

**CITY OF CONWAY, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared By:

Finance Department

Allison Williams



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## INTRODUCTORY SECTION

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**CITY OF CONWAY, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended June 30, 2015**

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**CITY OF CONWAY, SOUTH CAROLINA**

**PRINCIPAL OFFICIALS**

**June 30, 2015**

**ELECTED**

Mayor..... Alys C. Lawson

Mayor Pro Tem ..... Barbara Blain-Bellamy

City Councilmember ..... Randle L. Alford

City Councilmember ..... Thomas J. "Tom" Anderson II

City Councilmember ..... William M. Goldfinch, IV

City Councilmember ..... Jean M. Timbes

City Councilmember ..... Larry A. White

**APPOINTED**

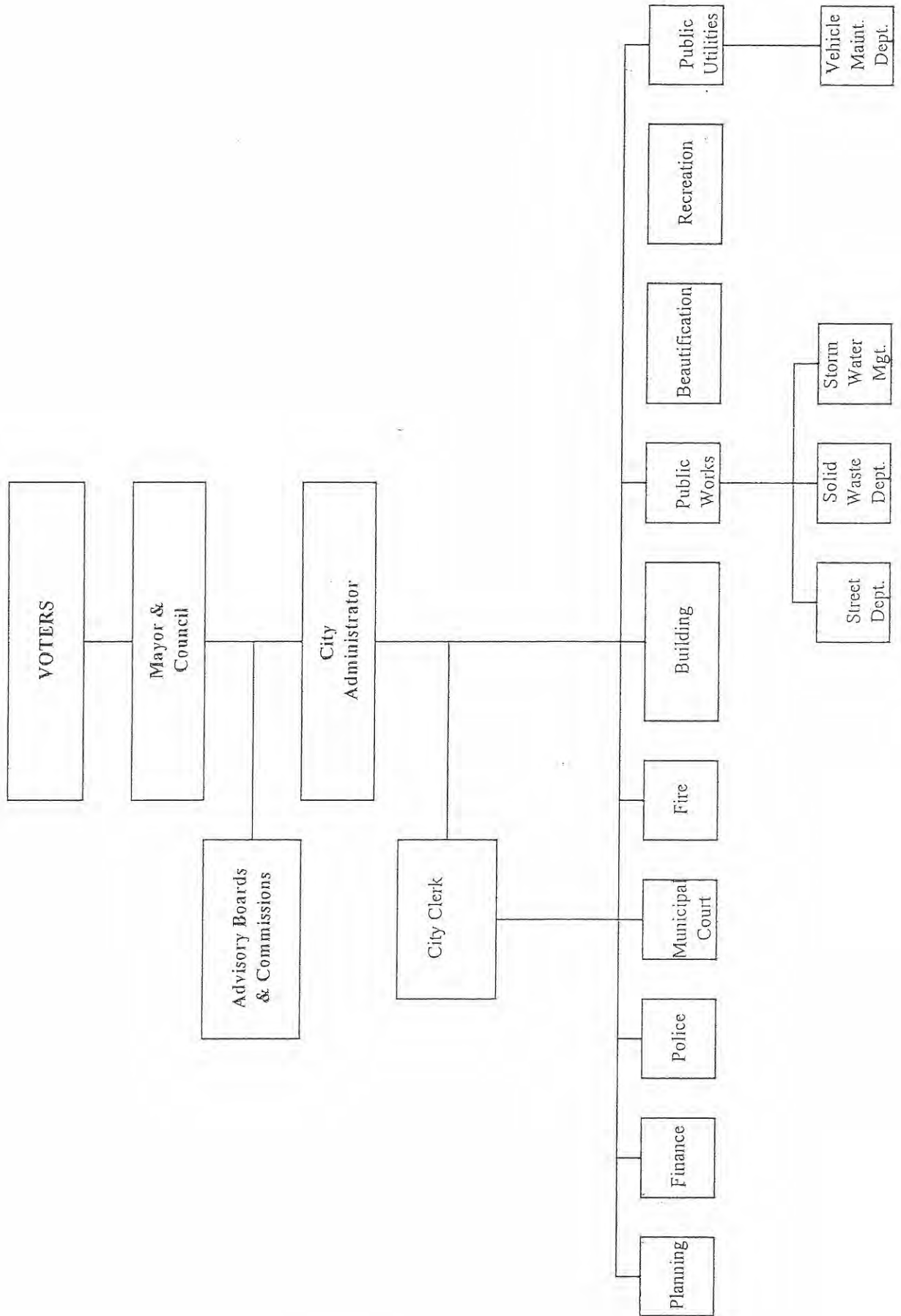
Administrator..... Bill Graham

Finance Director ..... Allison Williams

CITY OF CONWAY, SOUTH CAROLINA

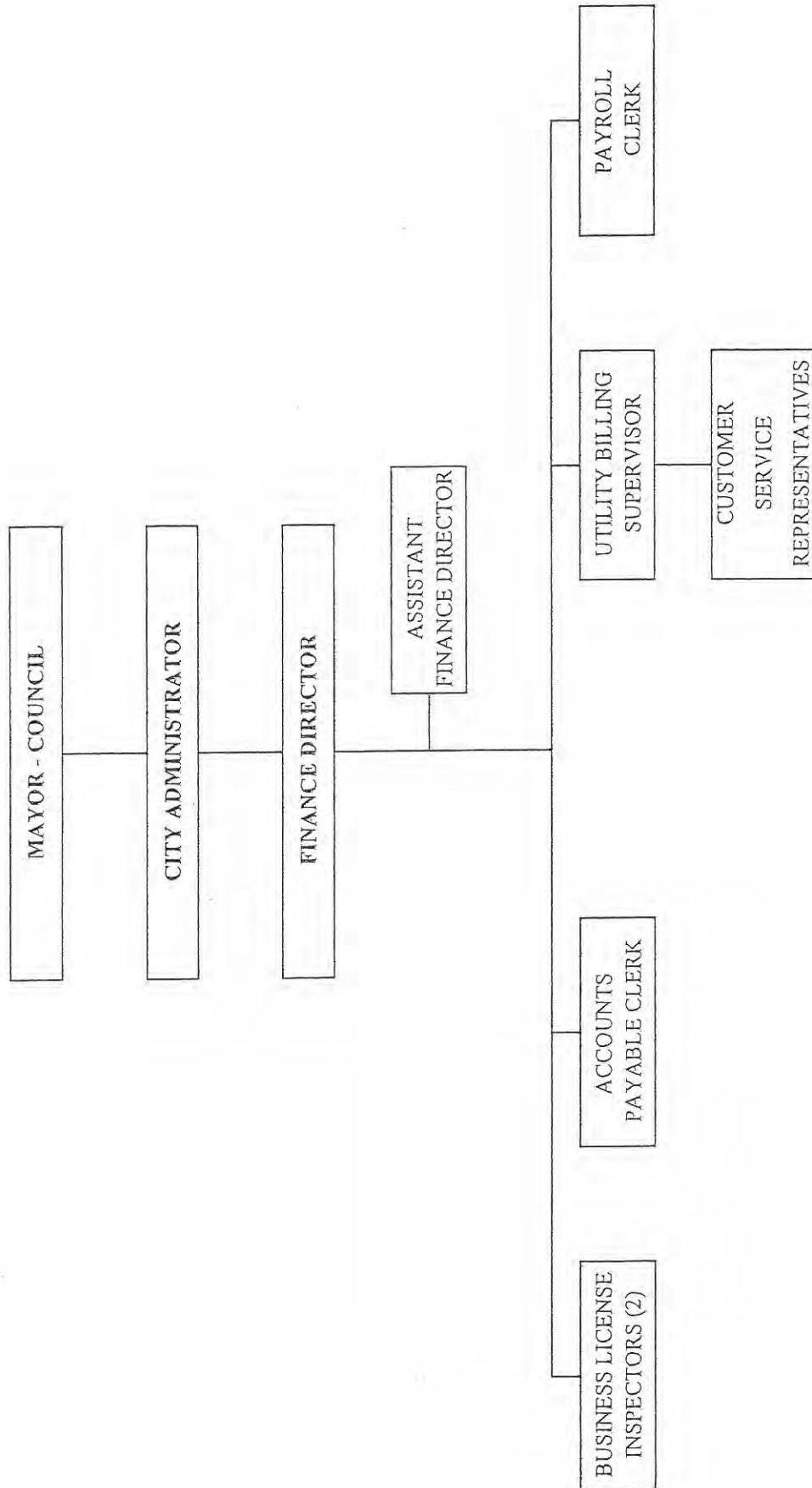
ORGANIZATIONAL CHART

June 30, 2015



CITY OF CONWAY, SOUTH CAROLINA

ORGANIZATIONAL CHART OF FINANCE DEPARTMENT  
June 30, 2015



*MAYOR*  
Alys C. Lawson

*MAYOR PRO TEM*  
Barbara Blain-Bellamy



*COUNCIL MEMBERS*  
Randle L. Alford  
Thomas J. "Tom" Anderson II  
William M. Goldfinch, IV  
Jean M. Timbes  
Larry A. White

December 21, 2015

To the Honorable Mayor, Members of the Conway City Council, and Citizens of the City of Conway:

State law requires that every general – purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Readers are encouraged to consider the information presented here in conjunction with additional information that we have furnished in our Management's Discussion and Analysis, located on pages 3 to 11 of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Smith, Sapp, Bookhout, Crumpler & Calliham, P.A. have issued an unqualified ("clean") opinion on the City of Conway's basic financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report.

### **Profile of the Government**

The City of Conway, incorporated in 1906, is located in the northeastern part of South Carolina, fourteen miles inland from the coast. It is the county seat of Horry County and is considered to be one of the top growth areas in the state. It currently occupies 22.83 square miles and serves a population of 17,513. The City of Conway is empowered to levy a tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Conway operates under the Council form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six other members, all elected on a non-partisan basis. The Council appoints the government's administrator, who in turn appoints the heads of various departments. Council members serve four year terms, with three members elected every two years. The mayor is elected to a four year term. The mayor and all six council members are elected at large.

The City of Conway provides a full range of municipal services which includes police and fire protection, recreation services, cultural activities, street / drainage maintenance and construction, solid waste collection, storm water management, development review and planning activities, and water / sewer services.

The council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Conway's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Administrator may transfer resources within a department as they see fit. Transfers between departments, however, need special approval from the governing council.

## **Local Economy**

Horry County is one of the fastest growing counties in South Carolina. Between 2005 and 2010, Horry County's population increased 18.7% from 226,992 to 269,291. Horry County's population has increased by 37.0% from 2000 to 2010. Between 2010 and 2013 Horry County's population has increased by 7.6% from 269,291 to an estimated 289,650. Tourism is a primary industry in South Carolina and the primary route to the Grand Strand area is Highway 501 which passes directly through the City of Conway.

The downtown business district continues to thrive as historic building owners continue to renovate their properties and draw enthusiasm from local area residents. Conway Downtown Alive has been instrumental in economically stimulating the downtown commercial district.

Coastal Carolina University is a dynamic, public comprehensive liberal arts institution located in the City of Conway with 102 buildings on 620 acres. The college has over 10,000 students enrolled for the 2015 Fall session. Students attending Coastal are from 44 states and 55 foreign countries. The University offers 68 areas of study toward the baccalaureate degree and 16 master's degree programs. Horry Georgetown Technical College is a two year institution located in the City of Conway with 11 buildings on 57 acres. The college has over 4,000 students enrolled for 2014 – 2015.

## **Long-term financial planning**

Unassigned fund balance in the general fund is \$10,380,605 which falls within the policy guidelines set by the City Council for budgetary and planning purposes. Those guidelines require the City to maintain an unassigned fund balance in the general fund of at least \$5,200,000. Following its most recent annual review of the City of Conway's Five Year Capital Plan, the Council plans to leave the policy guidelines at \$5.2 million for the general fund's unassigned fund balance.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Conway for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fifth year out of the last twenty seven years that the City of Conway has received this prestigious award. In order to be awarded a Certificate of Achievement, the City of Conway had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department and the various department heads and employees who contributed to its preparation. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report and to the staff of Smith, Sapp, Bookout, Crumpler, and Calliham, P.A. who diligently strived to provide technical guidance and assistance. I would also like to thank the Mayor and all City Council members for their interest and support in planning and conducting the financial operations for the City in a responsible and progressive manner.

Respectfully submitted,



Allison Williams  
Finance Director, City of Conway



Government Finance Officers Association

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

Presented to

**City of Conway  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO



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## FINANCIAL SECTION

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SMITH  
SAPP

Trusted Advisors For Over 60 Years

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www.sccpa.com

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www.sccpa.com

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Conway, South Carolina

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 Conway, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Conway, South Carolina'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 Conway, 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.

Smith Sapp Bookhout Crumpler & Calliham  
A Professional Association of Certified Public Accountants & Consultants

South Carolina Association of Certified Public Accountants  
American Institute of Certified Public Accountants - Private Companies Practice Section

## ***Other-Matters***

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

As described in Note 20 to the financial statements, the City of Conway, South Carolina adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, during the year ended June 30, 2015.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 11), pension plan information (pages 50 - 53), schedule of funding progress (page 54) and budgetary comparison information (pages 55 - 61) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Conway, South Carolina's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, other supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the City of Conway, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Conway, South Carolina's internal control over financial reporting and compliance.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM

Professional Association

Certified Public Accountants and Consultants

Myrtle Beach, South Carolina  
November 20, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

Management of the City of Conway, South Carolina, offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, located at the front of this report, and the City's financial statements, which follow this section.

***Financial Highlights***

- The City adopted GASB 68 –Accounting and Financial Reporting for Pensions, An Amendment of GASB No. 27- where employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangements are required to record the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions.
- The City adopted GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, An Amendment to GASB No. 68 – the objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year 2015 by \$56,423,042 (net position). Of this amount, \$3,018,349 (unrestricted net position) from governmental activities may be used to meet the government's ongoing obligations to citizens and creditors.
- Net long-term liabilities increased by a net \$12,232,921, or 102.31%, which was mainly due to recognition of Net Pension Liability in the amount of \$14,510,434 as required by GASB 68; increase of \$12,274 in accrued compensated absences; offset by net decrease of \$2,822,457 related to long-term debt repayments for Bonds Payable, Net Pension Liability and Compensated Absences.
- The City's total net position increased by \$3,317,396, as restated. This is a result of an increase in net position of our business-type activities of \$1,115,785, as restated, or 5.14%, and an increase in net position of our governmental activities of \$2,201,611, as restated, or 7.01%.
- The City's total revenues amounted to \$30,446,209 during the year ended June 30, 2015. Revenues of governmental activities totaled \$20,380,234, a decrease of 0.49%, and revenues of business type activities were \$10,065,975, an increase of 0.73%.
- During the year ended June 30, 2015, the City's total expenses amounted to \$27,128,813. Expenses of governmental activities totaled \$18,178,623, an increase of 3.46%, and expenses of business-type activities were \$8,950,190, a decrease of 0.27%.
- At June 30, 2015, the City's governmental funds reported combined fund balances of \$13,417,386, a decrease of \$2,050,102 in comparison to the prior year.
- The City's investment in capital assets for the current fiscal year increased \$3,114,746 or 8.48% for governmental activities, and increased \$62,083, or 0.33%, for business-type activities.
- At year-end, the City had outstanding debt and pension liability of \$19,490,644 from governmental activities, an increase of 121.26%, and outstanding debt and pension liability of \$4,138,876 from business-type activities, an increase of 59.19%.

***Overview of the Financial Statements***

The following is a narrative overview and analysis of the financial activities of the City of Conway for the fiscal year ended June 30, 2015. This discussion and analysis is designed to focus the reader's attention on key data presented in the City's basic financial statements. Those statements consist of the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

The information contained in management's discussion and analysis should be read in conjunction with the City's transmittal letter and basic financial statements.

***Government-wide Financial Statements***

The *government-wide financial statements* present a broad view of the financial position and activities of the City of Conway as a whole using the flow of economic resources applied on the accrual basis of accounting. The flow of economic resources refers to all of the assets available to the City for the purpose of providing goods and services to the public. The government-wide financial statements consist of the *statement of net position* and the *statement of activities* which include all governmental and business-type activities of the City, but not its fiduciary activities. Governmental activities are defined as those activities that are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business type activities are defined as those activities that are financed in whole or in part by fees charged to external parties for goods and services.

The *statement of net position* presents all of the assets and liabilities, both current and long-term, of the City of Conway, with the difference between the two reported as net position. The *statement of activities* presents information about how the City's net position changed during the current period. The focus of this statement is on the expenses of the City. Expenses are presented first by functional activity and are directly offset by the revenues that support those functions in order to report net expenses. The remaining revenues of the City, classified as general revenues, are reported separately after net expenses.

***Fund Financial Statements***

The *fund financial statements* present the City's activities in groups of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more information by presenting the City's major funds separately and combining all other funds. The fund financial statements do not present the City as a whole. The City's fund financial statements include governmental, proprietary, and fiduciary funds.

*Governmental fund* financial statements encompass essentially the same functions reported in the government-wide financial statements; however, the focus is very different. Governmental fund financial statements utilize the current financial resources measurement focus applied on the modified accrual basis of accounting. Thus, these financial statements have a short-term emphasis and focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. A reconciliation is presented to facilitate the comparison between the government-wide financial statements which have a long-term emphasis and the governmental fund statements. The City of Conway's governmental financial funds include the general, special revenue, and capital projects funds.

*Proprietary fund* financial statements are used to report activities that operate more like those of commercial enterprises. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. Therefore, a reconciliation between the government-wide financial statements for business-type activities and the proprietary fund financial statements is not necessary. The proprietary fund category includes *enterprise funds* which are used to account for activities for which a fee is charged to external users for goods and services. The City maintains one enterprise fund, the waterworks and sewer fund.

*Fiduciary fund* financial statements are used to account for resources held by the City for the benefit of other parties outside the government. Activities from fiduciary funds are not included in the government-wide financial statements because those resources are not available to support the City's own programs.

***Notes to the Financial Statements***

The notes to the financial statements provide the additional information that is essential for a full and fair presentation of the information provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 27-49.

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

***Other Information***

In addition to the basic financial statements and accompanying notes, a budgetary comparison statement has been provided for the general fund to demonstrate compliance with the annual appropriated budget. This schedule is presented as required supplementary information. Required supplementary information can be found on pages 50-59 of this report.

