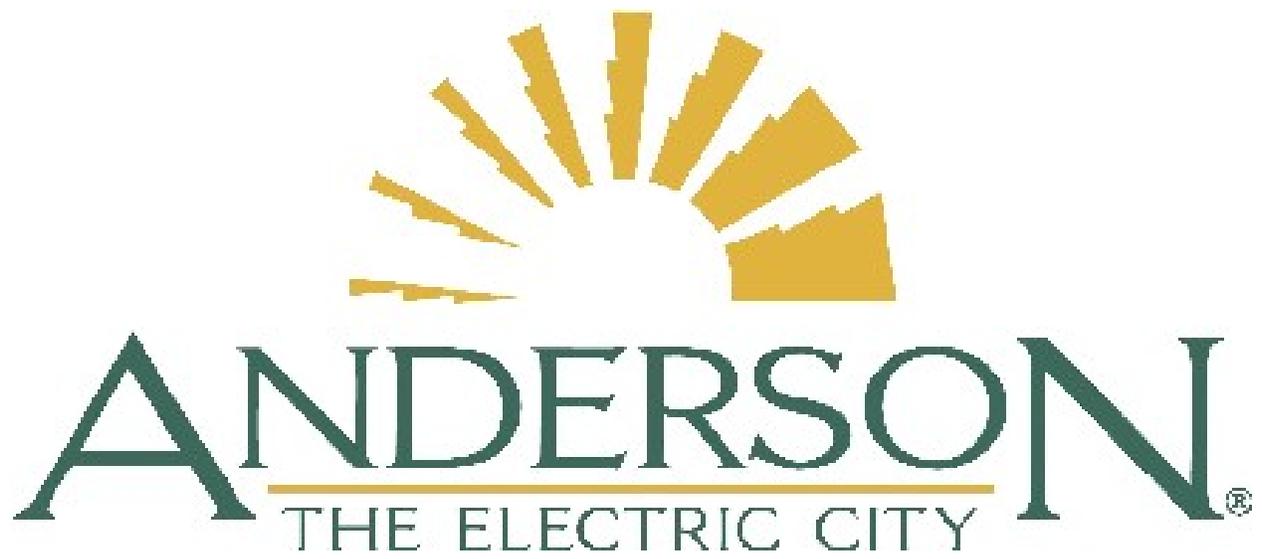
**Community Development Fund** – is used to account for federal grant monies received, Community Development Block Grants and HOME investment Partnership Program funds, that are legally restricted for the development of viable communities, decent housing and suitable living environments and expanded economic opportunities for persons of low or moderate incomes.

**Perpetual Care Fund** – is used to account for sale of cemetery lots, continuous care and grave openings. The revenue is specifically restricted for these purposes.

**Accommodations Tax Fund** – is used to account for Accommodations Tax Revenue in accordance with the Accommodations Tax Act that are legally restricted to advertising, promotion, and tourism-related expenditures.

**Hospitality Fee Fund** – is used to account for Hospitality Fee revenue that is legally restricted to fund park facilities and capital expenditures to promote quality of life, tourism, recreation, cultural and historic structures.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Federal Grants	\$ 683,725	683,725	583,155	\$ (100,570)
Program Income	399,028	399,028	509,129	110,101
Miscellaneous	-	-	7,420	7,420
<b>TOTAL REVENUES</b>	<b>1,082,753</b>	<b>1,082,753</b>	<b>1,099,704</b>	<b>16,951</b>
<b>EXPENDITURES</b>				
Current:				
Administration	139,717	139,717	138,979	738
Community Development	739,416	739,416	826,834	(87,418)
Economic Development	26,206	26,206	35,390	(9,184)
Debt Service:				
Principal	177,414	177,414	165,000	12,414
Interest	-	-	12,414	(12,414)
<b>TOTAL EXPENDITURES</b>	<b>1,082,753</b>	<b>1,082,753</b>	<b>1,178,617</b>	<b>(95,864)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(78,913)</b>	<b>(78,913)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	49,153	49,153
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>49,153</b>	<b>49,153</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(29,760)</b>	<b>(29,760)</b>
FUND BALANCES, BEGINNING OF YEAR	285,831	285,831	285,831	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 285,831</b>	<b>285,831</b>	<b>256,071</b>	<b>\$ (29,760)</b>

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - PERPETUAL CARE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Investment Earnings	\$ 25,000	25,000	7,650	\$ (17,350)
<b>TOTAL REVENUES</b>	<u>25,000</u>	<u>25,000</u>	<u>7,650</u>	<u>(17,350)</u>
<b>EXPENDITURES</b>				
Current:				
Nondepartmental	100	100	104	(4)
<b>TOTAL EXPENDITURES</b>	<u>100</u>	<u>100</u>	<u>104</u>	<u>(4)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>24,900</u>	<u>24,900</u>	<u>7,546</u>	<u>(17,354)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	15,000	15,000	15,502	502
Transfers Out	(39,900)	(39,900)	(9,894)	30,006
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(24,900)</u>	<u>(24,900)</u>	<u>5,608</u>	<u>30,508</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	<b>13,154</b>	<b>13,154</b>
FUND BALANCES, BEGINNING OF YEAR	653,080	653,080	653,080	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 653,080</u>	<u>653,080</u>	<u>666,234</u>	<u>\$ 13,154</u>

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - ACCOMMODATIONS TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Accommodations Taxes	\$ 85,000	85,000	114,840	\$ 29,840
Investment Earnings	2,000	2,000	10	(1,990)
<b>TOTAL REVENUES</b>	<b><u>87,000</u></b>	<b><u>87,000</u></b>	<b><u>114,850</u></b>	<b><u>27,850</u></b>
<b>EXPENDITURES</b>				
Current:				
Advertising and Tourism	87,000	87,000	156,731	(69,731)
<b>TOTAL EXPENDITURES</b>	<b><u>87,000</u></b>	<b><u>87,000</u></b>	<b><u>156,731</u></b>	<b><u>(69,731)</u></b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(41,881)</b>	<b>(41,881)</b>
FUND BALANCES, BEGINNING OF YEAR	<u>209,844</u>	<u>209,844</u>	<u>209,844</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<b><u>\$ 209,844</u></b>	<b><u>209,844</u></b>	<b><u>167,963</u></b>	<b><u>\$ (41,881)</u></b>

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - HOSPITALITY FEE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

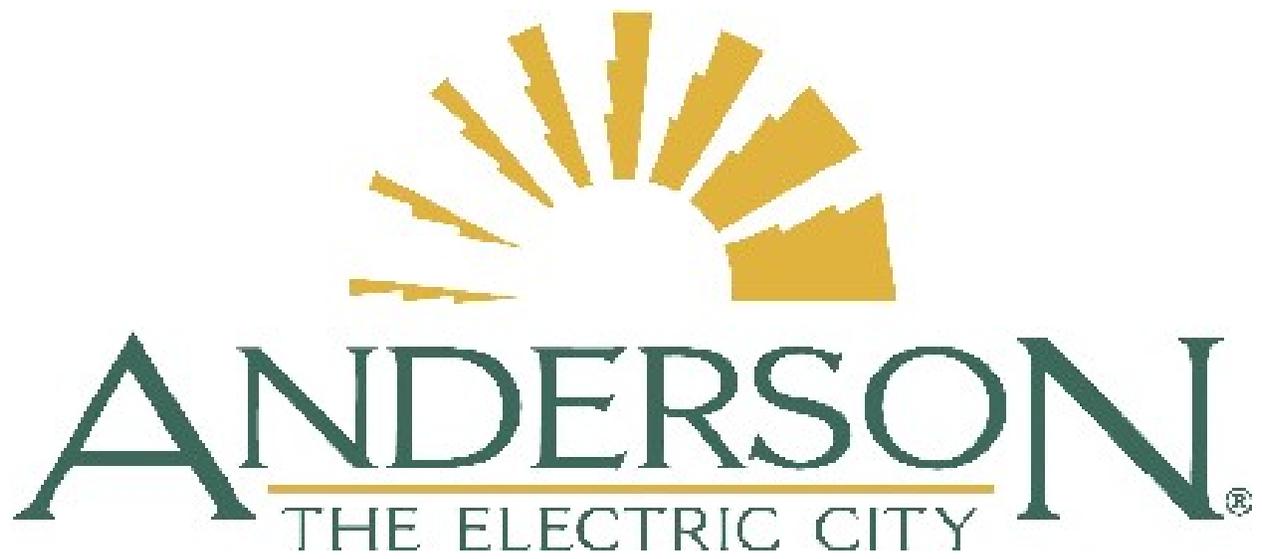
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Hospitality Fees	\$ 2,260,500	2,260,500	2,561,420	\$ 300,920
Program Income	-	-	62,500	62,500
Investment Earnings	5,000	5,000	270	(4,730)
<b>TOTAL REVENUES</b>	<b>2,265,500</b>	<b>2,265,500</b>	<b>2,624,190</b>	<b>358,690</b>
<b>EXPENDITURES</b>				
Current:				
Recreation	635,413	635,413	930,118	(294,705)
Debt Service:				
Principal	1,148,438	1,148,438	1,039,946	108,492
Interest	-	-	109,150	(109,150)
<b>TOTAL EXPENDITURES</b>	<b>1,783,851</b>	<b>1,783,851</b>	<b>2,079,214</b>	<b>(295,363)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>481,649</b>	<b>481,649</b>	<b>544,976</b>	<b>63,327</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(481,649)	(481,649)	(687,673)	(206,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(481,649)</b>	<b>(481,649)</b>	<b>(687,673)</b>	<b>(206,024)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(142,697)</b>	<b>(142,697)</b>
FUND BALANCES, BEGINNING OF YEAR	1,347,490	1,347,490	1,347,490	-
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 1,347,490</b>	<b>1,347,490</b>	<b>1,204,793</b>	<b>\$ (142,697)</b>

## **PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Transportation Investment Fund** – is used to account for a \$2,250,000 contribution to the City from a local utility company to divest itself of transit operations. The original contribution and subsequent investment earnings are restricted by City Council as to amount and nature of allowable expenditures with a portion being available for transit operations and a portion being available for capital or debt expenditures of the General Fund.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