Other supplementary information is presented immediately following the required supplementary information. This information can be found on page 60-62. The combining and individual fund statements and schedules can be found on pages 63-68.

***The City as a Whole***

Our analysis of government-wide financial information focuses on the net position and changes in net position of the City's governmental and business-type activities.

**City of Conway's Net Position**  
**June 30, 2015**

|                                    | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Total                |                      |
|------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                    | 2015                       | 2014                 | 2015                        | 2014                 | 2015                 | 2014                 |
| Current and Other Assets           | \$ 15,310,704              | \$ 17,684,451        | \$ 9,975,685                | \$ 9,139,560         | \$ 25,286,389        | \$ 26,824,011        |
| Capital Assets                     | <u>39,845,957</u>          | <u>36,731,211</u>    | <u>19,070,019</u>           | <u>19,007,936</u>    | <u>58,915,976</u>    | <u>55,739,147</u>    |
| Total Assets                       | \$ <u>55,156,661</u>       | \$ <u>54,415,662</u> | \$ <u>29,045,704</u>        | \$ <u>28,147,496</u> | \$ <u>84,202,365</u> | \$ <u>82,563,158</u> |
| Deferred Outflows<br>of Resources* | \$ 1,217,026               | \$                   | \$ 166,569                  | \$                   | \$ 1,383,595         | \$                   |
| Long-Term Liabilities              |                            |                      |                             |                      |                      |                      |
| Outstanding*                       | \$ 18,862,066              | \$ 8,178,494         | \$ 3,932,592                | \$ 2,390,838         | \$ 22,794,658        | \$ 10,569,332        |
| Other Liabilities                  | <u>2,747,675</u>           | <u>3,096,833</u>     | <u>2,308,754</u>            | <u>2,292,954</u>     | <u>5,056,429</u>     | <u>5,389,787</u>     |
| Total Liabilities                  | \$ <u>21,609,741</u>       | \$ <u>11,275,327</u> | \$ <u>6,241,346</u>         | \$ <u>4,683,792</u>  | \$ <u>27,851,087</u> | \$ <u>15,959,119</u> |
| Deferred Inflows<br>of Resources*  | \$ 1,161,413               | \$                   | \$ 150,418                  | \$                   | \$ 1,311,831         | \$ 1,311,831         |
| Net position                       |                            |                      |                             |                      |                      |                      |
| Net Investment in                  |                            |                      |                             |                      |                      |                      |
| Capital Assets                     | \$ 32,179,639              | \$ 27,922,338        | \$ 16,715,310               | \$ 16,407,936        | \$ 48,894,949        | \$ 44,330,274        |
| Restricted                         | 2,168,440                  | 1,814,392            | 2,341,304                   | 2,383,205            | 4,509,744            | 4,197,597            |
| Unrestricted                       | <u>(745,546)</u>           | <u>13,403,605</u>    | <u>3,763,895</u>            | <u>4,672,563</u>     | <u>3,018,349</u>     | <u>18,076,168</u>    |
| Total Net position*                | \$ <u>33,602,533</u>       | \$ <u>43,140,335</u> | \$ <u>22,820,509</u>        | \$ <u>23,463,704</u> | \$ <u>56,423,042</u> | \$ <u>66,604,039</u> |

\*Due to implementation of GASB 68, a prior period adjustment of \$13,498,393 is reflected in June 2015. The restated beginning balance for fiscal year 2015 is \$53,105,646.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position at June 30, 2015, was \$56,423,042, an increase of \$3,317,396, or 6.25%, from a year ago, after the restatement of the beginning balance.

The largest portion of the City's net position, \$48,894,949 or 86.66%, reflects its net investment in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**CITY OF CONWAY, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fiscal Year Ended June 30, 2015**

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$4,509,744 of the City's net position, or 7.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$3,018,349 may be used to meet the City's ongoing obligations to citizens and creditors.

Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole as well as for its business-type activities, individually. However, due to the implementation of GASB 68, the governmental activities report a deficit of \$745,546 for its unrestricted category of net position.

Changes in the City's net position during the year ended June 30, 2015 follows.

**City of Conway's Changes in Net Position  
June 30, 2015**

|                                    | <u>Governmental<br/>Activities</u> |                      | <u>Business-Type<br/>Activities</u> |                     | <u>Total</u>         |                      |
|------------------------------------|------------------------------------|----------------------|-------------------------------------|---------------------|----------------------|----------------------|
|                                    | <u>2015</u>                        | <u>2014</u>          | <u>2015</u>                         | <u>2014</u>         | <u>2015</u>          | <u>2014</u>          |
| <b>Revenues</b>                    |                                    |                      |                                     |                     |                      |                      |
| Program Revenues                   |                                    |                      |                                     |                     |                      |                      |
| Charges for Services               | \$ 5,519,289                       | \$ 5,566,542         | \$ 8,945,450                        | \$ 9,034,201        | \$ 14,464,739        | \$ 14,600,743        |
| Operating Grants and Contributions | 395,523                            | 1,087,010            |                                     |                     | 395,523              | 1,087,010            |
| Capital Grants and Contributions   | 86,885                             | 8,891                | 1,092,907                           | 947,797             | 1,179,792            | 956,688              |
| General Revenues                   |                                    |                      |                                     |                     |                      |                      |
| Property Taxes                     | 5,513,255                          | 5,503,048            |                                     |                     | 5,513,255            | 5,503,048            |
| Franchise Fees                     | 1,168,553                          | 1,111,491            |                                     |                     | 1,168,553            | 1,111,491            |
| Other Taxes and Fees               | 782,567                            | 718,386              |                                     |                     | 782,567              | 718,386              |
| Licenses                           | 4,821,157                          | 4,285,765            |                                     |                     | 4,821,157            | 4,285,765            |
| Interest                           | 36,106                             | 36,284               | 12,226                              | 10,760              | 48,332               | 47,044               |
| Grants and Contributions           | 1,268,130                          | 1,448,104            |                                     |                     | 1,268,130            | 1,448,104            |
| Gain on Sale of Capital Assets     | <u>93,869</u>                      | <u>20,502</u>        | <u>15,392</u>                       |                     | <u>109,261</u>       | <u>20,502</u>        |
| Total Revenues                     | \$ <u>19,685,334</u>               | \$ <u>19,786,023</u> | \$ <u>10,065,975</u>                | \$ <u>9,992,758</u> | \$ <u>29,751,309</u> | \$ <u>29,778,781</u> |
| <b>Expenses</b>                    |                                    |                      |                                     |                     |                      |                      |
| Governmental Activities            |                                    |                      |                                     |                     |                      |                      |
| General Government                 | \$ 1,497,794                       | \$ 1,356,599         | \$                                  | \$                  | \$ 1,497,794         | \$ 1,356,599         |
| Public Safety                      | 7,615,337                          | 6,984,545            |                                     |                     | 7,615,337            | 6,984,545            |
| Street                             | 2,748,466                          | 3,082,746            |                                     |                     | 2,748,466            | 3,082,746            |
| Sanitation                         | 1,881,025                          | 1,835,091            |                                     |                     | 1,881,025            | 1,835,091            |
| Intragovernmental                  |                                    |                      |                                     |                     |                      |                      |
| Maintenance                        | 292,595                            | 307,012              |                                     |                     | 292,595              | 307,012              |
| Beautification                     | 661,098                            | 535,069              |                                     |                     | 661,098              | 535,069              |
| Culture and Recreation             | 2,489,723                          | 2,354,040            |                                     |                     | 2,489,723            | 2,354,040            |
| Non-Departmental                   | 835,854                            | 770,874              |                                     |                     | 835,854              | 770,874              |
| Interest and Fiscal Charges        | 156,731                            | 344,833              |                                     |                     | 156,731              | 344,833              |

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

*The City as a Whole (continued)*

**City of Conway's Changes in Net Position**  
**Fiscal Year Ended June 30, 2015**

|                                          | Governmental<br>Activities |               | Business-Type<br>Activities |               | Total         |               |
|------------------------------------------|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
|                                          | 2015                       | 2014          | 2015                        | 2014          | 2015          | 2014          |
| Business Activities                      |                            |               |                             |               |               |               |
| Maintenance                              | \$                         | \$            | \$ 1,035,434                | \$ 1,359,479  | \$ 1,035,434  | \$ 1,359,479  |
| Operations                               |                            |               | 880,928                     | 853,879       | 880,928       | 853,879       |
| Construction                             |                            |               | 786,887                     | 810,005       | 786,887       | 810,005       |
| Non-Departmental                         |                            |               | 4,381,217                   | 4,050,464     | 4,381,217     | 4,050,464     |
| Depreciation and Amort.                  |                            |               | 1,117,644                   | 1,109,632     | 1,117,644     | 1,109,632     |
| Interest and Fiscal Charges              |                            |               | 53,180                      | 95,765        | 53,180        | 95,765        |
| Loss on Sale of Capital<br>Assets        |                            |               |                             | 370           |               | 370           |
| Total Expenses                           | \$ 18,178,623              | \$ 17,570,809 | \$ 8,255,290                | \$ 8,279,594  | \$ 26,433,913 | \$ 25,850,403 |
| Increase in Net Position                 |                            |               |                             |               |               |               |
| Before Transfers                         | \$ 1,506,711               | \$ 2,215,214  | \$ 1,810,685                | \$ 1,713,164  | \$ 3,317,396  | \$ 3,928,378  |
| Transfers                                | 694,900                    | 694,900       | (694,900)                   | (694,900)     |               |               |
| Increase in Net Position                 | \$ 2,201,611               | \$ 2,910,114  | \$ 1,115,785                | \$ 1,018,264  | \$ 3,317,396  | \$ 3,928,378  |
| Net Position –<br>Beginning, as Restated | 31,400,922                 | 40,230,221    | 21,704,724                  | 22,445,440    | 53,105,646    | 62,675,661    |
| Net Position – Ending                    | \$ 33,602,533              | \$ 43,140,335 | \$ 22,820,509               | \$ 23,463,704 | \$ 56,423,042 | \$ 66,604,039 |

The City's total revenues exceeded expenses by \$3,317,396 of which \$2,201,611 was from governmental activities, and \$1,115,785 from business-type activities.

***Governmental Activities***

The City's net position from governmental activities increased \$2,201,611. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, was a deficit of \$745,546 at June 30, 2015.

The City's programs for governmental activities include general government, public safety, street, solid waste, intergovernmental maintenance, beautification, parks and recreation, non-departmental, and interest & fiscal charges.

The cost of all governmental activities for fiscal year 2015 was \$18,178,623. However, as shown in the statement of activities on pages 13 and 14, the amount that taxpayer's ultimately financed for these activities was only \$12,176,926 because some of the cost was paid by those who directly benefited from the programs (\$5,519,288) or by other governments and organizations that subsidized certain programs with grants and contributions (\$482,408). Overall, the City's governmental program revenues were \$6,001,696. The City paid for the remaining "public benefit" portion of governmental activities with general revenues, some of which could only be used for certain programs, totaling \$14,378,537.

***Business-Type Activities***

The City's net position from business-type activities increased \$1,115,785.

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

The City's programs for business-type activities are comprised of waterworks and sewer activities. Revenues of the City's business-type activities were \$10,065,975, a 0.73% increase. Expenses of the City's business-type activities were \$8,950,190, a .27% decrease from personnel costs, materials and supplies expenses, and additional depreciation.

The cost of all business-type activities, \$8,950,190 for fiscal year 2015 as shown in the statement of activities which begins on page 13, were funded from payments by users in the amount \$8,945,450 and from operating and capital contributions in the amount of \$1,092,907. Unrestricted investment earnings were \$12,226, gain on sales of capital assets was \$15,392, and transfers out totaled \$694,900.

***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 fiscal year 2015, the City's governmental funds reported combined ending fund balances of \$13,417,386, a decrease of \$2,050,102. The decrease is primarily due to an increase in capital outlay expenditures. The most significant capital expense being the completion of the Public Safety Building.

Unassigned fund balance of the governmental funds is \$10,180,213 which is available for spending at the City's discretion. The remainder of fund balance is reserved for amounts (1) that are not available for spending or (2) are legally restricted for a specific purpose, or (3) are assigned by the City for a specific purpose.

The General Fund is the primary operating fund of the City. At the end of fiscal year 2015, the fund balance of the General Fund was \$11,651,503 of which \$10,380,605 was unassigned. As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53.0% of total General Fund expenditures, while total fund balance represents a very healthy 59.5% of that same amount.

In the Hospitality Fund, fund balance increased \$115,599 at June 30, 2015. This was primarily due to an increase in hospitality fees.

Fund balance in the Stormwater Management Fund increased by \$67,334 at June 30, 2015. This was primarily due to an increase in Stormwater fees revenues.

In the Community Development Fund, fund balance decreased by \$117,101 at June 30, 2015. This was primarily due to a decrease in Intergovernmental revenues.

***Proprietary Fund***

The City's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail. Those factors discussed previously relating the City's business-type activities are also relevant to the City's proprietary fund. There are no variances.

***General Fund Budgetary Highlights***

The original General Fund budget, as presented in this report, includes the original appropriations authorized by City Council prior to the start of the fiscal year. No supplemental appropriations required authorization by Council for the general fund during the year.

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

*The City's Funds* (continued)

Total general fund revenues exceeded budgetary estimates for the year by \$751,410. Following is the more noteworthy variance from revenue estimates:

- Property tax revenues were over budget by \$25,141.
- Franchise Fees were over budget by \$83,553.
- Licenses and permits exceeded budget by \$370,138 primarily due to an increase in residential building permits and business license collections.
- Intergovernmental revenues exceeded budget by \$171,292 which is was primarily due to increased collections from State shared revenues.
- Recreation center revenues were under budget by \$225,187 which was primarily due to a decrease in membership revenues.

Actual expenditures incurred were \$618,992 less than appropriations. The more significant variances from the budget are noted below:

- Public Safety expenditures were under budget by \$440,152 which was primarily in the area of personnel expenditures.
- Capital outlay expenditures exceeded appropriations by \$219,382 which was primarily due to expenses incurred during the completion of the Public Safety Building.
- General government expenditures were under budget by \$195,831 which was primarily in the area of personnel expenditures

*Capital Assets*

The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2015 amounts to \$58,915,976 as reflected in the following schedule. This represents a net increase of about \$3,176,829, or 5.70%, over last year. More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

|                                    | <b>Capital Assets<br/>(net of depreciation)<br/>June 30, 2015</b> |                      |                             |                      |                      |                      |
|------------------------------------|-------------------------------------------------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                    | Governmental<br>Activities                                        |                      | Business-Type<br>Activities |                      | Total                |                      |
|                                    | 2015                                                              | 2014                 | 2015                        | 2014                 | 2015                 | 2014                 |
| Land                               | \$ 6,253,823                                                      | \$ 6,253,823         | \$ 126,912                  | \$ 126,912           | \$ 6,380,735         | \$ 6,380,735         |
| Land Improvements                  | 1,091,637                                                         | 1,162,279            |                             |                      | 1,091,637            | 1,162,279            |
| Buildings and Improvements         | 15,149,623                                                        | 10,177,887           | 2,883,714                   | 2,973,171            | 18,033,337           | 13,151,058           |
| Other Improvements                 | 2,577,032                                                         | 2,762,598            |                             |                      | 2,577,032            | 2,762,598            |
| Distributions System               |                                                                   |                      | 15,162,849                  | 14,089,721           | 15,162,849           | 14,089,721           |
| Machinery, Equipment &<br>Vehicles | 3,779,640                                                         | 2,210,759            | 872,132                     | 775,328              | 4,651,772            | 2,986,087            |
| Infrastructure                     | 10,967,047                                                        | 11,181,227           |                             |                      | 10,967,047           | 11,181,227           |
| Intangible Assets                  |                                                                   |                      | 24,412                      | 73,239               | 24,412               | 73,239               |
| Construction in Progress           | 27,155                                                            | 2,982,638            |                             | 969,565              | 27,155               | 3,952,203            |
| <b>Total</b>                       | <b>\$ 39,845,957</b>                                              | <b>\$ 36,731,211</b> | <b>\$ 19,070,019</b>        | <b>\$ 19,007,936</b> | <b>\$ 58,915,976</b> | <b>\$ 55,739,147</b> |

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

*Capital Assets (continued)*

Major capital asset events during the fiscal year 2015 related to governmental activities include the following:

- The City invested \$227,083 for the Fireman's Clubhouse renovations.
- The City invested \$105,944 in for the purchase of portable radios for the police department.
- City invested \$175,744 for the purchase of seven vehicles for the police department.
- City invested an additional \$1,748,020 for the completion of the new public safety building, construction began in prior years.
- City invested \$440,464 for the purchase of two new fire trucks for the fire department.
- City invested \$979,155 in various street and drainage projects throughout the City.
- City invested \$626,158 in operating equipment for the sanitation department.

*Debt Administration*

As shown in the table below, the City had \$23,629,520 in bonds, lease/purchase obligations and pension related debt outstanding at year end. This is an increase of \$12,220,647, 107.12%, from the prior year. The increase is due to the addition of the City's net pension liability, in accordance with GASB 68, of \$14,510,434 and a decrease of \$2,289,787 due to principal repayments. More detailed information about the City's debt obligations and future debt service requirements can be found in Note 11 to the financial statements.

The City's outstanding debt at the end of the year is as follows:

**Outstanding Debt  
June 30, 2015**

|                            | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Total                |                      |
|----------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------------|
|                            | 2015                       | 2014                | 2015                        | 2014                | 2015                 | 2014                 |
| General obligation bonds   | \$ 1,666,437               | \$ 2,006,000        | \$                          | \$                  | \$ 1,666,437         | \$ 2,006,000         |
| Tax increment bonds        | 1,782,744                  | 2,021,000           |                             |                     | 1,782,744            | 2,021,000            |
| Revenue bonds              | 3,528,017                  | 3,926,873           | 2,354,709                   | 2,600,000           | 5,882,726            | 6,526,873            |
| Pension Related Debt       | 11,824,326                 |                     | 1,784,167                   |                     | 13,608,493           |                      |
| Lease/Purchase Obligations | <u>689,120</u>             | <u>855,000</u>      |                             |                     | <u>689,120</u>       | <u>855,000</u>       |
| Total liabilities          | <u>\$19,490,644</u>        | <u>\$ 8,808,873</u> | <u>\$ 4,138,876</u>         | <u>\$ 2,600,000</u> | <u>\$ 23,629,520</u> | <u>\$ 11,408,873</u> |

Under current state statutes, the City can issue general obligation debt without referendum whenever the new debt and outstanding balances of existing debt in total do not exceed 8% of taxable assessed values on property located within the city limits. As of June 30, 2015, the amount of new general obligation debt that can be issued without referendum was \$3,521,817.

**CITY OF CONWAY, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Fiscal Year Ended June 30, 2015**

*Economic Factors and Next Year's Budgets and Rate*

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates and fees that will be charged for the business-type activities. Some of those factors are the economy, the population growth rate and inflation rates.

The indicators mentioned above were taken into account when adopting the General Fund budget for fiscal year 2016. Amounts available for appropriation in the General Fund budget are \$18,353,638, a decrease of 3.3% over the final fiscal year 2015 budget of \$18,987,975. Budgeted expenditures are expected to decrease 3.3% to \$18,353,638 from \$18,987,975 in fiscal year 2016. The City has added no major new programs to the fiscal year 2016 budget. If these estimates are realized, the City's budgetary General Fund balance is not expected to change in fiscal year 2016.

As for the City's business-type activities, the anticipated revenues and expenses for Waterworks and Sewer System will increase by 10.8% for the fiscal year 2016.

*Requests for Information*

This financial report is designed to provide a general overview of the City of Conway's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director at City of Conway, Post Office Drawer 1075, Conway, South Carolina 29528-1075.



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## BASIC FINANCIAL STATEMENTS

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**CITY OF CONWAY, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**June 30, 2015**

|                                            | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>                |
|--------------------------------------------|------------------------------------|-------------------------------------|-----------------------------|
| <b>ASSETS</b>                              |                                    |                                     |                             |
| Cash and Temporary Investments             | \$ 12,095,477                      | \$ 4,571,126                        | \$ 16,666,603               |
| Receivables (Net)                          | 2,009,912                          | 1,218,058                           | 3,227,970                   |
| Due from Other Funds                       | -                                  | 15,392                              | 15,392                      |
| Inventories                                | 99,614                             | 690,984                             | 790,598                     |
| Restricted Cash and Temporary Investments  | 1,105,701                          | 3,480,125                           | 4,585,826                   |
| Land and Construction In Progress          | 6,253,823                          | 126,912                             | 6,380,735                   |
| Other Capital Assets (Net)                 | <u>33,592,134</u>                  | <u>18,943,107</u>                   | <u>52,535,241</u>           |
| Total Assets                               | \$ <u>55,156,661</u>               | \$ <u>29,045,704</u>                | \$ <u>84,202,365</u>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      |                                    |                                     |                             |
| Related to Pension Plans                   | \$ <u>1,217,026</u>                | \$ <u>166,569</u>                   | \$ <u>1,383,595</u>         |
| <b>LIABILITIES</b>                         |                                    |                                     |                             |
| Accounts Payable and Accrued Expenses      | \$ 1,085,574                       | \$ 706,292                          | \$ 1,791,866                |
| Due to Other Funds                         | 15,392                             | -                                   | 15,392                      |
| Liabilities Payable from Restricted Assets | 424,165                            | 1,138,821                           | 1,562,986                   |
| Unearned Revenue                           | 67,592                             | 223,600                             | 291,192                     |
| Noncurrent Liabilities:                    |                                    |                                     |                             |
| Due Within One Year                        | 1,154,952                          | 240,041                             | 1,394,993                   |
| Due in More Than One Year                  | <u>18,862,066</u>                  | <u>3,932,592</u>                    | <u>22,794,658</u>           |
| Total Liabilities                          | \$ <u>21,609,741</u>               | \$ <u>6,241,346</u>                 | \$ <u>27,851,087</u>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                                    |                                     |                             |
| Related to Pension Plans                   | \$ <u>1,161,413</u>                | \$ <u>150,418</u>                   | \$ <u>1,311,831</u>         |
| <b>NET POSITION</b>                        |                                    |                                     |                             |
| Net Investment in Capital Assets           | \$ 32,179,639                      | \$ 16,715,310                       | \$ 48,894,949               |
| Restricted for:                            |                                    |                                     |                             |
| Community Development                      | 1,557,834                          | -                                   | 1,557,834                   |
| Public Safety Programs                     | 202,165                            | -                                   | 202,165                     |
| Tourism                                    | 408,441                            | -                                   | 408,441                     |
| Restricted for Capital Projects            | -                                  | 2,341,304                           | 2,341,304                   |
| Unrestricted                               | <u>(745,546)</u>                   | <u>3,763,895</u>                    | <u>3,018,349</u>            |
| Total Net Position                         | \$ <u><u>33,602,533</u></u>        | \$ <u><u>22,820,509</u></u>         | \$ <u><u>56,423,042</u></u> |

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

**CITY OF CONWAY, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

| Functions / Programs          | Expenses             | Program Revenues        |                                          |                                        |
|-------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|
|                               |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Governmental Activities:      |                      |                         |                                          |                                        |
| General Government            | \$ 1,497,794         | \$ 7,836                | \$ 10,082                                | \$ -                                   |
| Public Safety                 | 7,615,337            | 883,480                 | 248,386                                  | 84,375                                 |
| Street                        | 2,748,466            | 1,045,648               | 76,220                                   | 2,510                                  |
| Sanitation                    | 1,881,025            | 2,510,044               | -                                        | -                                      |
| Intragovernmental Maintenance | 292,595              | -                       | -                                        | -                                      |
| Beautification                | 661,098              | -                       | -                                        | -                                      |
| Culture and Recreation        | 2,489,723            | 1,072,280               | 60,835                                   | -                                      |
| Non-Departmental              | 835,854              | -                       | -                                        | -                                      |
| Interest and Fiscal Charges   | 156,731              | -                       | -                                        | -                                      |
| Total Governmental Activities | <u>\$ 18,178,623</u> | <u>\$ 5,519,288</u>     | <u>\$ 395,523</u>                        | <u>\$ 86,885</u>                       |
| Business-Type Activities:     |                      |                         |                                          |                                        |
| Water & Sewer                 | <u>\$ 8,255,290</u>  | <u>\$ 8,945,450</u>     | <u>\$ -</u>                              | <u>\$ 1,092,907</u>                    |
| Total                         | <u>\$ 26,433,913</u> | <u>\$ 14,464,738</u>    | <u>\$ 395,523</u>                        | <u>\$ 1,179,792</u>                    |

General Revenues:

Property Taxes  
 In Lieu of Property Taxes  
 Franchise Fee Taxes  
 Hospitality Fee Taxes  
 Local Accommodations Tax  
 Business License Taxes  
 Grants and Contributions not Restricted to Specific Programs  
 Unrestricted Investment Earnings  
 Gain (Loss) on Sale of Capital Assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning , as Previously Reported  
 Cumulative Effect of Adopting GASB Statement No. 68  
 Net Position - Beginning , as Restated

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>           |
|------------------------------------|-------------------------------------|------------------------|
| \$ (1,479,876)                     | \$ -                                | \$ (1,479,876)         |
| (6,399,096)                        | -                                   | (6,399,096)            |
| (1,624,088)                        | -                                   | (1,624,088)            |
| 629,019                            | -                                   | 629,019                |
| (292,595)                          | -                                   | (292,595)              |
| (661,098)                          | -                                   | (661,098)              |
| (1,356,608)                        | -                                   | (1,356,608)            |
| (835,854)                          | -                                   | (835,854)              |
| (156,731)                          | -                                   | (156,731)              |
| <u>\$ (12,176,927)</u>             | <u>\$ -</u>                         | <u>\$ (12,176,927)</u> |
| <br>                               |                                     |                        |
| <u>\$ -</u>                        | <u>\$ 1,783,067</u>                 | <u>\$ 1,783,067</u>    |
| <br>                               |                                     |                        |
| <u>\$ (12,176,927)</u>             | <u>\$ 1,783,067</u>                 | <u>\$ (10,393,860)</u> |
| <br>                               |                                     |                        |
| \$ 5,513,255                       | \$ -                                | \$ 5,513,255           |
| 36,543                             | -                                   | 36,543                 |
| 1,168,553                          | -                                   | 1,168,553              |
| 722,318                            | -                                   | 722,318                |
| 23,706                             | -                                   | 23,706                 |
| 4,821,157                          | -                                   | 4,821,157              |
| 1,268,130                          | -                                   | 1,268,130              |
| 36,107                             | 12,226                              | 48,333                 |
| 93,869                             | 15,392                              | 109,261                |
| 694,900                            | (694,900)                           | -                      |
| <u>\$ 14,378,538</u>               | <u>\$ (667,282)</u>                 | <u>\$ 13,711,256</u>   |
| <br>                               |                                     |                        |
| <u>\$ 2,201,611</u>                | <u>\$ 1,115,785</u>                 | <u>\$ 3,317,396</u>    |
| <br>                               |                                     |                        |
| 43,140,335                         | 23,463,704                          | 66,604,039             |
| (11,739,413)                       | (1,758,980)                         | (13,498,393)           |
| <u>31,400,922</u>                  | <u>21,704,724</u>                   | <u>53,105,646</u>      |
| <br>                               |                                     |                        |
| <u>\$ 33,602,533</u>               | <u>\$ 22,820,509</u>                | <u>\$ 56,423,042</u>   |

## CITY OF CONWAY, SOUTH CAROLINA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

|                                                                           | General<br>Fund      | Hospitality<br>Fund | Stormwater<br>Management<br>Fund |
|---------------------------------------------------------------------------|----------------------|---------------------|----------------------------------|
| <b>ASSETS</b>                                                             |                      |                     |                                  |
| Cash and Temporary Investments                                            | \$ 10,687,415        | \$ 291,447          | \$ 655,878                       |
| Receivables (Net):                                                        |                      |                     |                                  |
| Property Taxes                                                            | 284,481              | -                   | -                                |
| Franchise Fees                                                            | 371,120              | -                   | -                                |
| Local Accommodations Tax                                                  | -                    | -                   | -                                |
| Hospitality Fees                                                          | -                    | 61,170              | -                                |
| Interest                                                                  | 11,816               | -                   | -                                |
| Intergovernmental                                                         | 219,066              | -                   | -                                |
| Other                                                                     | 514,901              | -                   | -                                |
| Due From Other Funds                                                      | 184,217              | -                   | -                                |
| Inventories                                                               | 99,614               | -                   | -                                |
| Restricted Cash and Temporary Investments                                 | 1,105,701            | -                   | -                                |
| <b>Total Assets</b>                                                       | <b>\$ 13,478,331</b> | <b>\$ 352,617</b>   | <b>\$ 655,878</b>                |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                      |                     |                                  |
| Liabilities:                                                              |                      |                     |                                  |
| Accounts Payable and Accrued Expenditures                                 | \$ 1,035,198         | \$ 1,643            | \$ 11,371                        |
| Due to Other Fund                                                         | 15,392               | -                   | -                                |
| Payable From Restricted Assets:                                           |                      |                     |                                  |
| Performance Bonds                                                         | 373,324              | -                   | -                                |
| Court Bonds                                                               | 11,452               | -                   | -                                |
| Narcotics Funds on Hand                                                   | 39,389               | -                   | -                                |
| Unearned Revenue                                                          | 67,592               | -                   | -                                |
| <b>Total Liabilities</b>                                                  | <b>\$ 1,542,347</b>  | <b>\$ 1,643</b>     | <b>\$ 11,371</b>                 |
| Deferred Inflows of Resources                                             | \$ 284,481           | \$ -                | \$ -                             |
| Fund Balances:                                                            |                      |                     |                                  |
| Unspendable                                                               |                      |                     |                                  |
| Inventories                                                               | \$ 99,614            | \$ -                | \$ -                             |
| Restricted                                                                |                      |                     |                                  |
| Accommodations                                                            | -                    | -                   | -                                |
| Hospitality                                                               | -                    | 350,974             | -                                |
| Narcotics Law Enforcement                                                 | 9,430                | -                   | -                                |
| Street and Drainage Project                                               | -                    | -                   | -                                |
| Stormwater                                                                | -                    | -                   | 644,507                          |
| Tax Increment                                                             | -                    | -                   | -                                |
| Victims Assistance                                                        | 192,735              | -                   | -                                |
| Assigned                                                                  |                      |                     |                                  |
| Beautification                                                            | 952                  | -                   | -                                |
| Lakeside Cemetery                                                         | 254,193              | -                   | -                                |
| Recreation Center                                                         | 551,403              | -                   | -                                |
| Sanitation Department                                                     | 157,207              | -                   | -                                |
| Sculpture Trail                                                           | 5,364                | -                   | -                                |
| Unassigned                                                                | 10,380,605           | -                   | -                                |
| <b>Total Fund Balances</b>                                                | <b>\$ 11,651,503</b> | <b>\$ 350,974</b>   | <b>\$ 644,507</b>                |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 13,478,331</b> | <b>\$ 352,617</b>   | <b>\$ 655,878</b>                |

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

| Community<br>Development<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$                               | \$ 460,737                     | \$ 12,095,477                  |
| -                                | 9,460                          | 293,941                        |
| -                                | -                              | 371,120                        |
| -                                | 2,271                          | 2,271                          |
| -                                | -                              | 61,170                         |
| -                                | -                              | 11,816                         |
| -                                | 535,627                        | 754,693                        |
| -                                | -                              | 514,901                        |
| -                                | -                              | 184,217                        |
| -                                | -                              | 99,614                         |
| -                                | -                              | -                              |
| -                                | -                              | 1,105,701                      |
| \$ -                             | \$ 1,008,095                   | \$ 15,494,921                  |

|            |           |              |
|------------|-----------|--------------|
| \$ 16,175  | \$ 27,841 | \$ 1,092,228 |
| 184,217    | -         | 199,609      |
| -          | -         | -            |
| -          | -         | 373,324      |
| -          | -         | 11,452       |
| -          | -         | 39,389       |
| -          | -         | 67,592       |
| \$ 200,392 | \$ 27,841 | \$ 1,783,594 |

|      |          |            |
|------|----------|------------|
| \$ - | \$ 9,460 | \$ 293,941 |
|------|----------|------------|

|              |            |               |
|--------------|------------|---------------|
| \$ -         | \$ -       | \$ 99,614     |
| -            | -          | -             |
| -            | 57,467     | 57,467        |
| -            | -          | 350,974       |
| -            | -          | 9,430         |
| -            | 559,972    | 559,972       |
| -            | -          | 644,507       |
| -            | 353,355    | 353,355       |
| -            | -          | 192,735       |
| -            | -          | 952           |
| -            | -          | 254,193       |
| -            | -          | 551,403       |
| -            | -          | 157,207       |
| -            | -          | 5,364         |
| (200,392)    | -          | 10,180,213    |
| \$ (200,392) | \$ 970,794 | \$ 13,417,386 |

|      |              |               |
|------|--------------|---------------|
| \$ - | \$ 1,008,095 | \$ 15,494,921 |
|------|--------------|---------------|

**CITY OF CONWAY, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**June 30, 2015**

|                                                                                                                                              |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Total Fund Balances - Total Governmental Funds                                                                                               | \$ 13,417,386               |
| Amounts reported for governmental activities in the statement of net position are different because:                                         |                             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    | 39,845,957                  |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.                   | 349,554                     |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | <u>(20,010,364)</u>         |
| <b>Net Position of Governmental Activities</b>                                                                                               | <b>\$ <u>33,602,533</u></b> |

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

## CITY OF CONWAY, SOUTH CAROLINA

Page 1 of 2

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

|                                                              | General<br>Fund             | Hospitality<br>Fund      | Stormwater<br>Management<br>Fund |
|--------------------------------------------------------------|-----------------------------|--------------------------|----------------------------------|
| <b>REVENUES</b>                                              |                             |                          |                                  |
| Property Taxes                                               | \$ 5,149,141                | \$ -                     | \$ -                             |
| Franchise Fees                                               | 1,168,553                   | -                        | -                                |
| Hospitality Fees                                             | -                           | 722,318                  | -                                |
| Local Accommodations Tax                                     | -                           | -                        | -                                |
| Stormwater Fees                                              | -                           | -                        | 1,038,509                        |
| Licenses and Permits                                         | 5,229,838                   | -                        | -                                |
| Fines and Forfeitures                                        | 292,622                     | -                        | -                                |
| Interest                                                     | 32,981                      | 416                      | 1,438                            |
| Intergovernmental                                            | 761,767                     | -                        | 2,510                            |
| Charges for Services                                         | 2,483,556                   | -                        | -                                |
| Recreation Center                                            | 774,313                     | -                        | -                                |
| Other                                                        | 689,065                     | -                        | 7,140                            |
| Total Revenues                                               | <u>\$ 16,581,836</u>        | <u>\$ 722,734</u>        | <u>\$ 1,049,597</u>              |
| <b>EXPENDITURES</b>                                          |                             |                          |                                  |
| Current:                                                     |                             |                          |                                  |
| General Government                                           | \$ 1,425,036                | \$ -                     | \$ -                             |
| Public Safety                                                | 7,121,356                   | -                        | -                                |
| Street                                                       | 639,417                     | -                        | 761,589                          |
| Sanitation                                                   | 1,668,440                   | -                        | -                                |
| Intragovernmental Maintenance                                | 202,577                     | -                        | -                                |
| Beautification                                               | 640,228                     | -                        | -                                |
| Culture and Recreation                                       | 1,724,384                   | 200,836                  | -                                |
| Non-Departmental                                             | 751,869                     | -                        | -                                |
| Capital Outlay                                               | 4,875,187                   | -                        | 46,801                           |
| Debt Service                                                 | 546,189                     | 303,849                  | 173,873                          |
| Total Expenditures                                           | <u>\$ 19,594,683</u>        | <u>\$ 504,685</u>        | <u>\$ 982,263</u>                |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>\$ (3,012,847)</u>       | <u>\$ 218,049</u>        | <u>\$ 67,334</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                             |                          |                                  |
| Sale of Capital Assets                                       | \$ 93,869                   | \$ -                     | \$ -                             |
| Proceeds from Insurance Recoveries                           | 3,124                       | -                        | -                                |
| Transfers In                                                 | 823,958                     | -                        | -                                |
| Transfers Out                                                | -                           | (102,450)                | -                                |
| Total Other Financing Sources (Uses)                         | <u>\$ 920,951</u>           | <u>\$ (102,450)</u>      | <u>\$ -</u>                      |
| <b>Net Change in Fund Balances</b>                           | <u>\$ (2,091,896)</u>       | <u>\$ 115,599</u>        | <u>\$ 67,334</u>                 |
| Fund Balances - Beginning                                    | <u>13,743,399</u>           | <u>235,375</u>           | <u>577,173</u>                   |
| <b>Fund Balances - Ending</b>                                | <u><u>\$ 11,651,503</u></u> | <u><u>\$ 350,974</u></u> | <u><u>\$ 644,507</u></u>         |