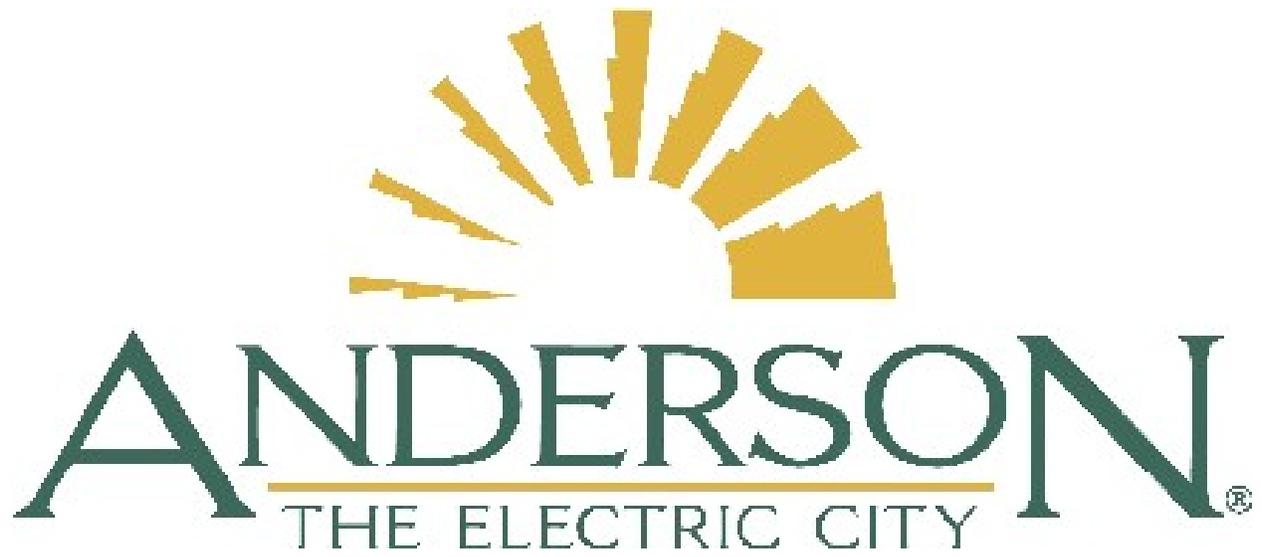
SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION INVESTMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Investment Earnings	\$ 85,000	85,000	39,874	\$ (45,126)
<b>TOTAL REVENUES</b>	<u>85,000</u>	<u>85,000</u>	<u>39,874</u>	<u>(45,126)</u>
<b>EXPENDITURES</b>				
Current:				
Nondepartmental	-	-	140	(140)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>140</u>	<u>(140)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>85,000</u>	<u>85,000</u>	<u>39,734</u>	<u>(45,266)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(85,000)	(85,000)	(68,235)	16,765
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(85,000)</u>	<u>(85,000)</u>	<u>(68,235)</u>	<u>16,765</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	(28,501)	(28,501)
FUND BALANCES, BEGINNING OF YEAR	2,515,341	2,515,341	2,515,341	-
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,515,341</u>	<u>2,515,341</u>	<u>2,486,840</u>	<u>\$ (28,501)</u>

**This page is intentionally left blank**



## **PROPRIETARY FUNDS**

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent on the government’s council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government’s council has decided that periodic determination of net income is appropriate for accountability purposes. The City has the following Proprietary Funds:

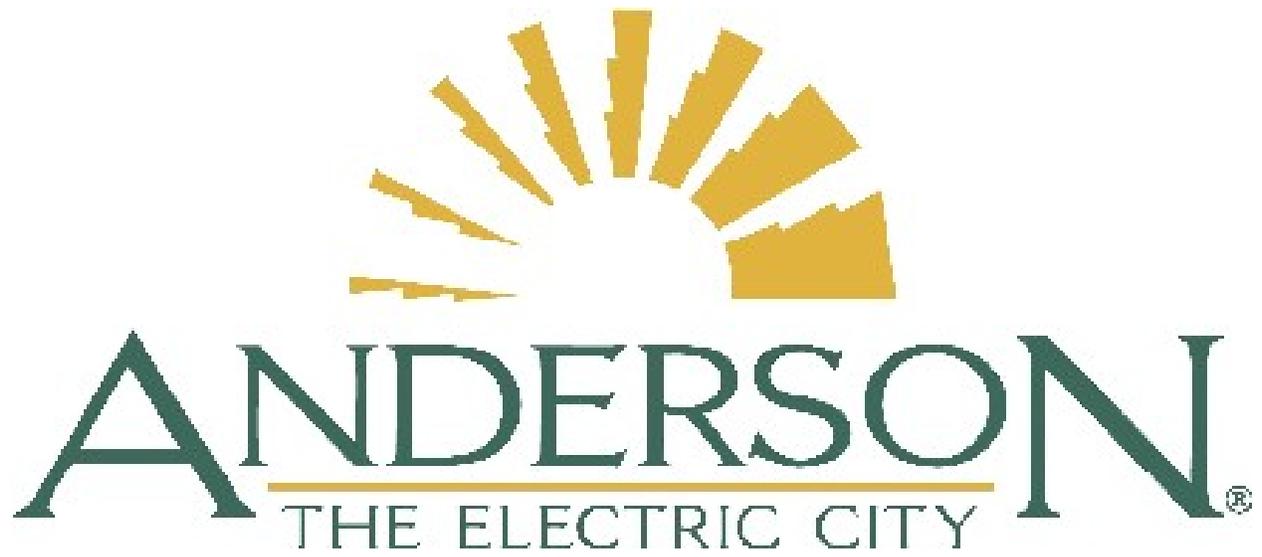
**Sewer Fund** – is used to account for sewer operations of the City. The City operates two wastewater treatment facilities and provides sewer taps.

**Water Fund** – is used to account for water operations of the City. The City owns the water mains and lines and provides water services for citizens of the City.

**Storm Water Fund** – is used to account for the storm water drainage operations of the City.

**Transit Fund** – is used to account for transit operations of the City. The City provides transit services for citizens of the City by maintaining four bus routes.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - SEWER FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Sewer Charges	\$ 7,793,680	7,793,680	7,732,417	\$ (61,263)
Cost Recovery Charges	3,686,665	3,686,665	2,935,579	(751,086)
Pretreatment Fees	103,000	103,000	107,298	4,298
Permits and Fees	50,000	50,000	120,250	70,250
Other Operating Fees	65,000	65,000	69,105	4,105
<b>TOTAL OPERATING REVENUES</b>	<b>11,698,345</b>	<b>11,698,345</b>	<b>10,964,649</b>	<b>(733,696)</b>
<b>OPERATING EXPENSES</b>				
Administrative	1,690,819	1,690,819	909,444	781,375
Sewer Line	949,483	949,483	614,170	335,313
Plant	1,899,079	1,899,079	2,236,406	(337,327)
Sewer Lab	87,731	87,731	69,391	18,340
Pretreatment	93,344	93,344	55,334	38,010
Nondepartmental	258,275	258,275	330,374	(72,099)
Depreciation and Amortization	-	-	3,299,899	(3,299,899)
<b>TOTAL OPERATING EXPENSES</b>	<b>4,978,731</b>	<b>4,978,731</b>	<b>7,515,018</b>	<b>(2,536,287)</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>6,719,614</b>	<b>6,719,614</b>	<b>3,449,631</b>	<b>(3,269,983)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned on Investments	5,000	5,000	2,244	(2,756)
Interest on Long-Term Obligations	(5,815,376)	(5,815,376)	(2,506,932)	3,308,444
Gain (Loss) on Sale of Capital Assets	-	-	(9,542)	(9,542)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(5,810,376)</b>	<b>(5,810,376)</b>	<b>(2,514,230)</b>	<b>3,296,146</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>				
<b>CONTRIBUTIONS AND TRANSFERS</b>	<b>909,238</b>	<b>909,238</b>	<b>935,401</b>	<b>26,163</b>
Capital Contributions - Capacity Fees	55,000	55,000	73,200	18,200
Donated Capital Assets	-	-	61,236	61,236
Transfers Out	(629,238)	(629,238)	(629,238)	-
<b>CHANGE IN NET POSITION</b>	<b>335,000</b>	<b>335,000</b>	<b>440,599</b>	<b>105,599</b>
NET POSITION, BEGINNING OF YEAR, as Previously Reported	27,190,655	27,190,655	27,190,655	-
Cumulative Change in Accounting Principle - GASB #68/71	437,674	437,674	437,674	-
NET POSITION, BEGINNING OF YEAR, as Restated	27,628,329	27,628,329	27,628,329	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 27,963,329</b>	<b>27,963,329</b>	<b>28,068,928</b>	<b>\$ 105,599</b>

Note: The City's Interest on Long-Term Obligations for the original and final budget includes \$2,580,000 of debt principal payments.

Note: The City's original and final budget reflected an expected surplus of \$335,000.

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - WATER FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Water Volume Fees	\$ 7,323,585	7,323,585	7,535,600	\$ 212,015
Permits and Fees	100,000	100,000	127,762	27,762
Other Operating Fees	433,500	433,500	437,610	4,110
<b>TOTAL OPERATING REVENUES</b>	<b>7,857,085</b>	<b>7,857,085</b>	<b>8,100,972</b>	<b>243,887</b>
<b>OPERATING EXPENSES</b>				
Administrative	977,665	977,665	974,363	3,302
Municipal Business Center	138,000	138,000	106,789	31,211
Water Distribution and Storage	1,895,938	1,895,938	1,221,547	674,391
Nondepartmental	166,683	166,683	255,571	(88,888)
Purchased Water	2,762,271	2,762,271	2,767,976	(5,705)
Depreciation and Amortization	-	-	929,214	(929,214)
<b>TOTAL OPERATING EXPENSES</b>	<b>5,940,557</b>	<b>5,940,557</b>	<b>6,255,460</b>	<b>(314,903)</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>1,916,528</b>	<b>1,916,528</b>	<b>1,845,512</b>	<b>(71,016)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned on Investments	900	900	979	79
Interest on Long-Term Obligations	(1,266,611)	(1,266,611)	(1,367,301)	(100,690)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(1,265,711)</b>	<b>(1,265,711)</b>	<b>(1,366,322)</b>	<b>(100,611)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>				
<b>CONTRIBUTIONS AND TRANSFERS</b>	<b>650,817</b>	<b>650,817</b>	<b>479,190</b>	<b>(171,627)</b>
Capital Contributions - Capacity Fees	67,500	67,500	42,600	(24,900)
Transfers Out	(533,317)	(533,317)	(533,317)	-
<b>CHANGE IN NET POSITION</b>	<b>185,000</b>	<b>185,000</b>	<b>(11,527)</b>	<b>(196,527)</b>
NET POSITION, BEGINNING OF YEAR, as Previously Reported	2,058,357	2,058,357	2,058,357	-
Cumulative Change in Accounting Principle - GASB #68/71	639,477	639,477	639,477	-
NET POSITION, BEGINNING OF YEAR, as Restated	2,697,834	2,697,834	2,697,834	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 2,882,834</b>	<b>2,882,834</b>	<b>2,686,307</b>	<b>\$ (196,527)</b>

Note: The City's Interest on Long-Term Obligations for the original and final budget includes \$366,746 of debt principal payments.

Note: The City's original and final budget reflected an expected surplus of \$185,000.

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - STORM WATER FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Storm Water Fees	\$ 1,058,208	1,058,208	1,050,581	\$ (7,627)
<b>TOTAL OPERATING REVENUES</b>	<b>1,058,208</b>	<b>1,058,208</b>	<b>1,050,581</b>	<b>(7,627)</b>
<b>OPERATING EXPENSES</b>				
Administrative	797,551	797,551	428,987	368,564
Nondepartmental	17,050	17,050	35,455	(18,405)
Depreciation and Amortization	-	-	202,093	(202,093)
<b>TOTAL OPERATING EXPENSES</b>	<b>814,601</b>	<b>814,601</b>	<b>666,535</b>	<b>148,066</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>243,607</b>	<b>243,607</b>	<b>384,046</b>	<b>140,439</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Earned on Investments	300	300	447	147
Interest on Long-Term Obligations	(117,820)	(117,820)	(33,826)	83,994
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(117,520)</b>	<b>(117,520)</b>	<b>(33,379)</b>	<b>84,141</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>126,087</b>	<b>126,087</b>	<b>350,667</b>	<b>224,580</b>
Transfers Out	(126,087)	(126,087)	(126,087)	-
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>-</b>	<b>224,580</b>	<b>224,580</b>
NET POSITION, BEGINNING OF YEAR, as Previously Reported	3,453,811	3,453,811	3,453,811	-
Cumulative Change in Accounting Principle - GASB #68/71	49,616	49,616	49,616	-
NET POSITION, BEGINNING OF YEAR, as Restated	<u>3,503,427</u>	<u>3,503,427</u>	<u>3,503,427</u>	<u>-</u>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,503,427</b>	<b>3,503,427</b>	<b>3,728,007</b>	<b>\$ 224,580</b>

Note: The City's Interest on Long-Term Obligations for the original and final budget includes \$83,681 of debt principal payments.

CITY OF ANDERSON, SOUTH CAROLINA

SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - TRANSIT FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2015

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>OPERATING REVENUES</b>				
Fare Box	\$ 70,000	70,000	89,872	\$ 19,872
Anderson County Share of Homeland Park Route	110,000	110,000	142,788	32,788
<b>TOTAL OPERATING REVENUES</b>	<b>180,000</b>	<b>180,000</b>	<b>232,660</b>	<b>52,660</b>
<b>OPERATING EXPENSES</b>				
Administrative	764,587	764,587	743,376	21,211
Garage	170,950	170,950	174,386	(3,436)
Nondepartmental	48,200	48,200	53,470	(5,270)
Depreciation and Amortization	-	-	121,878	(121,878)
<b>TOTAL OPERATING EXPENSES</b>	<b>983,737</b>	<b>983,737</b>	<b>1,093,110</b>	<b>(109,373)</b>
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>(803,737)</b>	<b>(803,737)</b>	<b>(860,450)</b>	<b>(56,713)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Federal Grants	585,737	585,737	460,895	(124,842)
State Grants	128,000	128,000	270,408	142,408
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>713,737</b>	<b>713,737</b>	<b>731,303</b>	<b>17,566</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(90,000)</b>	<b>(90,000)</b>	<b>(129,147)</b>	<b>(39,147)</b>
Transfers In	150,000	150,000	199,962	49,962
Transfers Out	(60,000)	(60,000)	(91,338)	(31,338)
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>-</b>	<b>(20,523)</b>	<b>(20,523)</b>
NET POSITION, BEGINNING OF YEAR, as Previously Reported	1,285,830	1,285,830	1,285,830	-
Cumulative Change in Accounting Principle - GASB #68/71	136,898	136,898	136,898	-
NET POSITION, BEGINNING OF YEAR, as Restated	1,422,728	1,422,728	1,422,728	-
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,422,728</b>	<b>1,422,728</b>	<b>1,402,205</b>	<b>\$ (20,523)</b>

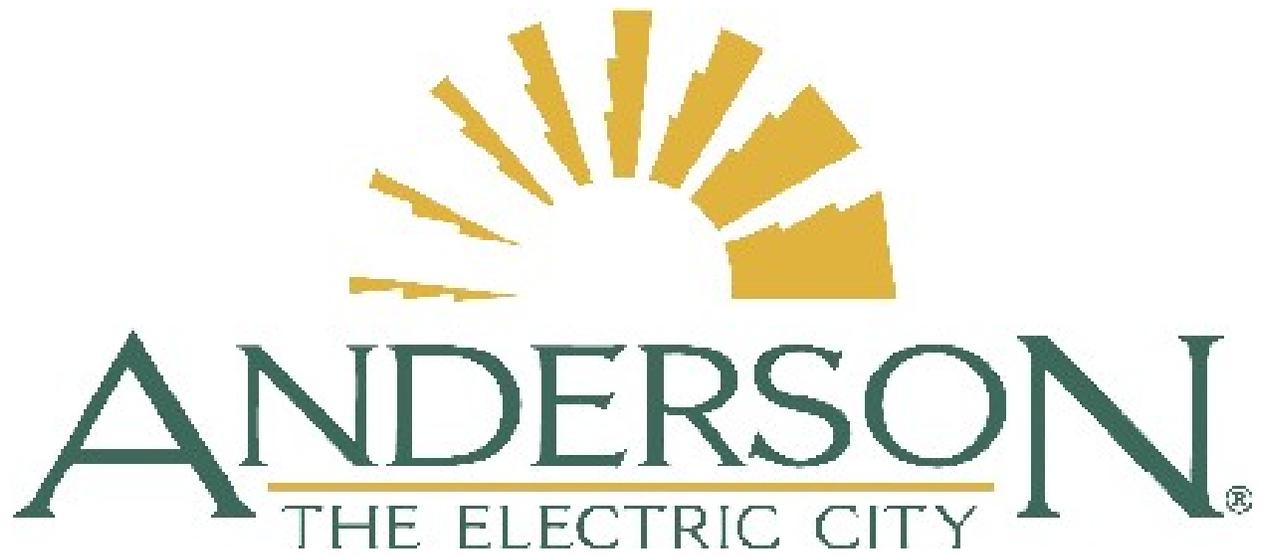
## **FIDUCIARY FUNDS**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the City's programs.

**Agency Fund** – accounts for funds held in custody for others.

**Forfeitures and Seizures Fund** – is used to account for money that was forfeited and/or seized during a law enforcement action. This money is held until completion of court proceedings.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND - AGENCY FUND -  
FORFEITURES AND SEIZURES FUND

YEAR ENDED JUNE 30, 2015

---

	<u>BALANCE AT JUNE 30, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE AT JUNE 30, 2015</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 26,556	3,794	8,549	\$ 21,801
<b>TOTAL ASSETS</b>	<u>\$ 26,556</u>	<u>3,794</u>	<u>8,549</u>	<u>\$ 21,801</u>
<b>LIABILITIES</b>				
Amounts Held for Custody for Others	\$ 26,556	3,794	8,549	\$ 21,801
<b>TOTAL LIABILITIES</b>	<u>\$ 26,556</u>	<u>3,794</u>	<u>8,549</u>	<u>\$ 21,801</u>

**CITY OF ANDERSON, SOUTH CAROLINA**

**SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES  
GENERAL FUND - VICTIM'S ADVOCATE**

**YEAR ENDED JUNE 30, 2015**

---

**Court Fines**

Court Fines Collected	\$ 497,383
Court Fines Retained by City	<u>(497,383)</u>
Court Fines Remitted to the State Treasurer	<u><u>\$ -</u></u>

**Court Assessments**

Court Assessments Collected	\$ 691,526
Court Assessments Retained by City	<u>(54,287)</u>
Court Assessments Remitted to the State Treasurer	<u><u>\$ 637,239</u></u>

**Court Surcharges**

Court Surcharges Collected and Retained by the City	<u><u>\$ 20,730</u></u>
---	-------------------------

**Victim's Advocate**

Court Assessments Allocated to Victim's Advocate	\$ 54,287
Court Surcharges Allocated to Victim's Advocate	<u>20,730</u>
Funds Allocated to Victim's Advocate	75,017
Victim's Advocate Expenditures	<u>(53,317)</u>
Funds Available to Carry Forward	21,700
Funds Carry Forward from Prior Year	<u>40,101</u>
Fund Balance for Victim's Advocate	<u><u>\$ 61,801</u></u>

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF BUDGETED TO ACTUAL COST  
FOR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

YEAR ENDED JUNE 30, 2015

DMT Contract #: PT-57999-05					
Performance Period: July 1, 2014 - June 30, 2015					
	Budget	Section 5307	SMTF	Local	Variance
<b>ADMINISTRATION</b>					
<b>TOTAL ADMINISTRATION</b>	\$ -	-	-	-	\$ -
<b>OPERATIONS</b>					
Operations & Wages	330,535	153,877	60,342	90,423	25,892
Operations Overtime	1,600	1,121	36	1,070	(627)
Operations Fringe Benefits	116,634	45,722	20,161	24,588	26,163
Management Services	8,800	12,962	4,997	7,704	(16,863)
Contract Maintenance Services	140,640	102,273	10,648	14,390	13,329
Fuel & Lubricants	116,000	41,890	17,038	23,991	33,080
Other Materials & Supplies	70,760	45,823	4,704	40,482	(20,248)
Utilities	10,720	4,155	1,512	3,271	1,782
Casualty & Liability	32,000	15,605	7,547	7,711	1,137
In State Travel & Meetings	7,300	4,746	1,455	3,204	(2,104)
Other Miscellaneous	-	105	49	50	(204)
<b>TOTAL OPERATIONS</b>	834,990	428,279	128,489	216,886	61,336
<b>CAPITAL</b>					
<b>TOTAL CAPITAL</b>	-	-	-	-	-
<b>TOTAL PROGRAM</b>	\$ 834,990	428,279	128,489	216,886	\$ 61,336
	<b>Budget</b>	<b>Section 5307</b>	<b>SMTF</b>	<b>Local</b>	<b>Variance</b>
Grant Revenue	\$ 834,990	368,716	128,496	131,727	\$ 206,051
Approved Budget	\$ 834,990				
Total Federal Costs	(428,279)				
Total State Costs	(128,489)				
Total Local Costs	(216,886)				
Budget Balance	\$ 61,336				