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

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

|                                                              | Community<br>Development<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>                                              |                                  |                                |                                |
| Property Taxes                                               | \$ -                             | \$ 359,125                     | \$ 5,508,266                   |
| Franchise Fees                                               | -                                | -                              | 1,168,553                      |
| Hospitality Fees                                             | -                                | -                              | 722,318                        |
| Local Accommodations Tax                                     | -                                | 23,706                         | 23,706                         |
| Stormwater Fees                                              | -                                | -                              | 1,038,509                      |
| Licenses and Permits                                         | -                                | -                              | 5,229,838                      |
| Fines and Forfeitures                                        | -                                | -                              | 292,622                        |
| Interest                                                     | 17                               | 1,254                          | 36,106                         |
| Intergovernmental                                            | 59,347                           | 788,860                        | 1,612,484                      |
| Charges for Services                                         | -                                | -                              | 2,483,556                      |
| Recreation Center                                            | -                                | -                              | 774,313                        |
| Other                                                        | -                                | -                              | 696,205                        |
| Total Revenues                                               | <u>\$ 59,364</u>                 | <u>\$ 1,172,945</u>            | <u>\$ 19,586,476</u>           |
| <b>EXPENDITURES</b>                                          |                                  |                                |                                |
| Current:                                                     |                                  |                                |                                |
| General Government                                           | \$ -                             | \$ -                           | \$ 1,425,036                   |
| Public Safety                                                | 13,000                           | -                              | 7,134,356                      |
| Street                                                       | 107,210                          | 69,112                         | 1,577,328                      |
| Sanitation                                                   | -                                | -                              | 1,668,440                      |
| Intragovernmental Maintenance                                | -                                | -                              | 202,577                        |
| Beautification                                               | -                                | -                              | 640,228                        |
| Culture and Recreation                                       | -                                | -                              | 1,925,220                      |
| Non-Departmental                                             | 56,256                           | 62,964                         | 871,089                        |
| Capital Outlay                                               | -                                | 764,959                        | 5,686,947                      |
| Debt Service                                                 | -                                | 273,339                        | 1,297,250                      |
| Total Expenditures                                           | <u>\$ 176,466</u>                | <u>\$ 1,170,374</u>            | <u>\$ 22,428,471</u>           |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>\$ (117,102)</u>              | <u>\$ 2,571</u>                | <u>\$ (2,841,995)</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                  |                                |                                |
| Sale of Capital Assets                                       | \$ -                             | \$ -                           | \$ 93,869                      |
| Proceeds from Insurance Recoveries                           | -                                | -                              | 3,124                          |
| Transfers In                                                 | -                                | -                              | 823,958                        |
| Transfers Out                                                | -                                | (26,608)                       | (129,058)                      |
| Total Other Financing Sources (Uses)                         | <u>\$ -</u>                      | <u>\$ (26,608)</u>             | <u>\$ 791,893</u>              |
| <b>Net Change in Fund Balances</b>                           | <u>\$ (117,102)</u>              | <u>\$ (24,037)</u>             | <u>\$ (2,050,102)</u>          |
| Fund Balances - Beginning                                    | <u>(83,290)</u>                  | <u>994,831</u>                 | <u>15,467,488</u>              |
| <b>Fund Balances - Ending</b>                                | <u><u>\$ (200,392)</u></u>       | <u><u>\$ 970,794</u></u>       | <u><u>\$ 13,417,386</u></u>    |

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

CITY OF CONWAY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

|                                                                                                                                                                                                                                                                                                                                              |                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Net Change in Fund Balances - Total Governmental Funds                                                                                                                                                                                                                                                                                       | \$ (2,050,102)      |
| Amounts reported for governmental activities in the statement of activities are different because:                                                                                                                                                                                                                                           |                     |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,686,947) were more than depreciation (\$2,572,201) in the current period. | 3,114,746           |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.                                                                                                                                                                                                           | 4,989               |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets.                                                                           | 1,142,555           |
| 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 governmental funds.                                                                                                                                                          | <u>(10,577)</u>     |
| Change in Net Position of Governmental Activities                                                                                                                                                                                                                                                                                            | \$ <u>2,201,611</u> |

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

## CITY OF CONWAY, SOUTH CAROLINA

Page 1 of 2

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE**  
**June 30, 2015**

|                                                     | <u>Enterprise Fund</u>               |
|-----------------------------------------------------|--------------------------------------|
|                                                     | <u>Waterworks and<br/>Sewer Fund</u> |
| <b>ASSETS</b>                                       |                                      |
| Current Assets:                                     |                                      |
| Cash on Hand                                        | \$ 1,100                             |
| Cash in Banks and Temporary Investments             | 4,570,026                            |
| Restricted Cash and Temporary Investments           |                                      |
| Customers Deposits                                  | 1,138,821                            |
| Receivables (Net):                                  |                                      |
| Accounts                                            | 1,010,613                            |
| Interest - Unrestricted                             | 948                                  |
| Interest - Restricted                               | 1,427                                |
| Due from Other Funds                                | 15,392                               |
| Other                                               | 205,070                              |
| Inventories                                         | 690,984                              |
| Total Current Assets                                | \$ <u>7,634,381</u>                  |
| Noncurrent Assets:                                  |                                      |
| Restricted Cash and Temporary Investments           | \$ 2,341,304                         |
| Land                                                | 126,912                              |
| Other Capital Assets (Net)                          | 18,943,107                           |
| Total Noncurrent Assets                             | \$ <u>21,411,323</u>                 |
| <b>Total Assets</b>                                 | \$ <u>29,045,704</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                      |
| Related to Pension Plan                             | \$ <u>166,569</u>                    |
| <b>LIABILITIES</b>                                  |                                      |
| Current Liabilities:                                |                                      |
| Accounts Payable and Accrued Expenses               | \$ 706,292                           |
| Revenue Bonds                                       | 240,041                              |
| Unearned Revenue                                    | 223,600                              |
| Current Liabilities Payable From Restricted Assets: |                                      |
| Customer Deposits                                   | 1,138,821                            |
| Total Current Liabilities                           | \$ <u>2,308,754</u>                  |

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

## CITY OF CONWAY, SOUTH CAROLINA

Page 2 of 2

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE**  
**June 30, 2015**

|                                          | <u>Enterprise Fund</u>               |
|------------------------------------------|--------------------------------------|
|                                          | <u>Waterworks and<br/>Sewer Fund</u> |
| Noncurrent Liabilities:                  |                                      |
| Compensated Absences                     | \$ 33,757                            |
| Revenue Bonds (Net)                      | 2,114,668                            |
| Net Pension Liability                    | 1,784,167                            |
| Total Noncurrent Liabilities             | <u>\$ 3,932,592</u>                  |
| <b>Total Liabilities</b>                 | <u>\$ 6,241,346</u>                  |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b> |                                      |
| Related to Pension Plan                  | \$ <u>150,418</u>                    |
| <br><b>NET POSITION</b>                  |                                      |
| Net Investment in Capital Assets         | \$ 16,715,310                        |
| Restricted for Capital Projects          | 2,341,304                            |
| Unrestricted                             | 3,763,895                            |
| <b>Total Net Position</b>                | <u><u>\$ 22,820,509</u></u>          |

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

**CITY OF CONWAY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**Year Ended June 30, 2015**

|                                                        | <u>Enterprise Fund</u>               |
|--------------------------------------------------------|--------------------------------------|
|                                                        | <u>Waterworks and<br/>Sewer Fund</u> |
| <b>OPERATING REVENUES</b>                              |                                      |
| Water Usage, Tap Fees and Penalties                    | \$ 6,387,048                         |
| Sewer Usage, Tap Fees and Penalties                    | 2,177,074                            |
| Miscellaneous                                          | 381,328                              |
| Total Operating Revenues                               | \$ <u>8,945,450</u>                  |
| <b>OPERATING EXPENSES</b>                              |                                      |
| Maintenance                                            | \$ 1,038,228                         |
| Operations                                             | 880,928                              |
| Construction                                           | 786,887                              |
| Non-Departmental                                       | 4,332,390                            |
| Depreciation and Amortization                          | 1,166,471                            |
| Total Operating Expenses                               | \$ <u>8,204,904</u>                  |
| Operating Income                                       | \$ <u>740,546</u>                    |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                |                                      |
| Unrestricted Interest Earned                           | \$ 12,226                            |
| Gain on Sale of Capital Assets                         | 15,392                               |
| Insurance Recoveries                                   | 2,794                                |
| Interest Expense                                       | (53,180)                             |
| Total Nonoperating Revenues (Expenses)                 | \$ <u>(22,768)</u>                   |
| Income Before Contributions and Transfers              | \$ <u>717,778</u>                    |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                     |                                      |
| Capital Contributions                                  | \$ 1,085,400                         |
| Restricted Interest Earned                             | 7,507                                |
| Transfer Out                                           | (694,900)                            |
| Total Contributions and Transfers                      | \$ <u>398,007</u>                    |
| <b>Change in Net Position</b>                          | \$ 1,115,785                         |
| Total Net Position - Beginning, as Previously Reported | 23,463,704                           |
| Cumulative Effect of Adopting GASB Statement No. 68    | (1,758,980)                          |
| Total Net Position - Beginning, as Restated            | \$ <u>21,704,724</u>                 |
| <b>Total Net Position - Ending</b>                     | <u><u>22,820,509</u></u>             |

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

## CITY OF CONWAY, SOUTH CAROLINA

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**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended June 30, 2015**

|                                                                                | <u>Enterprise Fund</u>               |
|--------------------------------------------------------------------------------|--------------------------------------|
|                                                                                | <u>Waterworks and<br/>Sewer Fund</u> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |                                      |
| Receipts From Customers                                                        | \$ 8,851,798                         |
| Payments to Suppliers                                                          | (6,451,839)                          |
| Payments to Employees                                                          | (1,032,828)                          |
| Other Receipts                                                                 | 392,963                              |
| Net Cash and Cash Equivalents Provided by Operating Activities                 | \$ <u>1,760,094</u>                  |
| <br><b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                     |                                      |
| Transfer Out                                                                   | \$ <u>(694,900)</u>                  |
| Net Cash and Cash Equivalents Used by NonCapital Financing Activities          | \$ <u>(694,900)</u>                  |
| <br><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>            |                                      |
| Principal Payments on Revenue Bonds                                            | \$ (245,291)                         |
| Interest Paid on Revenue Bonds                                                 | (53,180)                             |
| Capital Contributions                                                          | 1,085,400                            |
| Insurance Recoveries                                                           | 2,794                                |
| Purchases of Capital Assets                                                    | (1,228,555)                          |
| Net Cash and Cash Equivalents Used by Capital and Related Financing Activities | \$ <u>(438,832)</u>                  |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                                      |
| Investment Maturities                                                          | \$ 3,683,288                         |
| Investment Purchases                                                           | (3,694,171)                          |
| Interest Received                                                              | 19,876                               |
| Net Cash and Cash Equivalents Used by Investing Activities                     | \$ <u>8,993</u>                      |
| <br><b>Net Increase in Cash and Cash Equivalents</b>                           | \$ 635,355                           |
| <br><b>Cash and Cash Equivalents - Beginning</b>                               | <u>3,721,725</u>                     |
| <br><b>Cash and Cash Equivalents - Ending</b>                                  | <u>\$ 4,357,080</u>                  |

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

## CITY OF CONWAY, SOUTH CAROLINA

Page 2 of 2

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 Year Ended June 30, 2015

|                                                                                                                            | <u>Enterprise Fund</u>               |
|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
|                                                                                                                            | <u>Waterworks and<br/>Sewer Fund</u> |
| <br><b><u>Reconciliation of Operating Income to Net Cash and<br/>Cash Equivalents Provided by Operating Activities</u></b> |                                      |
| Operating Income                                                                                                           | \$ 740,546                           |
| Adjustments to Reconcile Operating Income<br>to Net Cash and Cash Equivalents<br>Provided by Operating Activities:         |                                      |
| Depreciation and Amortization                                                                                              | 1,166,471                            |
| Decrease in Accounts Receivable                                                                                            | 40,261                               |
| Decrease in Other Receivable                                                                                               | 11,635                               |
| (Increase) in Inventories                                                                                                  | (226,533)                            |
| (Decrease) in Accounts Payable<br>and Accrued Expenses                                                                     | (226,535)                            |
| Increase in Unearned Revenue                                                                                               | 179,900                              |
| Increase in Customer Deposits Payable                                                                                      | 67,515                               |
| (Decrease) in Compensated Absences                                                                                         | (2,202)                              |
| Increase in Pension Liability                                                                                              | 9,036                                |
| Net Cash and Cash Equivalents Provided by Operating Activities                                                             | \$ <u>1,760,094</u>                  |

|                                                                                    |                                           |
|------------------------------------------------------------------------------------|-------------------------------------------|
| <b><u>Reconciliation of Cash and Cash Equivalents</u></b>                          |                                           |
| Unrestricted Cash and Temporary Investments                                        | \$ 4,571,126                              |
| Restricted Cash and Temporary Investments                                          | <u>3,480,125</u>                          |
| Temporary Investments With Original Maturity<br>Dates of Greater Than Three Months | \$ <u>8,051,251</u><br><u>(3,694,171)</u> |
| Cash and Cash Equivalents                                                          | \$ <u>4,357,080</u>                       |

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

**CITY OF CONWAY, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUND**  
**June 30, 2015**

**ASSETS**

|                                |                  |
|--------------------------------|------------------|
| Cash and Temporary Investments | \$ <u>97,506</u> |
|--------------------------------|------------------|

**LIABILITIES**

|                              |                  |
|------------------------------|------------------|
| Due to Firemen's Association | \$ <u>97,506</u> |
|------------------------------|------------------|

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Government and Operations**

The City of Conway is a municipal corporation of the State of South Carolina, located in the coastal region of South Carolina in Horry County, and as such possesses all the general powers granted by the Constitution and laws of South Carolina to municipal corporations.

The City operates under the Council-Administrator form of government. The City Council is composed of six members and the Mayor, who serves as presiding officer. The Council is the legislative body of the City and has the major responsibility of determining the policies and direction of the municipal government.

The City Administrator is appointed by Council and serves as the chief administrative officer of the City. As such, he administers the daily operations of the City through appointed department heads.

The City's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant GASB pronouncements. The City is also required to apply, when applicable, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. Although the City has the option of applying FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so.

The more significant accounting policies of the City are described below.

**Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units; potential component units are legally separate organizations for which the elected officials of the City of Conway might be considered to be financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, based on Statement No. 39 of the Governmental Accounting Standards Board. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents; it follows that an accountability perspective should provide the basis for defining the financial reporting entity. In accordance with that concept, the City of Conway financial reporting entity consists only of all of the departments and funds of the City of Conway, the primary government; no other separate entities have been included in the reporting entity (and these financial statements) because the City of Conway is not financially accountable for any other separate organizations, and there are no other organizations for which the nature and significance of their relationship with the City of Conway is such that exclusion would cause the financial statements to be misleading or incomplete.

**Government-Wide Financial Statements**

The City's government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City as a whole. For the most part, the effect of interfund activity (other than services provided and used), within the governmental and business-type columns has been removed from these 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.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis. The City's net position is reported in three parts: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Government-Wide Financial Statements** *(continued)*

The government-wide 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 (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (b) 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 government-wide financial statement focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and demonstrate legal compliance. Separate fund financial statements are presented for governmental, proprietary, and fiduciary activities (even though the latter are excluded from the government-wide financial statements). The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Each major fund, determined in accordance with criteria established by the Governmental Accounting Standards Board, is presented in a separate column on the fund financial statements. All nonmajor funds are aggregated and reported in a single column on each of the fund statements.

The City's fiduciary fund is presented in the fiduciary fund financial statement by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

*Governmental Funds*

The focus of the governmental funds' measurement, in the fund statements, is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the City's governmental funds:

- The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is reported as a major governmental fund.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City uses the following special revenue funds: 1) accommodations tax fund, 2) hospitality fee, 3) stormwater management, 4) street and drainage project, and 5) tax increment revenue. The hospitality fee fund, which is a major fund, is used to account for a 1% fee imposed on accommodations, paid places of amusement and food and beverages served by a food facility for the purpose of tourism related expenditures. The stormwater management fund, which is also a major fund, is used to account for revenue generated from user fees assessed to residents and businesses within the City on a monthly basis in order to provide for the planning, operation, and maintenance of the stormwater system of the City. All the other special revenue funds are nonmajor funds.
- The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Fund Financial Statements** *(continued)*

City uses the following capital projects fund, which is classified as a major fund: 1) community development.

*Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the City's proprietary fund:

- The Enterprise fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The City reports one major proprietary fund: The waterworks and sewer fund is an enterprise fund that is used to account for the provision of water and sewer services to the residents of the City and surrounding areas.

*Fiduciary Funds*

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Fiduciary funds are not included in the government-wide financial statement, but are reported in the fund statements where the reporting focus is on net position and changes in net position. The City utilizes one fiduciary fund: The firemen's agency fund is used to account for insurance premium rebates remitted by the State Treasurer to be expended for the collective benefit and enjoyment of the City firefighters.

**Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statement presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenue to be available if collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Measurement Focus and Basis of Accounting** *(continued)*

The City considers property taxes, business licenses, hospitality fees, storm water fees, intergovernmental revenues and charges for services to be susceptible to accrual. Major revenues that are determined not to be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period or are not objectively measurable include, permits and fines and forfeitures.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues, expenditures/expenses, and other sources and uses recognized during the reporting period. Actual results could differ from those amounts.

**Cash and Temporary Investments**

The City pools the cash of all funds into a central depository bank account except where legal restrictions prohibit the commingling of funds or when alternative deposit or investment accounts are better able to meet particular City needs. Temporary investments are then made from the account in collaborative form in order to maximize the return on invested funds. Each individual fund's equity in the pooled cash and temporary investments is shown in that fund. Allocation of the interest earned is made to each fund based on pro rata equity.

State statutes authorize the City to invest in obligations of the U.S. Treasury and agencies thereof, obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent secured by the Federal Deposit Insurance Corporation, and certificates of deposit and repurchase agreements where the certificates or agreements are collaterally secured by obligations of the United States and agencies thereof or by obligations of the State of South Carolina or any of its political units. Investments are reported in the financial statements at fair value. Fair values are based on market prices.