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF BUDGETED TO ACTUAL COST  
FOR THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION - ORANGE ROUTE

YEAR ENDED JUNE 30, 2015

FTA Grant #SC-18X03-8						
DMT Contract #: PT-57911-38						
Performance Period: July 1, 2014 - June 30, 2015						
	Budget	Section 5311	Section 5307	SMTF	Local	Variance
<b>ADMINISTRATION</b>						
<b>TOTAL ADMINISTRATION</b>	\$ -	-	-	-	-	\$ -
<b>OPERATIONS</b>						
Operations & Wages	77,700	31,030	10,337	19,768	19,768	(3,203)
Operations Overtime	376	225	75	144	144	(211)
Operations Fringe Benefits	28,358	9,899	3,298	6,306	6,306	2,549
Management Services	2,163	5,394	1,797	7,978	7,978	(20,985)
Contract Maintenance Services	33,061	20,623	6,870	3,285	3,285	(1,001)
Fuel & Lubricants	27,268	8,447	2,814	5,381	5,381	5,244
Other Materials & Supplies	3,827	9,240	3,078	5,887	5,887	(20,264)
Utilities	3,103	838	279	534	1,243	208
Casualty & Liability	7,522	3,146	1,048	2,005	2,005	(682)
In State Travel & Meetings	1,622	-	-	-	-	1,622
Other Miscellaneous	-	981	326	623	623	(2,553)
<b>TOTAL OPERATIONS</b>	<b>185,000</b>	<b>89,824</b>	<b>29,923</b>	<b>51,911</b>	<b>52,620</b>	<b>(39,277)</b>
<b>CAPITAL</b>						
<b>TOTAL CAPITAL</b>	-	-	-	-	-	-
<b>TOTAL PROGRAM</b>	<b>\$ 185,000</b>	<b>89,824</b>	<b>29,923</b>	<b>51,911</b>	<b>52,620</b>	<b>\$ (39,277)</b>
	<b>Budget</b>	<b>Section 5311</b>	<b>Section 5307</b>	<b>SMTF</b>	<b>Local</b>	<b>Variance</b>
Grant Revenue	\$ 185,000	82,388	28,947	53,790	53,790	\$ (33,915)
Approved Budget	\$ 185,000					
Total Federal Costs	(119,747)					
Total State Costs	(51,911)					
Total Local Costs	(52,620)					
Budget Balance	<u>\$ (39,277)</u>					

# STATISTICAL SECTION

This part of the City of Anderson’s (“City”) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	123
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	130
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	134
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	139
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)  
(amounts expressed in thousands)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 <sup>^</sup>
Governmental Activities										
Net Investment in Capital Assets	\$ 15,930	17,290	19,859	23,532	23,773	23,703	24,878	26,413	27,461	\$ 30,093
Restricted	8,374	6,762	6,741	4,252	5,691	6,850	7,057	6,852	7,639	7,237
Unrestricted	2,891	4,789	5,685	6,180	6,863	7,105	7,418	6,792	8,103	(928)
Total Governmental Activities Net Position	\$ 27,195	28,841	32,285	33,964	36,327	37,658	39,353	40,057	43,203	\$ 36,402
Business-Type Activities										
Net Investment in Capital Assets	\$ 9,428	21,843	25,042	26,841	25,534	25,313	24,976	25,329	23,044	\$ 22,339
Restricted	10,411	6,740	5,107	4,034	3,617	4,786	4,274	4,455	4,681	5,019
Unrestricted	5,170	(506)	1,706	2,016	3,166	4,302	6,592	6,492	6,263	8,527
Total Business-Type Activities Net Position	\$ 25,009	28,077	31,855	32,891	32,317	34,401	35,842	36,276	33,988	\$ 35,885
Primary Government										
Net Investment in Capital Assets	\$ 25,358	39,133	44,901	50,373	49,307	49,016	49,854	51,742	50,505	\$ 52,432
Restricted	18,785	13,502	11,848	8,286	9,308	11,636	11,331	11,307	12,320	12,256
Unrestricted	8,061	4,283	7,391	8,196	10,029	11,407	14,010	13,284	14,366	7,599
Total Primary Government Net Position	\$ 52,204	56,918	64,140	66,855	68,644	72,059	75,195	76,333	77,191	\$ 72,287

<sup>^</sup> In Fiscal Year 2015, the City implemented GASB #68 "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27" ("GASB #68") and GASB #71 "Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68" ("GASB #71" or collectively "Statements"). These Statements require the City to recognize a net pension asset/liability, deferred outflows of resources, and deferred inflows of resources for its participation in the City Pension Plan and the South Carolina Police Officers Retirement System which significantly reduced the City's unrestricted net position. See Note I.B in the notes to the 2015 CAFR for more information.

CITY OF ANDERSON, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(amounts expressed in thousands)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 4,317	4,639	5,177	5,302	5,579	5,916	5,551	6,204	6,101	\$ 6,104
Public Safety	9,659	10,048	11,002	10,735	12,232	12,066	12,403	12,329	12,396	12,888
Public Works	5,045	4,971	5,196	5,031	5,128	5,137	5,228	5,221	5,286	5,321
Community and Economic Development	861	1,327	1,167	1,006	1,548	1,306	1,123	1,161	1,196	1,018
Recreation	1,381	1,681	1,940	2,176	2,416	2,145	1,948	2,548	1,835	2,404
Advertising and Tourisr	131	106	110	116	107	131	119	147	125	162
Nondepartmental	1,803	1,848	1,997	1,852	~	~	~	~	~	~
Interest On Long-Term Debt	557	562	530	909	901	780	722	595	503	424
Total Governmental Activities Expenses	23,754	25,182	27,119	27,127	27,911	27,481	27,094	28,205	27,442	28,321
Business-Type Activities:										
Sewer	5,396	5,316	7,781	7,757	9,055	6,780	10,128	9,954	10,380	10,032
Water	6,553	6,486	7,064	7,292	6,985	7,274	7,004	7,036	6,861	7,623
Stormwater	-	52	102	102	235	278	436	401	581	700
Transit	864	784	759	724	920	889	987	1,049	1,196	1,093
Total Business-Type Activities Expenses	12,813	12,638	15,706	15,875	17,195	15,221	18,555	18,440	19,018	19,448
Total Primary Government Expenses	\$ 36,567	\$ 37,820	\$ 42,825	\$ 43,002	\$ 45,106	\$ 42,702	\$ 45,649	\$ 46,645	\$ 46,460	\$ 47,769
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services:										
General Government	\$ 8,918	8,020	8,891	7,704	7,483	7,260	7,687	771	708	\$ 1,274
Public Safety	1,990	1,916	2,089	2,030	2,150	1,935	1,875	2,172	2,130	2,131
Public Works	308	352	362	305	334	321	278	276	307	474
Community and Economic Development	130	430	23	385	177	218	229	282	266	182
Recreation	2,035	2,107	503	537	429	367	291	266	287	310
Operating Grants and Contributions	1,941	2,324	2,568	2,521	4,247	3,173	2,717	1,738	1,270	1,311
Capital Grants and Contributions	147	-	240	38	-	-	28	18	512	340
Total Governmental Activities Program Revenue:	15,469	15,149	14,676	13,520	14,820	13,274	13,105	5,523	5,480	6,022
Business-Type Activities:										
Charges For Services:										
Sewer	8,101	7,931	8,068	7,952	8,266	9,029	10,659	9,921	10,158	10,965
Water	7,047	7,038	7,173	6,965	7,123	7,661	8,304	8,102	7,826	8,101
Storm Water	-	-	574	921	952	950	956	900	953	1,050
Transit	55	56	58	64	172	159	180	194	227	233
Operating Grants and Contributions	874	785	511	491	590	516	889	604	1,074	731
Capital Grants and Contributions	149	368	1,334	1,406	441	108	120	168	163	177
Total Business-Type Activities Program Revenue:	16,226	16,178	17,718	17,799	17,544	18,423	21,108	19,889	20,401	21,257
Total Primary Government Program Revenue:	\$ 31,695	\$ 31,327	\$ 32,394	\$ 31,319	\$ 32,364	\$ 31,697	\$ 34,213	\$ 25,412	\$ 25,881	\$ 27,279

(Continued)

## CHANGES IN NET POSITION

## LAST TEN FISCAL YEARS

(accrual basis of accounting)  
(amounts expressed in thousands)

## UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense) Revenue										
Governmental Activities	\$ (8,285)	(10,033)	(12,443)	(13,607)	(13,091)	(14,207)	(13,989)	(22,682)	(21,962)	\$ (22,299)
Business-Type Activities	3,413	3,540	2,012	1,924	349	3,202	2,553	1,449	1,384	1,809
Total Primary Government Net Expense	\$ (4,872)	(6,493)	(10,431)	(11,683)	(12,742)	(11,005)	(11,436)	(21,233)	(20,578)	\$ (20,490)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property Taxes	\$ 10,325	10,301	10,698	11,904	12,108	12,182	12,137	12,199	12,719	\$ 12,644
Hospitality Fees	^		1,819	1,880	1,869	1,975	2,101	2,186	2,346	2,561
Lodging Tax	95	91	92	116	106	128	153	194	233	143
Franchise Tax *	-	-	-	-	-	-	-	4,029	4,575	4,772
Business License *	-	-	-	-	-	-	-	3,164	3,344	3,550
Other Taxes	-	-	-	54	109	32	38	42	44	50
Intergovernmental Revenue - Unrestricted	-	-	-	-	-	-	-	576	579	584
Investment Earnings	277	308	228	237	173	79	125	(26)	75	52
Miscellaneous	-	-	-	-	-	-	-	-	31	50
Gain on Sale of Assets	-	-	-	-	-	-	-	-	92	-
Transfers	(128)	978	920	1,095	1,088	1,142	1,131	1,022	1,069	1,180
Total Governmental Activities	10,569	11,678	13,757	15,286	15,453	15,538	15,685	23,386	25,107	25,586
Business-Type Activities:										
Investment Earnings	537	506	459	207	166	24	7	8	6	4
Gain on Sale of Capital Assets	-	-	-	-	-	-	10	-	-	-
Transfers	128	(978)	(920)	(1,095)	(1,088)	(1,142)	(1,131)	(1,022)	(1,069)	(1,180)
Total Business-Type Activities	665	(472)	(461)	(888)	(922)	(1,118)	(1,114)	(1,014)	(1,063)	(1,176)
Total primary government	\$ 11,234	11,206	13,296	14,398	14,531	14,420	14,571	22,372	24,044	\$ 24,410
<b>Change in Net Position</b>										
Governmental Activities	\$ 2,284	1,645	1,314	1,679	2,362	1,331	1,696	704	3,145	\$ 3,287
Business-Type Activities	4,078	3,068	1,551	1,036	(573)	2,084	1,439	435	321	633
Total Primary Government	\$ 6,362	4,713	2,865	2,715	1,789	3,415	3,135	1,139	3,466	\$ 3,920

^ Hospitality revenues were reclassified to Hospitality Fees in fiscal year 2008, previously included in Charges for Services.

~ Beginning in 2010, Nondepartmental will be allocated to other governmental activity departments

\* Beginning with 2013, the City will show Franchise Tax and Business License revenues as General Revenues versus General Government Charges for Service.

**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

**UNAUDITED**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Lodging Tax</b>	<b>Total</b>
2006	\$ 10,325	95	\$ 10,420
2007	10,301	91	10,392
2008	10,698	92	10,790
2009	11,904	116	12,020
2010	12,108	106	12,214
2011	12,182	127	12,309
2012	12,137	153	12,290
2013	12,199	194	12,393
2014	12,719	233	12,952
2015	\$ 12,644	143	\$ 12,787

Source: City of Anderson

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund			(1)							
<u>Pre-GASB #54*</u>										
Reserved	\$ 3,321,199	2,880,468	5,214,217	1,228,964	595,270	-	-	-	-	\$ -
Unreserved	2,858,055	2,674,952	4,957,248	5,476,230	6,467,667	-	-	-	-	-
<u>Post GASB #54*</u>										
Nonspendable	-	-	-	-	-	181,084	224,128	162,211	141,568	111,606
Restricted	-	-	-	-	-	423,790	1,251,435	274,236	579,198	357,869
Assigned	-	-	-	-	-	-	499,989	30,000	200,000	450,000
Unassigned	-	-	-	-	-	6,592,756	6,256,923	6,186,219	6,869,260	7,293,612
Total General Fund	\$ 6,179,254	5,555,420	10,171,465	6,705,194	7,062,937	7,197,630	8,232,475	6,652,666	7,790,026	\$ 8,213,087
All Other Governmental Funds										
<u>Pre-GASB #54*</u>										
Reserved	\$ -	-	1,202	-	-	-	-	-	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	3,699,600	3,259,263	3,157,872	951,442	1,350,787	-	-	-	-	-
Permanent Funds	2,736,017	2,607,948	2,539,635	2,583,929	2,610,418	-	-	-	-	-
<u>Post GASB #54*</u>										
Nonspendable	-	-	-	-	-	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Restricted	-	-	-	-	-	2,596,129	5,509,733	2,967,332	2,761,586	3,681,905
Assigned	-	-	-	-	-	-	-	-	-	327,760
Total All Other Governmental Funds	\$ 6,435,617	5,867,211	5,698,709	3,535,371	3,961,205	4,846,129	7,759,733	5,217,332	5,011,586	\$ 6,259,665

(1) The increase in reserved fund balance in this period was due to unspent proceeds from a lease purchase agreement issued during this period for capital projects.

(\*) The City implemented Governmental Accounting Standards Board Statement No. 54 'Fund Balance Reporting and Governmental Fund Type Definitions' ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

CITY OF ANDERSON, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

UNAUDITED

	2006	2007	2008	2009
<b>Revenues</b>				
Taxes	\$ 10,324,717	10,300,823	10,682,884	11,857,584
Licenses and Permits	7,262,779	7,530,733	8,326,568	7,369,924
Intergovernmental	2,088,037	2,323,983	2,553,458	2,653,975
Charges for Services	914,584	1,095,381	1,098,873	1,063,053
Fines	593,706	543,888	765,989	704,892
Prisoner Per Diem	1,210,812	1,170,781	1,061,718	1,043,979
Investment Earnings	277,147	308,041	228,413	236,857
Program Income	402,535	516,534	351,605	376,298
Accommodations Tax	95,130	90,936	121,715	116,235
Hospitality	2,811,089	3,244,929	1,819,479	1,879,559
Miscellaneous	1,755,493	566,561	596,520	523,349
Total Revenues	27,736,029	27,692,590	27,607,222	27,825,705
<b>Expenditures</b>				
General Government	3,848,798	4,064,495	3,761,104	5,044,137
Public Safety	9,042,505	9,479,836	10,281,621	10,829,824
Public Works	4,731,746	4,681,510	4,776,593	4,704,624
Community and Economic Development	1,078,339	1,753,734	1,162,570	975,492
Culture and Recreation	1,297,052	1,588,606	1,827,413	2,968,350
Advertising And Promotion	130,528	105,842	110,072	115,756
Nondepartmental	3,099,683	3,523,427	1,997,449	1,852,654
Capital Outlay	6,186,403	3,041,271	7,509,853	5,758,191
Debt Service				
Principal	1,401,953	1,500,963	1,472,366	2,002,184
Interest	560,721	573,815	579,438	771,733
Bank Fees	-	-	-	37,843
Total Expenditures	31,377,728	30,313,499	33,478,479	35,060,788
Excess of Revenues Over (Under) Expenditures	(3,641,699)	(2,620,909)	(5,871,257)	(7,235,083)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	-	-
Transfers In	503,741	1,199,064	1,502,295	1,599,840
Transfers Out	(631,293)	(220,315)	(582,495)	(504,366)
Bonds Issued	-	-	9,975,000	-
Payments to Refund Debt	-	-	(576,000)	-
Capital Leases	2,000,000	449,920	-	510,000
Total Other Financing Sources (Uses)	1,872,448	1,428,669	10,318,800	1,605,474
Net Change in Fund Balances	\$ (1,769,251)	(1,192,240)	4,447,543	(5,629,609)
Debt Service as a Percentage of Noncapital Expenditures	7.79%	7.61%	7.90%	9.47%

Table 5

Fiscal Year					
2010	2011	2012	2013	2014	2015
12,088,450	12,190,846	12,304,741	12,266,293	12,709,484	\$ 12,627,783
7,033,632	6,902,137	7,230,762	7,374,647	8,058,214	8,527,603
4,246,992	3,173,450	2,745,064	2,331,443	2,360,429	1,794,784
987,368	840,465	710,775	729,620	786,225	1,515,706
734,197	656,533	507,562	520,101	553,550	615,431
1,141,171	1,056,420	1,181,960	1,388,806	1,216,437	1,203,909
172,658	79,453	124,879	(25,778)	75,239	51,409
365,193	389,327	430,494	433,137	491,045	571,629
106,157	127,441	152,766	193,799	233,163	143,145
1,869,528	1,974,573	2,101,399	2,186,236	2,345,756	2,561,420
609,284	460,071	537,868	719,239	814,129	932,422
<u>29,354,630</u>	<u>27,850,716</u>	<u>28,028,270</u>	<u>28,117,543</u>	<u>29,643,671</u>	<u>30,545,241</u>
4,566,929	4,514,702	4,452,208	6,978,991	4,861,079	5,360,870
10,679,695	10,904,540	10,985,018	11,098,048	11,520,791	12,093,073
4,541,220	4,545,729	4,689,575	5,281,884	5,139,199	5,179,445
2,478,889	1,433,539	1,251,538	1,371,254	1,180,831	1,596,949
2,444,416	1,831,148	2,568,345	3,213,499	2,065,809	2,782,602
101,112	122,324	109,978	136,951	116,763	156,731
1,500,744	1,643,989	1,905,365	2,054,980	1,966,341	926,597
508,559	238,219	724,611	-	-	266,192
1,968,293	2,016,692	2,218,701	2,508,644	2,578,730	2,394,700
796,613	698,324	666,520	580,362	486,272	413,423
72,561	24,203	28,419	36,880	38,769	33,537
<u>29,659,031</u>	<u>27,973,409</u>	<u>29,600,278</u>	<u>33,261,493</u>	<u>29,954,584</u>	<u>31,204,119</u>
(304,401)	(122,693)	(1,572,008)	(5,143,950)	(310,913)	(658,878)
-	-	-	-	173,102	-
1,701,820	1,609,922	1,477,262	2,986,179	2,437,576	2,142,201
(613,842)	(467,612)	(346,755)	(1,964,439)	(1,368,151)	(962,183)
-	-	9,950,000	-	-	-
-	-	(5,560,050)	-	-	-
-	-	-	-	-	1,150,000
<u>1,087,978</u>	<u>1,142,310</u>	<u>5,520,457</u>	<u>1,021,740</u>	<u>1,242,527</u>	<u>2,330,018</u>
<u>783,577</u>	<u>1,019,617</u>	<u>3,948,449</u>	<u>(4,122,210)</u>	<u>931,614</u>	<u>\$ 1,671,140</u>
9.48%	9.79%	9.99%	9.29%	10.23%	9.08%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(in thousands of dollars)

UNAUDITED

Fiscal Year Ended June 30	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2006	\$ 19,024	38,389	6,980	11,407	4,431	\$ 71,369	127	\$ 1,414,300	5.05%
2007	19,784	40,024	6,569	11,727	4,608	73,496	127	1,371,543	5.36%
2008	20,325	39,571	6,369	11,687	4,149	73,803	127	1,381,722	5.34%
2009	24,233	46,046	7,293	10,524	3,565	84,531	125	1,582,193	5.34%
2010	24,996	46,440	6,477	10,291	3,456	84,748	125	1,588,087	5.34%
2011	25,568	46,861	6,415	10,494	2,793	86,545	125	1,618,723	5.35%
2012	25,928	46,454	7,006	10,730	1,747	88,371	125	1,631,336	5.42%
2013	25,897	47,135	7,636	10,012	1,377	89,303	125	1,648,429	5.42%
2014	27,464	48,981	8,181	8,865	1,626	91,865	125	1,722,666	5.33%
2015	\$ 27,704	50,931	8,736	10,500	1,634	\$ 96,237	118	\$ 1,778,428	5.41%