Deposits in the South Carolina Local Government Investment Pool (SCLGIP) are invested in money market investments and can be withdrawn at par plus accrued interest on demand. Positions in the pool are determined by the pool's share price. The SCLGIP, which is operated by and under the oversight of the State Treasurer's Office, is not registered with the Securities and Exchange Commission (SEC) as an investment company. It does, however, operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940.

**Cash Equivalents**

For purposes of the statement of cash flows, as presented for the City's proprietary fund, cash equivalents include demand deposits and short-term investments with an original maturity date of three months or less.

**Receivables**

Receivables are presented in the financial statements net of allowances for doubtful accounts. Allowances for doubtful accounts are based upon historical trends and the periodic aging of receivables.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Interfund Balances and Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Residual balances outstanding between government and business-type activities are reported in the government-wide financial statements as internal balances. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Inventories**

Inventories of the General Fund consist of equipment maintenance supplies and postage, while inventories of the Waterworks and Sewer System Fund consist of various repair and maintenance supplies. All General Fund inventories are accounted for on the "consumption" method and are valued at cost utilizing the first-in, first-out method. Inventory acquisitions are recorded initially in inventory accounts and charged to expenditures when used. For purposes of financial reporting in the fund financial statements, the City reserves fund balance in the General Fund for current inventory levels to indicate that they do not constitute "available expendable resources" even though they are a component of net current assets. Inventories in the Waterworks and Sewer System Fund are stated at the lower of cost or market, with cost being determined on a first-in, first-out basis.

**Restricted Assets**

Restricted assets include cash and temporary investments that are legally restricted as to their use. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., streets, lighting systems, drainage systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000. Purchased capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

The costs of normal maintenance and repairs, which neither materially add to the value of an asset nor prolong its life, are charged to expense as incurred. Interest incurred during the construction of capital assets for business-type activities is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

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

|                                   |               |
|-----------------------------------|---------------|
| Land Improvements                 | 10 - 30 years |
| Buildings and Improvements        | 7 - 30 years  |
| Distribution System               | 40 years      |
| Infrastructure                    | 10 - 15 years |
| Furniture, Vehicles and Equipment | 5 - 10 years  |

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay. There is no liability for unpaid accumulated sick pay since the City does not have to pay any amounts if an employee separates from service. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in the governmental funds. The compensated absences liability for governmental activities is funded by the General Fund.

**Long-Term Obligations**

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net position.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

**Equity Classifications**

In the government-wide and proprietary funds financial statements, equity is classified as net position and is displayed in the following components:

*Net Investment in Capital Assets* - Consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* - Consists of net position with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - All other net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

In the governmental fund financial statements, equity is classified as fund balance. Fund balance is reserved for amounts that are not available for appropriation or are legally restricted for a specific purpose.

In the governmental fund financial statements, fund balances are displayed in the following components:

*Nonspendable* - Consists of amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - Consists of amounts with constraints placed on their use by (a) third parties such as creditors, grantors, contributors or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

*Assigned* - Consists of amounts the City intends to be used for specific purposes. Amounts may be assigned by the Administrator under the authorization of the City's Council.

*Unassigned* - Consists of all amounts not included in other spendable classifications.

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Equity Classification** *(continued)*

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed.

**Revenues and Expenses**

Real property and all personal property other than vehicles are assessed for property tax purposes as of January 1st of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor. Taxes are payable between October 1st and January 15th following their levy on October 1st. The lien date is January 15th and unpaid amounts after this date are considered to be delinquent and are subject to penalties for late payment.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Highway Department and payment is due before the end of the month of the scheduled renewal.

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

In accordance with GASB Statement No. 33, the City recognizes grant revenues and receivables when the applicable eligibility requirements, including time requirements, are met. Resources received before the eligibility requirements are met are reported as deferred revenue.

In proprietary fund financial statements, capital contributions, which consist of contributed capital assets and grant revenues restricted to capital purposes, are reported as nonoperating revenues based on GASB Statement No. 33.

**Fund Balance Policy**

The City of Conway has adopted a policy to maintain a minimum level of unrestricted fund balance in the General Fund of \$5,200,000. The City is currently in compliance with this policy.

**Note 2 - STEWARDSHIP AND ACCOUNTABILITY**

At June 30, 2015, the Community Development Fund, a nonmajor governmental fund, had an equity deficit of \$200,392.

**Note 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between total fund balances - total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The details of the element in the reconciliation that relates to long-term liabilities, \$20,010,364, follows:

## CITY OF CONWAY, SOUTH CAROLINA

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** *(continued)*

|                                           |                      |
|-------------------------------------------|----------------------|
| Bonds Payable                             | \$ 6,977,198         |
| Capital Lease Obligations                 | 689,120              |
| Net Pension Liability and Related Amounts | 11,824,326           |
| Compensated Absences                      | 526,374              |
| Net OPEB Obligation                       | (64,909)             |
| Accrued Interest Payable                  | 58,255               |
|                                           | <u>\$ 20,010,364</u> |

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. The element of the reconciliation that relates to expenses, \$(10,578), is comprised of the following:

|                           |                    |
|---------------------------|--------------------|
| Compensated Absences      | \$ (14,476)        |
| Net Pension Liability     | (29,301)           |
| Change in OPEB Obligation | 35,235             |
| Accrued Interest          | (2,036)            |
|                           | <u>\$ (10,578)</u> |

**Note 4 - CASH AND TEMPORARY INVESTMENTS****Deposits**

At year end, the carrying amount of the City's deposits in financial institutions was \$11,068,897 and the financial institutions' balances totaled \$11,415,521 including certificates of deposit. Of that balance, \$356,189 was covered by federal depository insurance and \$11,059,332 was collateralized with securities held by the pledging financial institutions' trust department in the City's name. Cash on hand held by various departments of the City totaled \$2,250 at June 30, 2015.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk requires all deposits in excess of federal depository insurance to be collateralized with securities held by the pledging financial institution's trust department in the City's name.

**Investments**

At year-end, the City's investments consisted of the following:

|                                   | <u>Maturities</u> | <u>Standard<br/>&amp; Poor's<br/>Credit Rating</u> | <u>Fair Value</u>    | <u>% of Total<br/>Investments</u> |
|-----------------------------------|-------------------|----------------------------------------------------|----------------------|-----------------------------------|
| Repurchase Agreement              |                   | Not Rated                                          | \$ 10,175,910        | 99.95%                            |
| State Treasurer's Investment Pool |                   |                                                    | 5,382                | .05                               |
|                                   |                   |                                                    | <u>\$ 10,181,282</u> | <u>100.00%</u>                    |

The City's investment policy does not address custodial credit risk, credit risk, or concentration of credit risk as these pertain to their investment portfolio.

## CITY OF CONWAY, SOUTH CAROLINA

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

## Note 5 - RECEIVABLES (NET)

Receivables at June 30, 2015, including the applicable allowances for doubtful accounts, are as follows:

|                                     | General<br>Fund     | Hospitality<br>Fund | Community<br>Development<br>Fund | Waterworks<br>and Sewer<br>Fund | Nonmajor<br>and Other<br>Funds | Totals              |
|-------------------------------------|---------------------|---------------------|----------------------------------|---------------------------------|--------------------------------|---------------------|
| Property Taxes                      | \$ 796,134          | \$                  | \$                               | \$                              | \$ 9,958                       | \$ 806,092          |
| Franchise Fees                      | 371,120             |                     |                                  |                                 |                                | 371,120             |
| Business Licenses                   | 499,473             |                     |                                  |                                 |                                | 499,473             |
| Local Accommodations<br>Tax         |                     |                     |                                  |                                 | 2,271                          | 2,271               |
| Hospitality Fees                    |                     | 61,170              |                                  |                                 |                                | 61,170              |
| Customer Accounts                   |                     |                     |                                  | 1,153,278                       |                                | 1,153,278           |
| Interest                            | 11,816              |                     |                                  | 2,375                           |                                | 14,191              |
| Intergovernmental                   | 219,066             |                     |                                  |                                 | 535,627                        | 754,693             |
| Other                               | 15,427              |                     |                                  | 205,070                         |                                | 220,496             |
|                                     | <u>\$ 1,913,036</u> | <u>\$ 61,170</u>    | <u>\$</u>                        | <u>\$ 1,360,723</u>             | <u>\$ 547,856</u>              | <u>\$ 3,882,786</u> |
| Allowances for<br>Doubtful Accounts | (511,653)           |                     |                                  | (142,665)                       | (498)                          | (654,816)           |
|                                     | <u>\$ 1,401,384</u> | <u>\$ 61,170</u>    | <u>\$</u>                        | <u>\$ 1,218,058</u>             | <u>\$ 547,358</u>              | <u>\$ 3,227,970</u> |

## Note 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2015, amounts due to/from other funds were as follows:

|                            | Receivable        | Payable           |
|----------------------------|-------------------|-------------------|
| General Fund               | \$ 168,824        | \$                |
| Community Development Fund |                   | 184,216           |
| Water and Sewer Fund       | 15,392            |                   |
|                            | <u>\$ 184,216</u> | <u>\$ 184,216</u> |

Interfund transfers during the year ended June 30, 2015 were as follows:

|                           | Purpose | Transfer In       | Transfer Out      |
|---------------------------|---------|-------------------|-------------------|
| General Fund              |         | \$ 694,900        | \$                |
| Enterprise Fund           |         |                   |                   |
| Waterworks and Sewer Fund | Subsidy |                   | 694,900           |
|                           |         | <u>\$ 694,900</u> | <u>\$ 694,900</u> |

## CITY OF CONWAY, SOUTH CAROLINA

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

## Note 7 - RESTRICTED CASH AND TEMPORARY INVESTMENTS

The City's restricted cash and temporary investments consisted of the following at June 30, 2015:

**Governmental Activities:**

|                                      |                     |
|--------------------------------------|---------------------|
| General Fund                         |                     |
| Public Safety Programs               | \$ 304,955          |
| Sanitation Funds                     | 157,207             |
| Lakeside Cemetery Fund               | 254,193             |
| Performance Bonds                    | 373,324             |
| Other                                | 16,022              |
| <b>Total Governmental Activities</b> | <b>\$ 1,105,701</b> |

**Business-Type Activities:**

|                                        |                     |
|----------------------------------------|---------------------|
| Waterworks and Sewer Fund:             |                     |
| Customer Deposits                      | \$ 1,138,821        |
| Renewal and Replacement Accounts       | 2,341,304           |
| <b>Total Business-Type Activities:</b> | <b>\$ 3,480,125</b> |

## Note 8 - CAPITAL ASSETS (NET)

The City's capital asset activity for the year ended June 30, 2015 was as follows:

|                                       | Beginning<br>Balance   | Increases             | Decreases           | Ending<br>Balance      |
|---------------------------------------|------------------------|-----------------------|---------------------|------------------------|
| <b>Governmental Activities:</b>       |                        |                       |                     |                        |
| Capital Assets not Being Depreciated: |                        |                       |                     |                        |
| Land                                  | \$ 6,253,823           | \$                    | \$                  | \$ 6,253,823           |
| Construction in Progress              | 2,982,638              | 27,155                | 2,982,638           | 27,155                 |
|                                       | <u>\$ 9,236,461</u>    | <u>\$ 27,155</u>      | <u>\$ 2,982,638</u> | <u>\$ 6,280,978</u>    |
| Capital Assets Being Depreciated:     |                        |                       |                     |                        |
| Land Improvements                     | \$ 2,503,618           | \$ 4,999              | \$                  | \$ 2,508,617           |
| Buildings and Improvements            | 13,970,417             | 5,411,275             |                     | 19,381,692             |
| Furniture, Vehicles and Equipment     | 11,389,804             | 2,317,994             | 989,604             | 12,718,194             |
| Other Improvements                    | 6,330,087              | 59,366                |                     | 6,389,453              |
| Infrastructure                        | 25,514,791             | 848,796               |                     | 26,363,587             |
|                                       | <u>\$ 59,708,717</u>   | <u>\$ 8,642,430</u>   | <u>\$</u>           | <u>\$ 67,361,543</u>   |
| Accumulated Depreciation for:         |                        |                       |                     |                        |
| Land Improvements                     | \$ (1,341,339)         | \$ (75,641)           | \$                  | \$ 1,416,980           |
| Buildings and Improvements            | (3,792,530)            | (439,539)             |                     | 4,232,069              |
| Furniture, Vehicles and Equipment     | (9,179,045)            | (749,113)             | (989,604)           | 8,938,556              |
| Other Improvements                    | (3,567,489)            | (244,932)             |                     | 3,812,421              |
| Infrastructure                        | (14,333,564)           | (1,062,976)           |                     | 15,396,540             |
|                                       | <u>\$ (32,213,967)</u> | <u>\$ (2,572,201)</u> | <u>\$ (989,604)</u> | <u>\$ (33,796,564)</u> |
| Capital Assets (Net)                  | <u>\$ 36,731,211</u>   | <u>\$ 6,097,384</u>   | <u>\$ 2,982,638</u> | <u>\$ 39,845,957</u>   |

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 8 - CAPITAL ASSETS (NET)** *(continued)***Business-Type Activities:**

|                                       | <u>Beginning<br/>Balance</u> | <u>Increases</u>      | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|---------------------------------------|------------------------------|-----------------------|--------------------|---------------------------|
| Capital Assets not Being Depreciated: |                              |                       |                    |                           |
| Land                                  | \$ 126,912                   | \$                    | \$                 | \$ 126,912                |
| Construction in Progress              | <u>969,565</u>               |                       | <u>969,565</u>     |                           |
|                                       | <u>\$ 126,912</u>            | <u>\$</u>             | <u>\$ 969,565</u>  | <u>\$ 126,912</u>         |
| Capital Assets Being Depreciated:     |                              |                       |                    |                           |
| Buildings and Improvements            | \$ 3,554,841                 | \$                    | \$                 | \$ 3,554,841              |
| Distribution System                   | 29,180,220                   | 1,888,148             |                    | 31,068,368                |
| Furniture, Vehicles and Equipment     | 3,955,244                    | 309,971               | 63,781             | 4,201,434                 |
| Intangible Assets                     | <u>1,025,362</u>             |                       |                    | <u>1,025,362</u>          |
|                                       | <u>\$ 37,715,667</u>         | <u>\$ 2,198,119</u>   | <u>\$ 63,781</u>   | <u>\$ 39,850,005</u>      |
| Accumulated Depreciation for:         |                              |                       |                    |                           |
| Buildings and Improvements            | \$ (581,670)                 | \$ (89,457)           | \$                 | \$ (671,127)              |
| Distribution System                   | (15,090,499)                 | (815,020)             |                    | (15,905,519)              |
| Furniture, Vehicles and Equipment     | (3,179,916)                  | (213,167)             | (63,781)           | (3,329,302)               |
| Intangible Assets                     | <u>(952,123)</u>             | <u>(48,827)</u>       |                    | <u>(1,000,950)</u>        |
|                                       | <u>\$ (19,804,208)</u>       | <u>\$ (1,166,471)</u> | <u>\$ (63,781)</u> | <u>\$ (20,906,898)</u>    |
| Capital Assets (Net)                  | <u>\$ 19,007,936</u>         | <u>\$ 1,031,648</u>   | <u>\$ 969,565</u>  | <u>\$ 19,070,019</u>      |

Depreciation and amortization expense was charged to functions / programs of the City as follows:

|                               |                     |
|-------------------------------|---------------------|
| Governmental Activities:      |                     |
| General Government            | \$ 50,224           |
| Public Safety                 | 468,238             |
| Street                        | 1,169,598           |
| Sanitation                    | 213,334             |
| Intergovernmental Maintenance | 91,447              |
| Beautification                | 22,642              |
| Culture and Recreation        | <u>556,718</u>      |
|                               | <u>\$ 2,572,201</u> |

|                           |                     |
|---------------------------|---------------------|
| Business-Type Activities: |                     |
| Waterworks & Sewer        | <u>\$ 1,166,471</u> |

The City capitalized \$1,025,362 as wastewater treatment rights as described in Note 14. Amortization of wastewater treatment rights during the fiscal year ended June 30, 2015 was \$48,827 leaving an unamortized balance of \$24,412.

## CITY OF CONWAY, SOUTH CAROLINA

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

## Note 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES / EXPENDITURES

Accounts payable and accrued expenses / expenditures consisted of the following at June 30, 2015:

|                            | General<br>Fund     | Hospitality<br>Fund | Stormwater<br>Management<br>Fund | Community<br>Development<br>Fund | Waterworks<br>and Sewer<br>Fund | Nonmajor<br>and Other<br>Funds | Totals              |
|----------------------------|---------------------|---------------------|----------------------------------|----------------------------------|---------------------------------|--------------------------------|---------------------|
| Trade Accounts Payables    | \$ 784,046          | \$ 1,643            | \$ 11,371                        | \$ 16,175                        | \$ 651,303                      | \$ 27,841                      | \$ 1,492,379        |
| Accrued Salaries and Wages | 251,152             |                     |                                  |                                  | 29,562                          |                                | 280,714             |
| Interest Payable           |                     |                     |                                  |                                  | 15,427                          |                                | 15,427              |
| Compensated Absences       |                     |                     |                                  |                                  | 10,000                          |                                | 10,000              |
|                            | <u>\$ 1,035,198</u> | <u>\$ 1,643</u>     | <u>\$ 11,371</u>                 | <u>\$ 16,175</u>                 | <u>\$ 706,292</u>               | <u>\$ 27,841</u>               | <u>\$ 1,798,520</u> |

Reconciliation to the Government-Wide Statement of Net Position:

|                          |                     |
|--------------------------|---------------------|
| Accrued Interest Payable | 58,255              |
| OPEB Liability           | (64,909)            |
|                          | <u>\$ 1,791,866</u> |

## Note 10 – UNEARNED REVENUE AND DEFERRED INFLOWS OF RESOURCES

At June 30, 2015, unearned revenue was comprised of the following:

|                            | General<br>Fund  | Waterworks<br>and Sewer<br>Fund | Total             |
|----------------------------|------------------|---------------------------------|-------------------|
| Recreation Membership Fees | \$ 67,592        | \$                              | \$ 67,592         |
| Tap Fees                   |                  | 33,100                          | 33,100            |
| Capital Contributions      |                  | 190,500                         | 190,500           |
|                            | <u>\$ 67,592</u> | <u>\$ 223,600</u>               | <u>\$ 291,192</u> |

During the year ended June 30, 2014, the City adopted the provisions of GASB Statement No. 65. As a result, property taxes recognized as a receivable but unavailable for use in the current period are now classified as deferred inflows of resources in the Governmental Funds as opposed to deferred revenue as described in previous years.