CITY OF ANDERSON, SOUTH CAROLINA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Overlapping Rates										Total Direct & Overlapping Rates
	City of Anderson			County			School District				
	(1) Total City Millage	Operating Millage	Debt Service Millage	(2) Total County Millage	Operating Millage	Debt Service Millage	(3) Total School Millage	Operating Millage	Debt Service Millage	Total School Millage	
2006	127.00	70.00	7.00	77.00	142.40	37.00	179.40	383.40			
2007	127.00	72.00	4.60	76.60	150.40	32.00	182.40	386.00			
2008	127.00	79.90	4.80	84.70	156.70	30.00	186.70	398.40			
2009	125.00	75.40	6.00	81.40	147.70	33.00	180.70	387.10			
2010	125.00	75.40	8.50	83.90	154.90	32.00	186.90	395.80			
2011	125.00	77.30	7.60	84.90	156.00	30.00	186.00	395.90			
2012	125.00	78.70	6.20	84.90	158.90	30.00	188.90	398.80			
2013	125.00	78.70	5.70	84.40	164.90	30.00	194.90	404.30			
2014	125.00	82.10	3.50	85.60	168.90	25.00	193.90	404.50			
2015	118.00	83.10	2.20	85.30	194.80	21.00	215.80	419.10			

(1) Total City millage not broken down by City officials; levied as one millage amount.

(2) Information from Anderson County.

(3) Information from Anderson School District #5.

**Note:** Overlapping rates are those of local and county governments that apply to property owners within the City of Anderson.

## PRINCIPAL PROPERTY TAXPAYERS

## CURRENT YEAR AND NINE YEARS AGO

## UNAUDITED

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 2,219,610	1	2.3%	\$ 2,434,000	1	3.4%
Bell South	2,045,460	2	2.1%	1,991,000	2	2.8%
Anderson Mall	1,321,180	3	1.4%	1,669,000	3	2.3%
Walmart (Liberty Hwy)	842,900	4	0.9%			
Walmart (Hwy 28)	757,450	5	0.8%			
Cole SC Anderson	636,850	6	0.7%			
Cole MT Anderson	616,690	7	0.6%			
Lowes Home Center	615,650	8	0.6%	560,000	5	0.8%
Dayton Hudson Corp.	570,320	9	0.6%	453,000	9	0.6%
Grove at Ashton Park	553,950	10	0.6%			
Lipstiz Herman				672,000	4	0.9%
Health Care Reit Corp				473,000	6	0.7%
Andeu Properties				472,000	7	0.7%
AmStar				461,000	8	0.6%
Alliance LHMD LP				436,000	10	0.6%
Total	<u>\$ 10,180,060</u>		<u>10.6%</u>	<u>\$ 9,621,000</u>		<u>13.5%</u>

Source: Anderson County

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 9,543	9,190	96.3%	709	\$ 9,899	103.73%
2007	9,919	9,239	93.1%	710	10,629	107.16%
2008	9,909	9,940	100.3%	316	10,256	103.50%
2009	10,570	10,917	103.3%	512	11,429	108.13%
2010	10,594	11,084	104.6%	566	11,650	109.97%
2011	10,818	10,809	99.9%	458	11,267	104.15%
2012	11,046	10,873	98.4%	325	11,198	101.37%
2013	11,163	10,976	98.3%	280	11,256	100.83%
2014	11,483	11,327	98.6%	303	11,630	101.28%
2015	\$ 12,030	11,284	93.8%	-	\$ 11,284	93.80%

Source: City of Anderson & Anderson County Assessors Office

(1) Includes penalty and interest calculations

CITY OF ANDERSON, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Lease Purchases	Water/Sewer Bonds (2)	Revolving Loans (3)				
2006	\$ 3,410	2,570	7,297	65,846	670	\$ 79,793	11.42%	\$ 3,081	
2007	3,005	2,345	7,004	62,717	7,548	82,619	11.26%	3,148	
2008	5,425	8,665	6,257	59,467	12,215	92,029	11.91%	3,513	
2009	4,895	8,075	5,991	103,880	11,964	134,805	16.49%	5,145	
2010	4,340	7,525	5,177	101,058	13,448	131,548	15.87%	4,840	
2011	3,750	6,955	4,337	99,201	13,223	127,466	15.91%	4,777	
2012	3,465	10,335	3,468	96,161	12,839	126,268	15.58%	4,699	
2013	3,175	9,085	2,749	93,463	12,409	120,881	14.74%	4,526	
2014	2,880	7,795	2,005	92,057	11,968	116,705	14.23%	4,325	
2015	\$ 2,580	6,470	2,386	89,312	11,518	\$ 112,266	13.75%	\$ 4,130	

Source: City of Anderson

(1) See Table 15 for personal income and population data.

(2) Amounts in the prior years have been restated to include deferred items in the outstanding bonds totals.

(3) Amounts in the prior years have been restated to properly breakout revolving loans.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

(in thousands of dollars)

**UNAUDITED**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2006	\$ 3,410	-	\$ 3,410	0.24%	\$ 132
2007	3,005	-	3,005	0.22%	115
2008	5,425	-	5,425	0.39%	207
2009	4,895	-	4,895	0.31%	181
2010	4,340	-	4,340	0.27%	160
2011	3,750	-	3,750	0.23%	141
2012	3,465	-	3,465	0.21%	129
2013	3,175	-	3,175	0.19%	119
2014	2,880	-	2,880	0.17%	107
2015	\$ 2,580	-	\$ 2,580	0.15%	\$ 95

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See Table 6 for property value data.
- (2) Population data can be found on Table 15.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2015**  
(in thousands of dollars)

**UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Debt</u>
Debt Repaid with Property Taxes:			
Anderson County - Overlapping (2)	\$ 11,735	13.5%	\$ 1,584
School District 5 - Overlapping (2)	\$ 139,300	37.5%	<u>52,238</u>
Total Overlapping Debt			53,822
City of Anderson - Direct			<u>11,436</u>
Total Direct and Overlapping Debt			<u><u>\$ 65,258</u></u>

(1) Estimated percentage applicable is based on total assessments for Anderson County versus City assessment. School District 5 calculation is based on the number of schools inside the City versus the number of schools inside the district for their percentage.

(2) Source: Anderson County Finance Department

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

(in thousands of dollars)

**UNAUDITED**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 6,064	6,248	6,236	7,048	7,056	7,147	7,209	7,254	7,479	\$ 7,830
Total net debt applicable to limit	3,410	3,005	5,425	4,895	4,340	3,750	3,465	3,175	2,880	2,580
Legal debt margin	\$ 2,654	3,243	811	2,153	2,716	3,397	3,744	4,079	4,599	\$ 5,250
Total net debt applicable to the limit as a percentage of debt limit	56.23%	48.10%	86.99%	69.45%	61.51%	52.47%	48.06%	43.77%	38.51%	32.95%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed Value	\$ 96,237
Add back: exempt real property	1,634
Total assessed value	<u>97,871</u>
Debt limit (8% of total assessed value)	7,830
Debt applicable to limit:	
General obligation bonds	<u>(2,580)</u>
Legal debt margin	<u>\$ 5,250</u>

CITY OF ANDERSON, SOUTH CAROLINA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

(in thousands of dollars)

UNAUDITED

Fiscal Year	Charges and Other Revenues		Less: Operating Expenses		Water and Sewer Revenue Bonds		Special Assessment Bonds (TIF Bonds)			
	(1)	(2)	(3)	(4)	Principal	Debt Service Interest	Special Assessment Collections	Debt Service Principal Interest	Coverage	
2006	\$ 15,626	(4)	8,772	6,854	2,105	\$ 2,511	\$ 452	70	\$ 46	3.90
2007	15,447		8,221	7,226	3,110	2,767	518	75	42	4.43
2008	15,718		8,452	7,266	3,230	2,697	427	79	37	3.68
2009	15,643		8,458	7,185	3,610	2,971	429	440	250	0.62
2010	15,963		8,057	7,906	3,024	3,326	959	400	298	1.37
2011	17,211		8,275	8,936	2,977	3,335	861	420	279	1.23
2012	19,617		8,242	11,375	3,019	5,492	974	660	133	1.23
2013	18,672		8,637	10,035	2,881	3,896	908	610	191	1.13
2014	18,631		9,084	9,547	2,784	4,257	1,048	630	170	1.31
2015	\$ 19,704		9,541	10,163	2,862	\$ 4,167	\$ 983	650	\$ 152	1.23

(1) Total operating revenues plus interest income plus required debt service coverage from Anderson County and Homeland Park.

(2) Total operating expenses less depreciation.

(3) This does not include interest paid from the capitalized interest bank balance for the 2002, 2003, and 2009 bonds.

(4) This does not include interest income on the 2003 bond proceeds.

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

## UNAUDITED

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2006	25,899	\$ 698,626	\$ 26,975	38.0	12,113	6.0%
2007	26,242	733,595	27,955	38.0	12,045	6.8%
2008	26,200	772,795	29,496	41.5	12,011	6.6%
2009	27,027	817,621	30,252	38.0	11,949	13.2%
2010	27,181	828,912	30,496	38.0	12,011	10.7%
2011	26,686	800,954	30,014	37.0	12,009	10.4%
2012	26,871	810,617	30,167	38.6	12,300	8.8%
2013	26,708	820,363	30,716	40.2	12,821	7.6%
2014	26,985	838,127	31,059	40.5	12,773	6.3%
2015	27,181	\$ 816,300	\$ 30,032	36.2	13,038	5.1%

Source: Anderson County Economic Development Office

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

## UNAUDITED

Employer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Anderson County Public Schools <sup>^</sup>	3,837	1	1.99%	2,927	2, 7	1.67%
AnMed Health	3,462	2	1.80%	3,500	1	2.00%
Electrolux	1,863	3	0.97%	1,500	3	0.86%
State of South Carolina	1,631	4	0.85%	1,344	4	0.77%
Robert Bosch	1,200	5	0.62%	1,200	5	0.68%
Anderson County	1,000	6	0.52%	772	8	0.44%
Michelin	900	7	0.47%	1,100	6	0.63%
Glen Raven	650	9	0.34%	600	10	0.34%
Tri-County Tech	626	8	0.32%	-		0.00%
First Quality Tissue	610	10	0.32%	-		0.00%
Honeywell Nylon	-		0.00%	650	9	0.37%
Total	<u>15,779</u>		<u>8.18%</u>	<u>13,593</u>		<u>7.75%</u>

<sup>^</sup> In 2006, the County provided the School information broken out by School District. For 2015, the information from the County was combined.