At June 30, 2015, deferred inflows of resources were comprised of the following:

|                            | General<br>Fund   | Tax<br>Increment<br>Fund | Total             |
|----------------------------|-------------------|--------------------------|-------------------|
| Unavailable Property Taxes | <u>\$ 284,481</u> | <u>\$ 9,460</u>          | <u>\$ 293,941</u> |

## CITY OF CONWAY, SOUTH CAROLINA

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

## Note 11 - LONG-TERM LIABILITIES

*Governmental Activities*

At June 30, 2015, long-term debt of the City's governmental activities was as follows:

|                               | Date of<br>Issue | Interest<br>Rate | Amount<br>Outstanding |
|-------------------------------|------------------|------------------|-----------------------|
| General Obligation Bonds      |                  |                  |                       |
| Municipal Improvements        | 05/12/14         | 1.20%            | \$ 790,429            |
| Municipal Improvements        | 05/12/14         | 2.00%            | 876,008               |
| Revenue Bonds                 |                  |                  |                       |
| Rev. and Refunding Rev. Bonds | 01/22/13         | 2.25%            | 2,693,991             |
| Stormwater Projects           | 05/15/14         | 1.40%            | 834,026               |
| Tax Increment Bonds           |                  |                  |                       |
| Municipal Improvements        | 05/14/14         | 1.80%            | 1,782,744             |
| Lease/Purchase Obligation     |                  |                  |                       |
| Sanitation Equipment          | 12/10/13         | 1.52%            | 689,120               |
|                               |                  |                  | <u>\$ 7,666,318</u>   |

The City's long-term liability activity for governmental activities for the year ended June 30, 2015 was as follows:

|                           | Beginning<br>Balance | Additions            | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|---------------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|
| Bonds Payable:            |                      |                      |                       |                      |                        |
| General Obligation Bonds  | \$ 2,006,000         | \$                   | \$ (339,563)          | \$ 1,666,437         | \$ 340,170             |
| Revenue Bond              | 3,926,873            |                      | (398,856)             | 3,528,017            | 405,357                |
| Tax Increment Bond        | 2,021,000            |                      | (238,256)             | 1,782,744            | 241,024                |
| Capital Lease Obligations | 855,000              |                      | (165,880)             | 689,120              | 168,401                |
| Net Pension Liability     |                      | 12,626,492           | (802,166)             | 11,824,326           |                        |
| Compensated Absences      | 511,898              | 526,374              | (511,898)             | 526,374              |                        |
|                           | <u>\$ 9,320,771</u>  | <u>\$ 13,152,866</u> | <u>\$ (2,456,619)</u> | <u>\$ 20,017,018</u> | <u>\$ 1,154,952</u>    |

*General Obligation Bonds*

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The general obligation bonds are to be repaid with property tax revenues. Annual debt service requirements to maturity for the general obligation bonds are as follows:

|                           | Principal           | Interest          | Total               |
|---------------------------|---------------------|-------------------|---------------------|
| Year Ending June 30, 2016 | \$ 340,170          | \$ 27,430         | \$ 367,600          |
| 2017                      | 344,987             | 22,613            | 367,600             |
| 2018                      | 349,859             | 17,735            | 367,594             |
| 2019                      | 84,874              | 12,805            | 97,679              |
| 2020                      | 86,565              | 11,114            | 97,679              |
| 2021-2025                 | 459,982             | 28,369            | 488,351             |
|                           | <u>\$ 1,666,437</u> | <u>\$ 120,066</u> | <u>\$ 1,786,503</u> |

## CITY OF CONWAY, SOUTH CAROLINA

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## NOTES TO FINANCIAL STATEMENTS

June 30, 2015

## Note 11 - LONG-TERM LIABILITIES (continued)

## Revenue Bonds

Revenue bonds were issued to provide funds to finance the cost of certain capital improvements within the City's center city redevelopment area. The tax increment revenue bonds are to be repaid by the property taxes generated in association with increased assessed values of property within the redevelopment area. These bonds are secondarily secured by Waterworks and Sewer Fund revenues. Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

|                           | Principal           | Interest          | Total               |
|---------------------------|---------------------|-------------------|---------------------|
| Year Ending June 30, 2016 | \$ 405,357          | \$ 72,487         | \$ 477,844          |
| 2017                      | 413,164             | 64,680            | 477,844             |
| 2018                      | 421,095             | 56,749            | 477,844             |
| 2019                      | 429,184             | 48,660            | 477,844             |
| 2020                      | 437,370             | 40,416            | 477,786             |
| 2021-2025                 | <u>1,421,847</u>    | <u>97,398</u>     | <u>1,519,245</u>    |
|                           | <u>\$ 3,528,017</u> | <u>\$ 380,390</u> | <u>\$ 3,908,407</u> |

## Tax Increment Revenue Bond

Tax increment revenue bonds were issued to provide funds to finance the cost of the City's recreation center. The tax increment revenue bonds are to be repaid by the property taxes generated from increased assessed values of property within city limits. Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

|                           | Principal           | Interest          | Total               |
|---------------------------|---------------------|-------------------|---------------------|
| Year Ending June 30, 2016 | \$ 241,024          | \$ 32,627         | \$ 273,651          |
| 2017                      | 245,512             | 28,139            | 273,651             |
| 2018                      | 249,992             | 23,659            | 273,651             |
| 2019                      | 254,554             | 19,097            | 273,651             |
| 2020                      | 259,160             | 14,491            | 273,651             |
| 2021-2022                 | <u>532,502</u>      | <u>14,626</u>     | <u>547,128</u>      |
|                           | <u>\$ 1,782,744</u> | <u>\$ 132,639</u> | <u>\$ 1,915,383</u> |

## Capital Lease Obligations

Capital leases were incurred in conjunction with the purchase of sanitation equipment. The capital leases are to be repaid by property tax revenues. At June 30, 2015, the gross amount of equipment recorded under capital leases totaled \$689,120. The minimum future lease payments due under the capital leases as of June 30, 2015 are as follows:

|                                         |                   |
|-----------------------------------------|-------------------|
| Year Ending June 30, 2016               | \$ 178,876        |
| 2017                                    | 178,876           |
| 2018                                    | 178,876           |
| 2029                                    | <u>178,876</u>    |
| Total Minimum Lease Payments            | \$ 715,504        |
| Amount Representing Interest            | <u>(26,384)</u>   |
| Present Value of Minimum Lease Payments | <u>\$ 689,120</u> |

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 11 - LONG-TERM LIABILITIES** *(continued)***Business Type Activities**

Long-term debt of the City's business-type activities consisted of the following at June 30, 2015:

|                                                               | <u>Date of<br/>Issue</u> | <u>Interest<br/>Rate</u> | <u>Amount<br/>Outstanding</u> |
|---------------------------------------------------------------|--------------------------|--------------------------|-------------------------------|
| Revenue Bonds                                                 |                          |                          |                               |
| Waterworks and Sewer System<br>Improvement Revenue Bonds 2014 | 05/16/2014               | 2.10%                    | \$ <u>2,354,709</u>           |

The City's long-term liability activity for business-type activities for the year ended June 30, 2015 was as follows:

|                                                                        | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|------------------------------------------------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Business-Type Activities:                                              |                              |                     |                     |                           |                                |
| Bonds Payable:                                                         |                              |                     |                     |                           |                                |
| Revenue Bonds                                                          | \$ 2,600,000                 | \$                  | \$ (245,291)        | \$ 2,354,709              | \$ 240,041                     |
| Net Pension Liability                                                  |                              | 1,883,942           | (99,775)            | 1,784,167                 |                                |
| Compensated Absences                                                   | <u>45,959</u>                | <u>43,757</u>       | <u>(45,959)</u>     | <u>43,757</u>             | <u>10,000</u>                  |
|                                                                        | \$ <u>2,645,959</u>          | \$ <u>1,902,512</u> | \$ <u>(365,838)</u> | \$ <u>4,182,633</u>       | \$ <u>250,041</u>              |
| Reconciliation to the Government-Wide Statement of Net Position:       |                              |                     |                     |                           |                                |
| Compensated Absences Included in Accounts Payable and Accrued Expenses |                              |                     |                     | (10,000)                  | (10,000)                       |
|                                                                        |                              |                     |                     | \$ <u>4,172,633</u>       | \$ <u>240,041</u>              |

*Revenue Bonds*

Revenue bonds pledge income derived from acquired or constructed assets to pay debt service. The revenue bonds were issued to finance water and sewer expansion and construction projects. Annual debt service requirements to maturity for the revenue bonds are as follows:

|                           | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|---------------------------|---------------------|-------------------|---------------------|
| Year Ending June 30, 2016 | \$ 240,041          | \$ 50,277         | \$ 290,318          |
| 2017                      | 245,289             | 45,028            | 290,317             |
| 2018                      | 250,512             | 39,806            | 290,318             |
| 2019                      | 255,845             | 34,472            | 290,317             |
| 2020                      | 261,213             | 29,104            | 290,317             |
| 2021-2024                 | <u>1,101,809</u>    | <u>59,291</u>     | <u>1,161,100</u>    |
|                           | \$ <u>2,354,709</u> | \$ <u>257,978</u> | \$ <u>2,612,687</u> |

**Note 12 – PENSION PLANS****A. Plan Description**

The South Carolina Retirement System (SCRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the South Carolina Public Employee Benefit Authority (PEBA). The SCRS was established pursuant to the

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 12 – PENSION PLANS** *(continued)*

provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the State, its public school districts and political subdivisions.

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit pension plan administered by PEBA. The PORS was established 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.

PEBA issues a publicly available comprehensive annual financial report that can be obtained at [www.peba.sc.gov](http://www.peba.sc.gov) or by writing to PEBA, Post Office Box 11960, Columbia, South Carolina 29211.

**B. Membership**

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements for the SCRS and the PORS is presented below.

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

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

**C. Benefits Provided**

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 SCRS and the PORS is presented below.

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

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

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 12 – PENSION PLANS** *(continued)*

have had 28 years of service credit had they not retired.

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

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

**D. Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and 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 2.9% of earnable compensation for the SCRS and 5.0% 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.

Required employee contributions rates, as a percentage of earnable compensation, are currently as follows:

|                    | <u>SCRS</u> | <u>PORS</u> |
|--------------------|-------------|-------------|
| Class Two Member   | 8.00%       | 8.41%       |
| Class Three Member | 8.00        | 8.41        |

Required employer contributions rates, as a percentage of earnable compensation, are currently as follows:

|                          | <u>SCRS</u> | <u>PORS</u> |
|--------------------------|-------------|-------------|
| Class Two Member         | 10.75%      | 13.01%      |
| Class Three Member       | 10.75       | 13.01       |
| Incidental Death Benefit | 0.15        | 0.20        |
| Accidental Death Benefit | N/A         | 0.20        |

The City's contributions to the SCRS and the PORS for the fiscal year ended June 30, 2015 were \$525,114 and \$481,521, respectively. The contributions made by the City were equal to the required contributions for the year.

**E. Net Pension Liability and Pension Expense**

SCRS - At June 30, 2015, the City reported a liability of \$8,368,514 for its proportionate share of the net pension liability.

**CITY OF CONWAY, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**Note 12 – PENSION PLANS** *(continued)*

The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 SCRS relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was 0.048607%, which is equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$586,538.

PORS - At June 30, 2015, the City reported a liability of \$5,239,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that 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 employers, actuarially determined. At June 30, 2014, the City's proportion was 0.27371%, which is equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$458,433.

**F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plan**

At June 30, 2015, the City reported deferred outflows of resources related to pension plans from the following sources:

|                                                                     | <u>SCRS</u>       | <u>PORS</u>       |
|---------------------------------------------------------------------|-------------------|-------------------|
| Difference Between Expected and Actual Pension Liability Experience | \$ 237,128        | \$ 139,832        |
| City Contributions Subsequent to the Measurement Date               | <u>525,114</u>    | <u>481,521</u>    |
|                                                                     | <u>\$ 762,242</u> | <u>\$ 621,353</u> |

At June 30, 2015, the City reported deferred inflows of resources related to pension plans from the following sources:

|                                                                          | <u>SCRS</u>       | <u>PORS</u>       |
|--------------------------------------------------------------------------|-------------------|-------------------|
| Net Difference Between Projected and Actual Earnings on Plan Investments | \$ <u>705,527</u> | \$ <u>606,304</u> |

The \$1,006,635 amount reported as deferred outflows of resources related to pension plan resulting from City contributions subsequent to the measurement date 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 pension plan will be recognized in pension expense as follows:

|                          |                   |
|--------------------------|-------------------|
| Year Ended June 30, 2016 | \$ 218,348        |
| 2017                     | 218,348           |
| 2018                     | 218,348           |
| 2019                     | <u>279,821</u>    |
|                          | <u>\$ 934,871</u> |

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 12 – PENSION PLANS** *(continued)***G. Actuarial Assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

|                           | <u>SCRS</u> | <u>PORS</u> |
|---------------------------|-------------|-------------|
| Inflation                 | 2.75%       | 2.75%       |
| Salary Increases          | 3.50        | 4.00        |
| Investment Rate of Return | 7.50        | 7.50        |

Mortality rates were based on the RP-2000 combined mortality table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA projected from the year 2000.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the thirty 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 using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

|                                  | <u>Target Asset<br/>Allocation</u> | <u>Expected<br/>Arithmetic Real<br/>Rate of Return</u> |
|----------------------------------|------------------------------------|--------------------------------------------------------|
| Short Term                       |                                    |                                                        |
| Cash                             | 2.0%                               | 0.3%                                                   |
| Short Duration                   | 3.0                                | 0.6                                                    |
| Domestic Fixed Income            |                                    |                                                        |
| Core Fixed Income                | 7.0                                | 1.1                                                    |
| High Yield                       | 2.0                                | 3.5                                                    |
| Bank Loans                       | 4.0                                | 2.8                                                    |
| Global Fixed Income              |                                    |                                                        |
| Global Fixed Income              | 3.0                                | 0.8                                                    |
| Emerging Markets Debt            | 6.0                                | 4.1                                                    |
| Global Public Equity             | 31.0                               | 7.8                                                    |
| Global Tactical Asset Allocation | 10.0                               | 5.1                                                    |
| Alternatives                     |                                    |                                                        |
| Hedge Funds                      | 8.0                                | 4.0                                                    |
| Private Debt                     | 7.0                                | 10.2                                                   |
| Private Equity                   | 9.0                                | 10.2                                                   |
| Real Estate                      | 5.0                                | 5.9                                                    |
| Commodities                      | 3.0                                | 5.1                                                    |
|                                  | <u>100.0%</u>                      |                                                        |

**H. Discount Rate**

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the SCRS's and

**CITY OF CONWAY, SOUTH CAROLINA**

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 12 – PENSION PLANS** *(continued)*

the PORS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**I. Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate**

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

|                                                            | SCRS                    |                        |                         |
|------------------------------------------------------------|-------------------------|------------------------|-------------------------|
|                                                            | 1.0% Decrease<br>(6.5%) | Current<br>Rate (7.5%) | 1.0% Increase<br>(8.5%) |
| City's Proportionate Share of the<br>Net Pension Liability | \$ 10,829,375           | \$ 8,368,514           | \$ 6,315,450            |

|                                                            | PORS                    |                        |                         |
|------------------------------------------------------------|-------------------------|------------------------|-------------------------|
|                                                            | 1.0% Decrease<br>(6.5%) | Current<br>Rate (7.5%) | 1.0% Increase<br>(8.5%) |
| City's Proportionate Share of the<br>Net Pension Liability | \$ 7,322,735            | \$ 5,239,979           | \$ 3,516,672            |

**J. SCRS and PORS Fiduciary Net Position**

Detailed information about the SCRS's and the PORS's fiduciary net position is available in the separately issued comprehensive annual financial report.

**Note 13 - POSTEMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The City's defined benefit postemployment healthcare plan (the Plan) provides medical benefits to eligible retirees and their eligible dependents. Employees become eligible when the employee qualifies for retirement benefits under the SCRS or PORS and has 10 years of service with the City. Information regarding SCRS and PORS eligibility may be obtained from the Comprehensive Annual Financial Report of the Plan. See Note 12. The Plan is approved each year by City Council; the 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.

As of July 1, 2013, the measurement date for the plan year 2015, there were 213 covered participants; 14 members are retirees/beneficiaries receiving benefits and 199 are active participants.

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

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 13 - POSTEMPLOYMENT HEALTH CARE PLAN** *(continued)***B. Funding Policy**

The City pays the entire cost of medical benefits for retirees eligible for full service retirement (28 years of service with the City and retired under SCRS or 25 years of service with the City and retired under PORS). For retirees with at least 20 years of service with the City but less than the full service retirement, the City pays 50% of the premium for medical benefits. The City pays 0% of the premium for retirees with less than 20 years of service with the City. Spouses of retirees are allowed coverage under the plan but pay the full premium rate for their coverage. In addition to the amounts subsidized above, the retiree and spouse benefits are also implicitly subsidized for the cost of medical expense prior to Medicare eligibility.

The medical premiums for calendar year 2015 prior to Medicare enrollment are \$456.98 per month for retirees and \$493.64 for spouses. For participants retiring after October 27, 2008, the City continues to subsidize the cost of Medicare eligible benefits as described above, but the benefit is based upon a fixed premium rate of \$365.15 with no future growth.

The Plan includes a special disability benefit (for public safety only) similar to the above, except the City pays the full cost of coverage for the retiree regardless of service with the City.