Source: Anderson County

## FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

## LAST TEN FISCAL YEARS

## UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	43	39	41	68	67	66	63	64	63	63
Public Safety:										
Police	109	119	118	144	146	143	145	148	146	151
Fire	53	54	53	54	54	63	63	60	60	60
Public Works	85	80	84	91	91	92	93	92	91	89
Economic/Community Development	9	7	7	8	7	7	7	7	7	11
Recreation	14	14	17	25	25	19	19	19	24	24
Sewer	23	23	23	26	24	25	25	25	26	25
Water	34	34	32	34	35	35	33	34	34	34
Stormwater (1)	n/a	n/a	n/a	1	1	2	2	3	3	6
Transit	5	6	5	15	11	12	16	14	14	15
Total	375	376	380	466	461	464	466	466	468	478

Source: City of Anderson

(1) The Stormwater Fund did not hire an employee until May 2009.

## OPERATING INDICATORS

## LAST TEN FISCAL YEARS

## UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Police</i>										
Physical arrests	3,213	2,786	3,276	3,253	2,936	2,448	3,040	3,290	3,357	3,438
Parking violations	267	493	472	373	651	384	181	68	249	312
Traffic violations	6,677	7,133	10,422	8,659	9,373	8,933	4,588	6,149	6,047	8,756
Criminal Charges	3,405	2,847	3,482	3,289	3,392	2,813	2,751	3,114	3,012	3,222
<i>Fire</i>										
Number of calls answered	1,053	928	899	915	1,347	1,409	1,356	1,503	1,708	1,637
Inspections	1,327	1,039	1,076	1,209	1,289	1,422	1,932	2,437	2,380	1,943
<i>Highways and streets</i>										
Potholes repaired	119	210	257	256	186	192	195	126	108	102
<i>Sanitation</i>										
Refuse collected (tons/day)	37	42	45	45	67	63	67	60	54	88
<i>Culture and recreation</i>										
Athletic field permits issued	438	450	420	504	537	526	415	543	525	592
<i>Water</i>										
Average daily consumption	5.18	5.44	4.99	4.57	4.47	4.79	4.39	4.09	4.15	4.52
Maximum Daily Consumption (millions of gallons)	9.05	9.52	9.00	8.00	7.82	8.38	7.63	7.17	7.26	7.91
<i>Wastewater</i>										
Average daily sewage treatment	8.25	6.00	5.90	6.38	7.15	5.76	5.47	6.55	7.92	6.71
Maximum Daily Consumption (millions of gallons)	13.04	12.40	12.50	17.53	20.62	18.08	15.78	18.46	18.46	17.18

Source: City of Anderson

CITY OF ANDERSON, SOUTH CAROLINA

CAPITAL ASSET STATISTICS

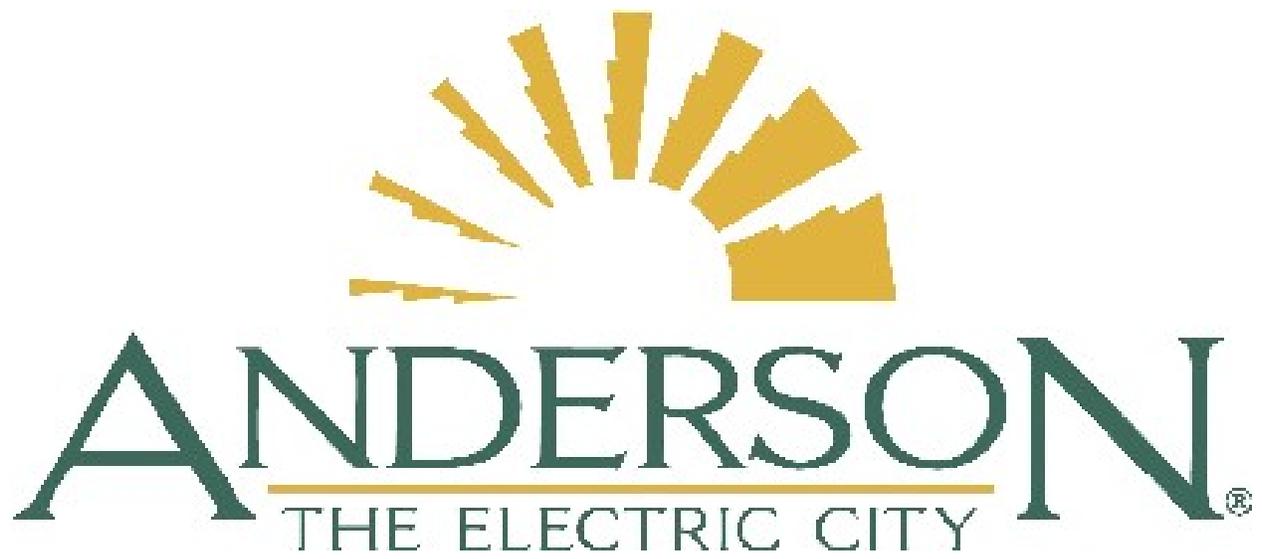
LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Public safety</i>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	2	2	4	4	4	2	1
Patrol units	73	91	91	94	95	96	95	97	95	101
Fire Stations	2	2	2	3	3	3	3	3	3	3
<i>Sanitation</i>										
Collection trucks	10	10	10	10	10	10	10	10	8	10
<i>Highways and streets</i>										
Streets (miles)	218	222	222	222	206	206	206	206	207	207
Streetlights	3,206	3,286	3,286	3,413	3,413	3,413	3,413	3,413	3,413	3,413
Traffic signals	85	82	85	85	87	87	87	87	88	88
<i>Culture and recreation</i>										
Parks acreage	181	181	181	181	181	181	181	185	186	186
Parks	18	18	18	18	18	18	18	18	19	19
Swimming pools	2	2	2	2	1	0	0	0	0	0
Tennis courts	12	12	12	12	12	12	5	0	0	0
Community centers	4	4	4	4	3	2	2	2	2	2
<i>Water</i>										
Water mains (miles)	342	351	365	367	368	368	368	369	369	369
Elevated Tanks	6	6	8	8	8	8	8	8	8	8
Total Storage Capacity	2,600,000	2,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Number of meters	16,389	16,552	16,689	16,652	16,511	16,509	16,604	16,644	16,608	16,691
Fire Hydrants	920	932	1,011	1,016	1,028	1,028	1,028	1,029	1,029	1,029
New Connections	334	216	140	117	55	54	48	89	66	76
Water Main Breaks	60	54	70	88	73	105	81	52	71	54
Maximum daily capacity*	10.46	10.46	10.46	13.44	14.12	14.12	14.12	14.12	14.12	14.12
<i>Sewer</i>										
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of pumping stations	4	6	6	6	6	6	6	6	6	6
Sanitary Sewer Miles	166	169	171	172	172	172	172	172	172	277
Number of service connections	17,900	17,955	18,217	18,342	18,322	18,233	19,311	19,797	19,699	19,902
Maximum daily treatment capacity *	12.3	16.1	16.1	16.1	16.1	19.5	19.5	19.5	19.5	19.5

Source: City of Anderson  
 \* In millions of gallons

**This page is intentionally left blank**



CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

<b>Federal Grantor/ Pass-through Grantor/Program or Cluster Title:</b>	<b>Federal CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Federal Expenditures</b>
<b>US DEPARTMENT OF HOUSING / URBAN DEVELOPMENT</b>			
Direct Programs:			
Community Development Block Grants	14.218		\$ 746,414
Neighborhood Stabilization Program	14.228		31,267
Pass-through From SC State Housing Finance and Development Authority:			
HOME Program	14.239	M-12-DC-45-0212/ M-13-DC-45-0212	148,903
<b>TOTAL US DEPARTMENT OF HOUSING / URBAN DEVELOPMENT</b>			<b>926,584</b>
<b>US DEPARTMENT OF TRANSPORTATION</b>			
Direct Programs:			
Federal Transportation Administration Grants Cluster - Section 9	20.507		543,285
Traffic Enforcement Unit Grant	20.600		138,135
Highway Planning and Construction - ANATS	20.205		206,458
Pass-through From SC Department of Transportation:			
Formula Grants for Rural Areas	20.509		92,500
<b>TOTAL US DEPARTMENT OF TRANSPORTATION</b>			<b>980,378</b>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>			
Direct Programs:			
Incident Management Team	97.067		81,698
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>81,698</b>
<b>US DEPARTMENT OF JUSTICE</b>			
Direct Programs:			
Justice Assistance Grant ("JAG")	16.738		17,580
JAG - Body Armor	16.738		14,361
JAG - Taser	16.738		21,080
Pass-through From South Carolina Department of Public Safety:			
VAWA	16.588	1KS09006	26,857
<b>TOTAL US DEPARTMENT OF JUSTICE</b>			<b>79,878</b>
<b>GRAND TOTALS</b>			<b>\$ 2,068,538</b>

See accompanying notes to the schedule of expenditures of federal awards.

**CITY OF ANDERSON, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

---

**A. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of the City of Anderson, South Carolina (the "City") for the year ended June 30, 2015. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City's financial statements.

**C. RELATIONSHIP TO THE FINANCIAL STATEMENTS**

Federal award expenditures are reported in the City's financial statements primarily as expenditures in the General Fund and Special Revenue Funds and as expenses in the Proprietary funds for all federal programs.

**D. MATCHING COSTS**

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

**E. SUB-RECIPIENTS**

There were no federal expenditures provided to sub-recipients presented in the accompanying Schedule.