**C. Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefits (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 costs 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 4.0%. The components of the annual OPEB cost, the amount actually contributed to the plan and changes in the net OPEB obligation during the year ended June 30, 2015 were as follows:

|                                                          |                    |
|----------------------------------------------------------|--------------------|
| Normal Cost                                              | \$ 164,478         |
| 30 Year Amortization of Unfunded Accrued Liability (UAL) | <u>87,557</u>      |
| Total Annual Required Contribution                       | \$ 252,035         |
| Gain on Investment of Net OPEB Obligation                | (48,810)           |
| Plan Expenses                                            | 11,540             |
| Contributions Made                                       | <u>(250,000)</u>   |
| Decrease in Net OPEB Obligation                          | \$ (35,235)        |
| Net OPEB Obligation - Beginning                          | <u>(29,674)</u>    |
| Net Prepaid OPEB Obligation - Ending                     | \$ <u>(64,909)</u> |

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation (prepaid) for the years ended June 30, 2015 to 2013 were as follows:

|                          | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net OPEB<br/>Obligation<br/>(Prepaid)</u> |
|--------------------------|-----------------------------|-----------------------------------------------------------|----------------------------------------------|
| Year Ended June 30, 2015 | \$ 252,035                  | 99.2%                                                     | \$ (64,909)                                  |
| 2014                     | 242,639                     | 100.0                                                     | (29,674)                                     |
| 2013                     | 256,250                     | 98.7                                                      | 3,424                                        |

NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**Note 13 - POSTEMPLOYMENT HEALTH CARE PLAN** *(continued)***D. Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 50.6% funded. The actuarial accrued liability for benefits (AAL) was \$3,332,972 and the actuarial value of assets was \$1,688,110, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,644,862. The covered payroll (annual payroll of active employees covered by the Plan) was \$7,062,181, and the ratio of the UAAL to the covered payroll was 23.3%.

Actuarial valuations of an ongoing 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 healthcare cost trends. Amounts determined regarding the funded status of the 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive 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 the 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.

**E. Actuarial Methods and Assumptions**

For the July 1, 2013 actuarial valuation, the City used the Project Unit Credit Method. The actuarial assumptions included a 5.0% annual investment rate of return (net of administrative and investment related expenses), an inflation rate of 2.75%, and a healthcare cost trend rate of 7.5% for those under 65 and 6.25% for those 65 and older. The trend rate will decrease to 5.0% in the year 2018. The asset valuation method used is market value. The ORBET trust's actuarial consultants intend to use a smoothing method over a five year period with the assumed investment rate of return. The Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2013 was twenty-five years.

**Note 14 - COMMITMENTS**

On February 13, 1989, the City entered into a long-term service contract with Grand Strand Water and Sewer Authority (GSWSA) whereby the City agreed to purchase water treatment and distribution capacity in the "Bull Creek Project" constructed by GSWSA. The Bull Creek Project consists of a water treatment plant and water distribution system which treats and distributes surface water from Bull Creek, a tributary of the Great Pee Dee River. The project was completed in 1991, at which time the City was required to pay a monthly service charge comprised of a capital charge, an operating expense charge, a working capital charge, and an administrative facilities and equipment charge. These charges are designed to reflect the actual costs of furnishing the water capacity to the City. Actual costs to the City for the fiscal year ended June 30, 2015 were \$2,308,123.

The City of Conway entered into a long-term service contract on November 28, 1994 with GSWSA for treatment of the City's wastewater. Under this agreement, the City is required to pay a monthly service charge for wastewater treatment which is comprised of a capital charge and a volumetric service charge. In addition, the City agreed to convey its wastewater treatment plant and the property on which it is located to GSWSA in order to obtain a reduced monthly capital charge. The book value of the plant and property transferred to GSWSA amounted to \$1,025,362 and that amount was capitalized in the Enterprise Fund (Waterworks and Sewer System Fund) as wastewater treatment rights and is being amortized as an operating expense over the life of the service contract. The actual costs incurred by the City for wastewater treatment during the fiscal year ended June 30, 2015 amounted to \$1,421,131. Amortization of wastewater treatment rights during the fiscal year ended June 30, 2015 was \$48,827 leaving an unamortized balance of \$24,412.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the City purchases commercial insurance. During the fiscal year ended June 30, 2015, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

The City is self-insured for unemployment benefits. Claims are administered by the South Carolina Employment Security Commission and are then reimbursed by the City. No liability has been accrued at year-end for potential claims, as they are expected to be minimal.

**Note 16 - ADOPTION OF GASB STATEMENT NO. 68**

During the year ended June 30, 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. GASB 68 requires an employer participating in a cost-sharing multiple-employer defined benefit pension plan to report its proportionate share of the plan's net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense in its statement of net position and statement of revenues, expenses and changes in net position. As a result, beginning net position has been decreased in order to recognize the cumulative effect of the City's proportionate share of the pension plan amounts as follows:

|                          |               |
|--------------------------|---------------|
| Governmental Activities  | \$ 11,739,413 |
| Business-Type Activities | 1,758,980     |

**Note 17 - LITIGATION**

The City is a defendant in various lawsuits. The outcome of the lawsuits is not presently determinable. It is expected that any potential liability arising from these lawsuits would be covered by insurance, and therefore will not have an adverse effect on the financial position of the City.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF CONWAY, SOUTH CAROLINA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**OF THE SCRS NET PENSION LIABILITY**  
**Last Two Fiscal Years**

| <u>Fiscal Year</u> | <u>City's<br/>Proportion of<br/>the Net Pension<br/>Liability (NPL)</u> | <u>City's<br/>Proportionate<br/>Share of the<br/>NPL</u> | <u>City's<br/>Covered<br/>Payroll</u> | <u>City's<br/>Proportionate<br/>Share of the<br/>NPL as a %<br/>of its Covered<br/>Payroll</u> | <u>Plan Fiduciary<br/>Net Position<br/>as a % of the<br/>Total Pension<br/>Liability</u> |
|--------------------|-------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 6/30/15            | 0.048607 % \$                                                           | 8,368,514 \$                                             | 4,419,409                             | 189.36 %                                                                                       | 59.92 %                                                                                  |
| 6/30/14            | 0.048607                                                                | 8,718,362                                                | 4,402,155                             | 198.05                                                                                         | 56.39                                                                                    |

**CITY OF CONWAY, SOUTH CAROLINA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE**  
**OF THE PORS NET PENSION LIABILITY**  
**Last Two Fiscal Years**

| <u>Fiscal Year</u> | <u>City's<br/>Proportion of<br/>the Net Pension<br/>Liability (NPL)</u> | <u>City's<br/>Proportionate<br/>Share of the<br/>NPL</u> | <u>City's<br/>Covered<br/>Payroll</u> | <u>City's<br/>Proportionate<br/>Share of the<br/>NPL as a %<br/>of its Covered<br/>Payroll</u> | <u>Plan Fiduciary<br/>Net Position<br/>as a % of the<br/>Total Pension<br/>Liability</u> |
|--------------------|-------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 6/30/15            | 0.27371 % \$                                                            | 5,239,979                                                | \$ 3,486,123                          | 150.31 %                                                                                       | 67.55 %                                                                                  |
| 6/30/14            | 0.27371                                                                 | 5,673,933                                                | 3,233,436                             | 175.48                                                                                         | 62.98                                                                                    |

**CITY OF CONWAY, SOUTH CAROLINA**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE SCRS**  
**Last Two Fiscal Years**

| <u>Fiscal Year</u> | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>City's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Payroll</u> |
|--------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|------------------------------------------------------------|
| 6/30/15            | \$ 525,114                                         | \$ 525,114                                                                                  | \$ 0                                            | \$ 4,817,560                          | 10.90 %                                                    |
| 6/30/14            | 468,457                                            | 468,457                                                                                     | 0                                               | 4,419,409                             | 10.60                                                      |

**CITY OF CONWAY, SOUTH CAROLINA**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE PORS**  
**Last Two Fiscal Years**

| <u>Fiscal Year</u> | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>City's<br/>Covered<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Payroll</u> |
|--------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|------------------------------------------------------------|
| 6/30/15            | \$ 481,521                                         | \$ 481,521                                                                                  | \$ 0                                            | \$ 3,590,760                          | 13.41 %                                                    |
| 6/30/14            | 421,938                                            | 421,938                                                                                     | 0                                               | 3,486,123                             | 12.10                                                      |

**CITY OF CONWAY, SOUTH CAROLINA**  
**SCHEDULE OF FUNDING PROGRESS FOR**  
**POSTEMPLOYMENT HEALTHCARE PLAN**  
**June 30, 2015**

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as<br/>a % of<br/>Covered<br/>Payroll</u> |
|-----------------------------------------|------------------------------------------|------------------------------------------------------|------------------------------------|-------------------------|----------------------------|---------------------------------------------------|
| 7/1/09                                  | 300,000                                  | 3,200,900                                            | 2,900,900                          | 9.4%                    | 7,942,600                  | 36.5%                                             |
| 7/1/11                                  | 1,022,760                                | 2,895,728                                            | 1,872,968                          | 35.3%                   | 7,273,275                  | 25.8%                                             |
| 7/1/13                                  | 1,688,110                                | 3,332,972                                            | 1,644,862                          | 50.6%                   | 7,062,181                  | 23.3%                                             |

## CITY OF CONWAY, SOUTH CAROLINA

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015**

|                                                             | Original and<br>Final Budget | Actual<br>Amounts     | Variance With<br>Budget-<br>Positive<br>(Negative) |
|-------------------------------------------------------------|------------------------------|-----------------------|----------------------------------------------------|
| <b>REVENUES</b>                                             |                              |                       |                                                    |
| Property Taxes                                              | \$ 5,124,000                 | \$ 5,149,141          | \$ 25,141                                          |
| Franchise Fee                                               | 1,085,000                    | 1,168,553             | 83,553                                             |
| Licenses and Permits                                        | 4,859,700                    | 5,229,838             | 370,138                                            |
| Fines and Forfeitures                                       | 245,500                      | 292,622               | 47,122                                             |
| Interest                                                    | 26,500                       | 32,981                | 6,481                                              |
| Intergovernmental                                           | 590,475                      | 761,767               | 171,292                                            |
| Charges for Services                                        | 2,415,000                    | 2,483,556             | 68,556                                             |
| Recreation Center                                           | 999,500                      | 774,313               | (225,187)                                          |
| Other                                                       | 484,750                      | 689,065               | 204,315                                            |
| Total Revenues                                              | <u>\$ 15,830,425</u>         | <u>\$ 16,581,836</u>  | <u>\$ 751,411</u>                                  |
| <b>EXPENDITURES</b>                                         |                              |                       |                                                    |
| Current:                                                    |                              |                       |                                                    |
| General Government                                          | \$ 1,620,867                 | \$ 1,425,036          | \$ 195,831                                         |
| Public Safety                                               | 7,561,508                    | 7,121,356             | 440,152                                            |
| Street                                                      | 694,381                      | 639,417               | 54,964                                             |
| Sanitation                                                  | 1,696,018                    | 1,668,440             | 27,578                                             |
| Intragovernmental Maintenance                               | 207,296                      | 202,577               | 4,719                                              |
| Beautification                                              | 634,342                      | 640,228               | (5,886)                                            |
| Culture and Recreation                                      |                              |                       |                                                    |
| Recreation Center                                           | 801,550                      | 718,532               | 83,018                                             |
| Other Recreation Facilities                                 | 1,080,483                    | 1,005,852             | 74,631                                             |
| Non-Departmental                                            | 709,550                      | 751,869               | (42,319)                                           |
| Capital Outlay                                              | 4,655,805                    | 4,875,187             | (219,382)                                          |
| Debt Service                                                | 551,875                      | 546,189               | 5,686                                              |
| Total Expenditures                                          | <u>\$ 20,213,675</u>         | <u>\$ 19,594,683</u>  | <u>\$ 618,992</u>                                  |
| Excess (Deficiency) of Revenues Over(Under)<br>Expenditures | <u>\$ (4,383,250)</u>        | <u>\$ (3,012,847)</u> | <u>\$ 1,370,403</u>                                |
| <b>OTHER FINANCING SOURCES (USES)</b>                       |                              |                       |                                                    |
| Sale of Capital Assets                                      | \$ 15,000                    | \$ 93,869             | \$ 78,869                                          |
| Proceeds from Insurance Recoveries                          | 15,000                       | 3,124                 | (11,876)                                           |
| Proceeds from Lease Purchase                                | 1,150,000                    | -                     | (1,150,000)                                        |
| Transfers In                                                | 824,350                      | 823,958               | (392)                                              |
|                                                             | <u>\$ 2,004,350</u>          | <u>\$ 920,951</u>     | <u>\$ (1,083,399)</u>                              |

CITY OF CONWAY, SOUTH CAROLINA

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2015

|                             |                             |                             |                            |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|
| Net Change in Fund Balances | \$ (2,378,900)              | \$ (2,091,896)              | \$ 287,004                 |
| Fund Balances - Beginning   | <u>12,663,284</u>           | <u>13,743,399</u>           | <u>1,080,115</u>           |
| Fund Balances - Ending      | \$ <u><u>10,284,384</u></u> | \$ <u><u>11,651,503</u></u> | \$ <u><u>1,367,119</u></u> |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
HOSPITALITY FUND  
Year Ended June 30, 2015**

|                                              | Original and<br>Final Budget | Actual<br>Amounts        | Variance With<br>Budget-<br>Positive<br>(Negative) |
|----------------------------------------------|------------------------------|--------------------------|----------------------------------------------------|
| <b>REVENUES</b>                              |                              |                          |                                                    |
| Hospitality Fees                             | \$ 630,000                   | \$ 722,318               | \$ 92,318                                          |
| Interest                                     | 200                          | 416                      | 216                                                |
| Total Revenues                               | <u>\$ 630,200</u>            | <u>\$ 722,734</u>        | <u>\$ 92,534</u>                                   |
| <b>EXPENDITURES</b>                          |                              |                          |                                                    |
| Current                                      |                              |                          |                                                    |
| Culture and Recreation                       | \$ 223,900                   | \$ 200,836               | \$ 23,064                                          |
| Debt Service                                 | 303,850                      | 303,849                  | 1                                                  |
| Total Expenditures                           | <u>\$ 527,750</u>            | <u>\$ 504,685</u>        | <u>\$ 23,065</u>                                   |
| Deficiency of Revenues Under<br>Expenditures | \$ 102,450                   | \$ 218,049               | \$ 115,599                                         |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                              |                          |                                                    |
| Transfer Out                                 | \$ (102,450)                 | \$ (102,450)             | \$ -                                               |
|                                              | <u>\$ (102,450)</u>          | <u>\$ (102,450)</u>      | <u>\$ -</u>                                        |
| <b>Net Change in Fund Balances</b>           | -                            | 115,599                  | 115,599                                            |
| Fund Balance - Beginning                     | <u>\$ 171,092</u>            | <u>\$ 235,375</u>        | <u>\$ 64,283</u>                                   |
| <b>Fund Balance - Ending</b>                 | <u><u>\$ 171,092</u></u>     | <u><u>\$ 350,974</u></u> | <u><u>\$ 179,882</u></u>                           |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
STORMWATER MANAGEMENT FUND  
Year Ended June 30, 2015**

|                                       | Original and<br>Final Budget | Actual<br>Amounts   | Variance With<br>Budget-<br>Positive<br>(Negative) |
|---------------------------------------|------------------------------|---------------------|----------------------------------------------------|
| <b>REVENUES</b>                       |                              |                     |                                                    |
| Stormwater Fees                       | \$ 1,025,000                 | \$ 1,038,509        | \$ 13,509                                          |
| Interest                              | 1,000                        | 1,438               | 438                                                |
| Intergovernmental                     | -                            | 2,510               | 2,510                                              |
| Other                                 | 10,000                       | 7,140               | (2,860)                                            |
| Total Revenues                        | <u>\$ 1,036,000</u>          | <u>\$ 1,049,597</u> | <u>\$ 13,597</u>                                   |
| <b>EXPENDITURES</b>                   |                              |                     |                                                    |
| Current                               |                              |                     |                                                    |
| Street                                | \$ 807,550                   | \$ 761,589          | \$ 45,961                                          |
| Capital Outlay                        | 124,350                      | 46,801              | 77,549                                             |
| Debt Service                          | 187,200                      | 173,873             | 13,327                                             |
| Total Expenditures                    | <u>\$ 1,119,100</u>          | <u>\$ 982,263</u>   | <u>\$ 136,837</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b> |                              |                     |                                                    |
| Transfer In                           | \$ 83,100                    | \$ -                | \$ 83,100                                          |
|                                       | <u>\$ 83,100</u>             | <u>\$ -</u>         | <u>\$ 83,100</u>                                   |
| <b>Net Change in Fund Balances</b>    | \$ -                         | \$ 67,334           | \$ 67,334                                          |
| <b>Fund Balance - Beginning</b>       | <u>431,059</u>               | <u>577,173</u>      | <u>146,114</u>                                     |
| <b>Fund Balance - Ending</b>          | <u>\$ 431,059</u>            | <u>\$ 644,507</u>   | <u>\$ 213,448</u>                                  |

**CITY OF CONWAY, SOUTH CAROLINA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

**Note 1 – BUDGETS AND BUDGETARY ACCOUNTING**

The City Council utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to May 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Prior to June 30, the budget is legally enacted through passage of an ordinance.
- (4) City Council is provided with monthly financial reports which include budget comparisons and variances.
- (5) The City Administrator is legally authorized by ordinance to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Thus, the legal level of control is at the fund level.
- (6) The City employs formal budgetary integration as a management control device during the year and legally adopted an annual appropriated budget for all funds except for the fiduciary fund types. The budgets are adopted on a basis consistent with generally accepted accounting principles.
- (7) Appropriations lapse at the end of each fiscal year.
- (8) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not used by the City of Conway, and, accordingly, is not a part of budgetary integration.

**Note 2 - SUPPLEMENTAL APPROPRIATIONS**

The legal level of budget control is at the fund level. Thus, expenditures may not legally exceed appropriations, including supplemental appropriations, for an individual fund. For the year ended June 30, 2015, expenditures did not exceed appropriations for any of the City's individual funds. Supplemental funds were appropriated for expenditures during the year ended June 30, 2015 as follows:

|                            |    |         |
|----------------------------|----|---------|
| Community Development Fund | \$ | 118,000 |
| Tax Increment Fund         | \$ | 9,000   |

The Community Development Fund is a capital projects fund and is therefore not included in the required supplementary information section. Instead, it is included in the other supplementary information.

The budgetary information for all nonmajor governmental funds, the Accommodations Tax Fund and the Tax Increment Fund, are included in the nonmajor governmental funds section of the financial statements.