**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***

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members of City Council  
City of Anderson  
Anderson, 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 Anderson (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as 2015-001 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

**The City's Response to the Finding**

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

### **Purpose of this Report**

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



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 16, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members of City Council  
City of Anderson  
Anderson, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the City of Anderson's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

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

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

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

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



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
December 16, 2015

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

---

Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes            None Reported

Noncompliance material to financial statements noted?            Yes   X   No

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?            Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?            Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133            Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transportation Administration Grants Cluster - Section 9

Dollar threshold used to distinguish between type A and type B programs:           \$300,000          

Auditee qualified as low-risk auditee?   X   Yes            No

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

---

**Section II – Current Year Financial Statement Findings**

**2015-001: DONATED CAPITAL ASSETS**

**Condition and Context:** The City receives donated capital assets (from time to time) in the normal course of business. Often these donations are the result of agreements which impact multiple years and are a mix of different funding sources, some of which are paid for by the City and some are noncash donations. The City received a noncash donation related to a capital asset partially paid for by the City. The total cost of the asset was inadvertently omitted from the original capital asset listing.

**Criteria:** The City should have a process in place where non-cash capital asset transactions are communicated to the Finance Director on a regular basis so that they can be properly included in the City’s capital asset records and annual financial statements.

**Cause:** Several departments are often involved with these non-cash capital asset transactions, but there is no formal process to track them.

**Effect:** There is a higher risk that the City’s records and financial statements will be materially misstated.

**Recommendation:** When the City enters into memorandums of understanding, development agreements, and similar types of arrangements, management needs to have adequate internal controls in place to ensure that the City will accurately and timely record donated capital assets for these types of arrangements.

**Response:** Management will implement adequate internal controls to ensure that the City will accurately and timely record donated capital assets for arrangements that involve donated capital assets.

---

**Section III – Current Year Federal Awards Findings and Questioned Costs**

No matters to report.

**CITY OF ANDERSON, SOUTH CAROLINA**

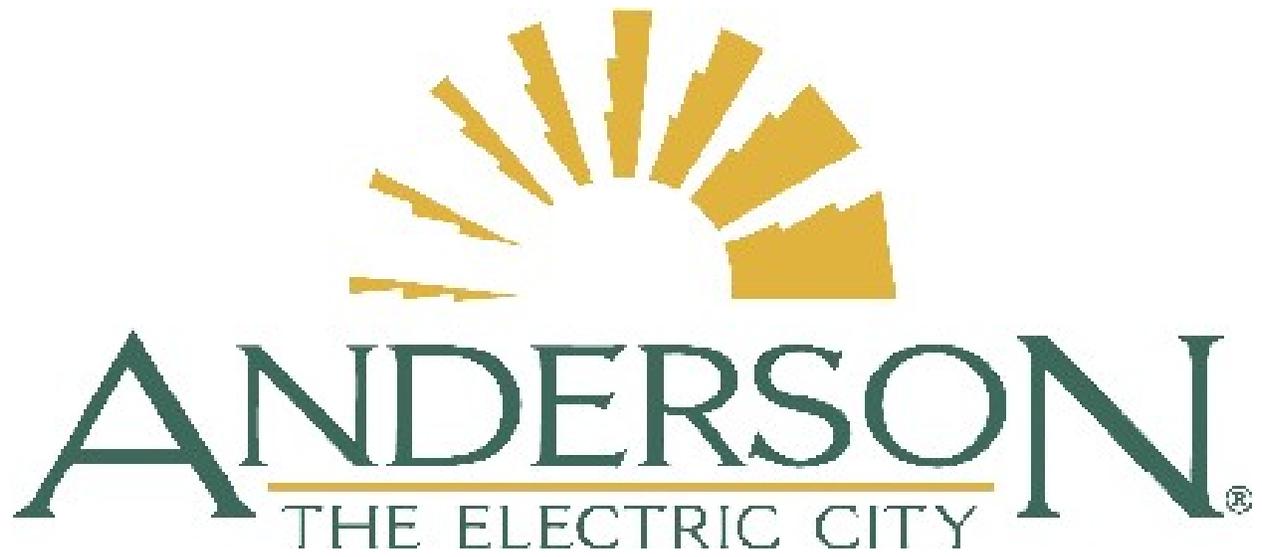
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2015**

---

There were no OMB Circular A-133 audit findings in the prior year.

**This page is intentionally left blank**



**CITY OF ANDERSON, SOUTH CAROLINA**

**SCHEDULE OF SEWER SYSTEM SERVICE STATISTICS  
SEWER FUND**

**YEAR ENDED JUNE 30, 2015**

**CAPACITY IN THE CITY'S TWO TREATMENT PLANTS ALLOCATION:**

<b>PARTY</b>	<b>Generostee Creek (MGD)</b>	<b>Rocky River (MGD)</b>	<b>Total (MGD)</b>	<b>Share (%)</b>
City of Anderson	4.1	5.6	9.70	49.74%
Anderson County	5.2	2.8	8.00	41.03%
Homeland Park	0.7	1.1	1.80	9.23%
Totals	<u>10.00</u>	<u>9.50</u>	<u>19.50</u>	<u>100.00%</u>

**HISTORICAL SEWER TREATMENT AND BILLED FLOW VOLUMES:**

	<b>Average Daily Treated Flow (MGD)</b>	<b>Average Daily Billing Flow * (MGD)</b>	<b>Average Daily Infiltration &amp; Inflow (MGD)</b>
2006	6.02	4.80	1.22
2007	6.00	4.50	1.50
2008	5.90	4.22	1.68
2009	6.30	4.20	2.10
2010	7.15	4.20	2.95
2011	5.76	4.20	1.56
2012	5.47	4.21	1.26
2013	6.55	4.10	2.45
2014 ^	7.92	4.10	3.82
2015	6.71	4.20	2.51

\* Billed flow represents that amount of the treated flow that is actually billed to customers. The difference between treated flow and billed flow is infiltration and inflow ("I&I"), which results primarily from rainwater and flooding.

^ Fiscal year 2014 was marked with record rainfall, which caused the increase in I&I.

**SEWER SYSTEM REVENUE BY AREA**

City of Anderson	67.00%
Anderson County	20.00%
Homeland Park Water and Sewer	13.00%
	<u>100.00%</u>

**SEWER CUSTOMERS BY AREA**

City of Anderson	13,399
Anderson County	3,880
Homeland Park Water and Sewer	2,623
	<u>19,902</u>

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF WATER METER SERVICE  
WATER FUND

YEAR ENDED JUNE 30, 2015

<b>Water Meter Service</b>
----------------------------

Size of Meter	Total Active Meters
3/4"	15,128
1"	1,108
1 1/2"	195
2"	177
3"	35
4"	10
6"	33
8"	4
10"	1
<b>Grand Total Active Meters</b>	<b>16,691</b>

<b>Water System Piping</b>
----------------------------

Size of Meter	Total Length (Feet)
3/4"	178
1"	9,714
1.25"	4,952
1.5"	4,337
2"	261,138
3"	108,678
4"	99,910
6"	913,166
8" or larger	545,094
<b>Total Length (Feet)</b>	<b>1,947,167</b>
<b>Total Length Miles</b>	<b>369</b>

<b>Water System - Usage</b>
-----------------------------

Fiscal Year	Billed Usage (1,000 Gallons)	Customers
2008	1,687,162	16,689
2009	1,492,170	16,652
2010	1,442,920	16,511
2011	1,488,276	16,509
2012	1,716,655	16,604
2013	1,912,916	16,644
2014	1,325,834	16,608
2015	1,389,043	16,691

CITY OF ANDERSON, SOUTH CAROLINA

SCHEDULE OF LARGEST UTILITY USERS  
WATER AND SEWER FUNDS

YEAR ENDED JUNE 30, 2015

Utility User	Water			Sewer		
	Gallons Used	Revenues	% of Total Revenues	Gallons Used	Revenues	% of Total Revenues
Owens Corning Fiberglass	68,760,648	\$ 182,928	2.65%			
Michelin	60,248,408	160,440	2.32%			
AnMed Health	48,153,996	98,799	1.43%	29,328,332	\$ 136,238	2.14%
JPS Composite Materials Corp	32,992,784	60,384	0.88%	32,992,784	186,851	2.93%
Anderson University	23,367,520	69,289	1.00%	17,259,352	98,237	1.54%
Plastic Omnium Industries	23,928,520	65,173	0.94%			
Anderson School District V	16,672,920	69,157	1.00%	12,517,032	91,857	1.44%
Northlake Condo HOA	12,838,672	51,257	0.74%			
Anderson Health Care	10,240,868	21,315	0.31%	10,240,868	58,018	0.91%
Huntington Apts	9,572,156	39,990	0.58%			
Ashford Village				9,362,716	53,582	0.84%
Tanglewood Apts				6,286,940	35,554	0.56%
NCHP Property Mgmt				5,909,200	33,499	0.53%
Anderson Crossing				5,539,688	31,353	0.49%
Kroger Bakery				6,044,588	24,142	0.38%
Total	<u>306,776,492</u>	<u>\$ 818,732</u>	<u>11.85%</u>	<u>135,481,500</u>	<u>\$ 749,331</u>	<u>11.76%</u>

**CITY OF ANDERSON, SOUTH CAROLINA**

**SCHEDULE OF UTILITY RATES  
WATER AND SEWER FUNDS**

**YEAR ENDED JUNE 30, 2015**

<b>Monthly Water Rates</b>		<b>Inside</b>	<b>Outside</b>
First 200 cubic feet or less		\$ 10.58	\$ 21.16
Next 400 cubic feet per hundred		2.15	4.30
Next 1,400 cubic feet per hundred		2.37	4.74
Next 18,000 cubic feet per hundred		2.04	4.08
Next 30,000 cubic feet per hundred		1.72	3.44
Over 50,000 cubic feet per hundred		\$ 1.29	\$ 2.58
<b>Minimum Monthly Bill by Meter Size</b>			
3/4" meter	200 cubic feet or less	\$ 10.58	\$ 21.16
1" meter	400 cubic feet or less	14.88	29.76
1.5" meter	1,200 cubic feet or less	33.40	66.80
2" meter	2,500 cubic feet or less	62.56	125.12
3" meter	9,500 cubic feet or less	205.36	410.72
4" meter	15,000 cubic feet or less	317.56	635.12
6" meter	33,500 cubic feet or less	651.76	1,303.52
8" meter	53,600 cubic feet or less	846.38	1,692.76
Residential Monthly Bill (Based on 800 Cubic Feet)		\$ 23.92	\$ 47.84
<b>Monthly Sewer Rates</b>			
First 200 cubic feet or less		\$ 9.42	\$ 18.84
Each additional 100 cubic feet		4.30	8.60
Residential Monthly Bill (Based on 800 Cubic Feet)		\$ 35.10	\$ 70.20