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**OTHER SUPPLEMENTARY INFORMATION**

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**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
COMMUNITY DEVELOPMENT FUND  
Year Ended June 30, 2015**

|                                   | Original<br>Budget | Final<br>Budget | Actual<br>Amounts | Variance With<br>Budget-<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|-----------------|-------------------|----------------------------------------------------|
| <b>REVENUES</b>                   |                    |                 |                   |                                                    |
| Interest                          | - \$               | -               | \$ 17             | \$ 17                                              |
| Intergovernmental                 | 359,382            | 359,382         | 59,347            | (300,035)                                          |
| Total Revenues                    | 359,382            | \$ 359,382      | \$ 59,364         | \$ (300,018)                                       |
| <b>EXPENDITURES</b>               |                    |                 |                   |                                                    |
| Current                           |                    |                 |                   |                                                    |
| Public Safety                     | 13,000 \$          | 13,000          | \$ 13,000         | \$ -                                               |
| Street                            | 260,000            | 380,000         | 107,210           | 272,790                                            |
| Non-Departmental                  | 86,382             | 86,382          | 56,256            | 30,126                                             |
| Total Expenditures                | 359,382            | \$ 479,382      | \$ 176,466        | \$ 302,916                                         |
| <b>Net Change in Fund Balance</b> | - \$               | (120,000)       | \$ (117,102)      | \$ 2,898                                           |
| Fund Balance - Beginning          | (92,014) \$        | (92,014)        | (83,290)          | (8,724)                                            |
| <b>Fund Balance - Ending</b>      | (92,014) \$        | (212,014)       | \$ (200,392)      | \$ (11,622)                                        |

**CITY OF CONWAY, SOUTH CAROLINA**

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

**PROPRIETARY FUND**

**ENTERPRISE FUND**

**WATERWORKS AND SEWER SYSTEM FUND**

**Year Ended June 30, 2015**

|                                                        | Original and<br>Final Budget | Actual<br>Amounts    | Variance With<br>Budget -<br>Positive<br>(Negative) |
|--------------------------------------------------------|------------------------------|----------------------|-----------------------------------------------------|
| <b>OPERATING REVENUES</b>                              |                              |                      |                                                     |
| Water Usage, Tap Fees & Penalties                      | \$ 6,260,080                 | \$ 6,387,048         | \$ 126,968                                          |
| Sewer Usage, Tap Fees & Penalties                      | 2,090,000                    | 2,177,074            | 87,074                                              |
| Miscellaneous Revenues                                 | 360,500                      | 381,328              | 20,828                                              |
| Total Operating Revenues                               | <u>\$ 8,710,580</u>          | <u>\$ 8,945,450</u>  | <u>\$ 234,870</u>                                   |
| <b>OPERATING EXPENSES</b>                              |                              |                      |                                                     |
| Maintenance                                            | \$ 1,438,279                 | \$ 1,038,228         | \$ 400,051                                          |
| Operations                                             | 2,157,779                    | 880,928              | 1,276,851                                           |
| Construction                                           | 803,597                      | 786,887              | 16,710                                              |
| Non-Departmental                                       | 4,196,475                    | 4,332,390            | (135,915)                                           |
| Depreciation and Amortization                          | -                            | 1,166,471            | (1,166,471)                                         |
| Total Operating Expenses                               | <u>\$ 8,596,130</u>          | <u>\$ 8,204,904</u>  | <u>\$ 391,226</u>                                   |
| Operating Income                                       | <u>\$ 114,450</u>            | <u>\$ 740,546</u>    | <u>\$ 626,096</u>                                   |
| <b>NONOPERATING REVENUES<br/>(EXPENSES)</b>            |                              |                      |                                                     |
| Unrestricted Interest Earned                           | \$ 9,000                     | \$ 12,226            | \$ 3,226                                            |
| Gain on Sale of Capital Assets                         | -                            | 15,392               | 15,392                                              |
| Insurance Recoveries                                   | -                            | 2,794                | 2,794                                               |
| Interest Expense                                       | (65,150)                     | (53,180)             | 11,970                                              |
| Total Nonoperating Revenues<br>(Expenses)              | <u>\$ (56,150)</u>           | <u>\$ (22,768)</u>   | <u>\$ 33,382</u>                                    |
| Income before Contributions<br>and Transfers           | <u>\$ 58,300</u>             | <u>\$ 717,778</u>    | <u>\$ 659,478</u>                                   |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                     |                              |                      |                                                     |
| Capital Contributions                                  | \$ 540,000                   | \$ 1,085,400         | \$ 545,400                                          |
| Restricted Interest Earned                             | 4,500                        | 7,507                | 3,007                                               |
| Transfer Out                                           | (694,900)                    | (694,900)            | -                                                   |
| Total Contributions and Transfers                      | <u>\$ (150,400)</u>          | <u>\$ 398,007</u>    | <u>\$ 548,407</u>                                   |
| Change in Net Position                                 | <u>\$ (92,100)</u>           | <u>\$ 1,115,785</u>  | <u>\$ 1,207,885</u>                                 |
| Total Net Position - Beginning, as Previously Reported | 21,619,515                   | 23,463,704           | 1,844,189                                           |
| Cumulative Effect of Adopting GASB Statement No. 68    | (1,758,980)                  | (1,758,980)          | -                                                   |
| Total Net Position - Beginning, as Restated            | <u>19,860,535</u>            | <u>21,704,724</u>    | <u>1,844,189</u>                                    |
| Total Net Position - Ending                            | <u>\$ 19,768,435</u>         | <u>\$ 22,820,509</u> | <u>\$ 3,052,074</u>                                 |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES**

**Year Ended June 30, 2015**

**Court Fines**

|                                         |             |
|-----------------------------------------|-------------|
| Court Fines Collected                   | \$ 226,977  |
| Court Fines Retained by City            | (226,977)   |
| Court Fines Remitted to State Treasurer | <u>\$ -</u> |

**Court Assessments**

|                                               |                   |
|-----------------------------------------------|-------------------|
| Court Assessments Collected                   | \$ 349,611        |
| Court Assessments Retained by City            | (26,254)          |
| Court Assessments Remitted to State Treasurer | <u>\$ 323,357</u> |

**Court Surcharges**

|                                              |             |
|----------------------------------------------|-------------|
| Court Surcharges Collected                   | \$ 25,647   |
| Court Surcharges Retained by City            | (25,647)    |
| Court Surcharges Remitted to State Treasurer | <u>\$ -</u> |

**Victim Services**

|                                                                |                          |
|----------------------------------------------------------------|--------------------------|
| Court Assessments Allocated to Victim Services                 | \$ 26,254                |
| Court Surcharges Allocated to Victim Services                  | 25,647                   |
| Investment Income                                              | 238                      |
| Total Funds Allocated to Victim Services                       | <u>\$ 52,139</u>         |
| Victim Services Expenditures                                   | (29,970)                 |
| Funds Available for Carryforward From Year Ended June 30, 2014 | <u>\$ 22,169</u>         |
| Funds Carried Forward From Year Ended June 30, 2013            | 170,566                  |
| Funds Available for Carryforward at June 30, 2014              | <u><u>\$ 192,735</u></u> |



## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

### **NONMAJOR GOVERNMENTAL FUNDS**

#### **Special Revenue Funds**

Special Revenue Funds are used to account for revenue from specific sources which is legally restricted to be expended for specific purposes. The City of Conway utilizes the three Special Revenue Funds described below:

**Accommodations Tax Fund** is used for revenues received from the State for special taxes levied on rentals of transient accommodations. Use of monies is restricted to the promotion of tourism and tourist related activities.

**Street and Drainage Fund** is used to account for revenue from Horry County representing a portion of road maintenance fees assessed by the County on all county residents. The revenue is restricted to expenditures for street and drainage improvements.

The **Tax Increment Fund** is used to account for incremental property tax revenues generated within the City's tax increment district. The revenue is restricted to expenditures for community development within the district.

**CITY OF CONWAY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

|                                                                       | Special Revenue Funds |                      |                             | Total Nonmajor<br>Governmental<br>Funds |
|-----------------------------------------------------------------------|-----------------------|----------------------|-----------------------------|-----------------------------------------|
|                                                                       | Accommodations<br>Tax | Street &<br>Drainage | Tax<br>Increment<br>Revenue |                                         |
| <b>ASSETS</b>                                                         |                       |                      |                             |                                         |
| Cash and Temporary Investments                                        | \$ 46,412             | \$ 63,491            | \$ 350,834                  | \$ 460,737                              |
| Receivables (Net):                                                    |                       |                      |                             |                                         |
| Property Taxes                                                        | -                     | -                    | 9,460                       | 9,460                                   |
| Local Accommodations Tax                                              | 2,271                 | -                    | -                           | 2,271                                   |
| Intergovernmental                                                     | 18,429                | 514,677              | 2,521                       | 535,627                                 |
| Total Assets                                                          | <u>\$ 67,112</u>      | <u>\$ 578,168</u>    | <u>\$ 362,815</u>           | <u>\$ 1,008,095</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                                  |                       |                      |                             |                                         |
| Liabilities:                                                          |                       |                      |                             |                                         |
| Accounts Payable and                                                  |                       |                      |                             |                                         |
| Accrued Expenditures                                                  | \$ 9,645              | \$ 18,196            | \$ -                        | \$ 27,841                               |
| Total Liabilities                                                     | <u>\$ 9,645</u>       | <u>\$ 18,196</u>     | <u>\$ -</u>                 | <u>\$ 27,841</u>                        |
| Deferred Inflows of Resources                                         | \$ -                  | \$ -                 | \$ 9,460                    | \$ 9,460                                |
| Fund Balances                                                         |                       |                      |                             |                                         |
| Restricted                                                            | \$ 57,467             | \$ 559,972           | \$ 353,355                  | \$ 970,794                              |
| Total Fund Balances                                                   | <u>\$ 57,467</u>      | <u>\$ 559,972</u>    | <u>\$ 353,355</u>           | <u>\$ 970,794</u>                       |
| Total Liabilities, Deferred Inflows of<br>Resources and Fund Balances | <u>\$ 67,112</u>      | <u>\$ 578,168</u>    | <u>\$ 362,815</u>           | <u>\$ 1,008,095</u>                     |

**CITY OF CONWAY, SOUTH CAROLINA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended June 30, 2015**

|                                                      | Special Revenue Funds   |                          |                             | Total Nonmajor<br>Governmental<br>Funds |
|------------------------------------------------------|-------------------------|--------------------------|-----------------------------|-----------------------------------------|
|                                                      | Accommodations<br>Tax   | Street &<br>Drainage     | Tax<br>Increment<br>Revenue |                                         |
| <b>REVENUES</b>                                      |                         |                          |                             |                                         |
| Property Taxes                                       | \$ -                    | \$ -                     | \$ 359,125                  | \$ 359,125                              |
| Local Accommodations Tax                             | 23,706                  | -                        | -                           | 23,706                                  |
| Interest                                             | 117                     | 794                      | 343                         | 1,254                                   |
| Intergovernmental                                    | 57,152                  | 731,708                  | -                           | 788,860                                 |
| Total Revenues                                       | <u>\$ 80,975</u>        | <u>\$ 732,502</u>        | <u>\$ 359,468</u>           | <u>\$ 1,172,945</u>                     |
| <b>EXPENDITURES</b>                                  |                         |                          |                             |                                         |
| Current:                                             |                         |                          |                             |                                         |
| Street                                               | \$ -                    | \$ 69,112                | \$ -                        | \$ 69,112                               |
| Non-Departmental                                     | 62,964                  | -                        | -                           | 62,964                                  |
| Capital Outlay                                       | -                       | 764,959                  | -                           | 764,959                                 |
| Debt Service                                         | -                       | -                        | 273,339                     | 273,339                                 |
| Total Expenditures                                   | <u>\$ 62,964</u>        | <u>\$ 834,071</u>        | <u>\$ 273,339</u>           | <u>\$ 1,170,374</u>                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures | \$ 18,011               | \$ (101,569)             | \$ 86,129                   | \$ 2,571                                |
| <b>OTHER FINANCING (USES)</b>                        |                         |                          |                             |                                         |
| Transfer Out                                         | <u>\$ (26,608)</u>      | <u>\$ -</u>              | <u>\$ -</u>                 | <u>\$ (26,608)</u>                      |
| <b>Net Change in Fund Balances</b>                   | <u>\$ (8,597)</u>       | <u>\$ (101,569)</u>      | <u>\$ 86,129</u>            | <u>\$ (24,037)</u>                      |
| Fund Balances - Beginning                            | <u>66,064</u>           | <u>661,541</u>           | <u>267,226</u>              | <u>994,831</u>                          |
| <b>Fund Balances - Ending</b>                        | <u><u>\$ 57,467</u></u> | <u><u>\$ 559,972</u></u> | <u><u>\$ 353,355</u></u>    | <u><u>\$ 970,794</u></u>                |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
ACCOMMODATIONS TAX FUND  
Year Ended June 30, 2015**

|                                           | Original and<br>Final Budget | Actual<br>Amounts       | Variance With<br>Final Budget-<br>Positive<br>(Negative) |
|-------------------------------------------|------------------------------|-------------------------|----------------------------------------------------------|
| <b>REVENUES</b>                           |                              |                         |                                                          |
| Local Accommodations Tax                  | \$ 14,500                    | \$ 23,706               | \$ 9,206                                                 |
| Interest                                  | -                            | 117                     | 117                                                      |
| Intergovernmental                         | 65,000                       | 57,152                  | (7,848)                                                  |
| Total Revenues                            | <u>\$ 79,500</u>             | <u>\$ 80,975</u>        | <u>\$ 1,475</u>                                          |
| <b>EXPENDITURES</b>                       |                              |                         |                                                          |
| Current                                   |                              |                         |                                                          |
| Non-Departmental                          | <u>\$ 69,350</u>             | <u>\$ 62,964</u>        | <u>\$ 6,386</u>                                          |
| Excess of Revenues Over Expenditures      | \$ 10,150                    | \$ 18,011               | \$ 7,861                                                 |
| <b>OTHER FINANCING USES</b>               |                              |                         |                                                          |
| Operating Transfer Out<br>To General Fund | <u>(27,000)</u>              | <u>(26,608)</u>         | <u>392</u>                                               |
| <b>Net Change in Fund Balance</b>         | <u>\$ (16,850)</u>           | <u>\$ (8,597)</u>       | <u>\$ 8,253</u>                                          |
| Fund Balance - Beginning                  | <u>28,913</u>                | <u>66,064</u>           | <u>(37,151)</u>                                          |
| <b>Fund Balance - Ending</b>              | <u><u>\$ 12,063</u></u>      | <u><u>\$ 57,467</u></u> | <u><u>\$ (28,898)</u></u>                                |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
STREET AND DRAINAGE FUND  
Year Ended June 30, 2015**

|                                   | Original and<br>Final Budget | Actual<br>Amounts        | Variance With<br>Final Budget-<br>Positive<br>(Negative) |
|-----------------------------------|------------------------------|--------------------------|----------------------------------------------------------|
| <b>REVENUES</b>                   |                              |                          |                                                          |
| Interest                          | \$ 100                       | \$ 794                   | \$ 694                                                   |
| Intergovernmental                 | 722,450                      | 731,708                  | 9,258                                                    |
| Total Revenues                    | <u>\$ 722,550</u>            | <u>\$ 732,502</u>        | <u>\$ 9,952</u>                                          |
| <b>EXPENDITURES</b>               |                              |                          |                                                          |
| Current                           |                              |                          |                                                          |
| Street                            | \$ -                         | \$ 69,112                | \$ (69,112)                                              |
| Capital Outlay                    | 957,900                      | 764,959                  | 192,941                                                  |
| Total Expenditures                | <u>\$ 957,900</u>            | <u>\$ 834,071</u>        | <u>\$ 123,829</u>                                        |
| <b>Net Change in Fund Balance</b> | <b>\$ (235,350)</b>          | <b>\$ (101,569)</b>      | <b>\$ 133,781</b>                                        |
| Fund Balance - Beginning          | <u>589,982</u>               | <u>661,541</u>           | <u>(71,559)</u>                                          |
| <b>Fund Balance - Ending</b>      | <b><u>\$ 354,632</u></b>     | <b><u>\$ 559,972</u></b> | <b><u>\$ 62,222</u></b>                                  |

**CITY OF CONWAY, SOUTH CAROLINA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
TAX INCREMENT REVENUE FUND  
Year Ended June 30, 2015**

|                                   | Original<br>Budget       | Final<br>Budget          | Actual<br>Amounts        | Variance With<br>Budget-<br>Positive<br>(Negative) |
|-----------------------------------|--------------------------|--------------------------|--------------------------|----------------------------------------------------|
| <b>REVENUES</b>                   |                          |                          |                          |                                                    |
| Property Taxes                    | \$ 346,300               | \$ 346,300               | \$ 359,125               | \$ 12,825                                          |
| Interest                          | 50                       | 50                       | 343                      | 293                                                |
| Total Revenues                    | <u>\$ 346,350</u>        | <u>\$ 346,350</u>        | <u>\$ 359,468</u>        | <u>\$ 13,118</u>                                   |
| <b>EXPENDITURES</b>               |                          |                          |                          |                                                    |
| Debt Service                      | \$ 252,125               | \$ 262,125               | \$ 273,339               | \$ (11,214)                                        |
| Total Expenditures                | <u>\$ 252,125</u>        | <u>\$ 262,125</u>        | <u>\$ 273,339</u>        | <u>\$ (11,214)</u>                                 |
| <b>Net Change in Fund Balance</b> | \$ 94,225                | \$ 84,225                | \$ 86,129                | \$ 1,904                                           |
| Fund Balance - Beginning          | <u>227,314</u>           | <u>227,314</u>           | <u>267,226</u>           | <u>39,912</u>                                      |
| <b>Fund Balance - Ending</b>      | <u><u>\$ 321,539</u></u> | <u><u>\$ 311,539</u></u> | <u><u>\$ 353,355</u></u> | <u><u>\$ 41,816</u></u>                            |

**CITY OF CONWAY, SOUTH CAROLINA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUND**

**FIREMEN'S FUND**

**Year Ended June 30, 2015**

|                                | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>  | <u>Ending<br/>Balance</u> |
|--------------------------------|------------------------------|-------------------|-------------------|---------------------------|
| <b>ASSETS</b>                  |                              |                   |                   |                           |
| Cash and Temporary Investments | \$ <u>50,713</u>             | \$ <u>284,248</u> | \$ <u>237,455</u> | \$ <u>97,506</u>          |
| <b>LIABILITIES</b>             |                              |                   |                   |                           |
| Due to Firemen's Association   | \$ <u>50,713</u>             | \$ <u>284,248</u> | \$ <u>237,455</u> | \$ <u>97,506</u>          |



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**STATISTICAL SECTION (Unaudited)**

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**STATISTICAL SECTION (Unaudited)**  
***FINANCIAL TREND INFORMATION***

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*Schedules 1 through 4* contain financial trend information to help the reader understand how the City's financial performance and well-being have changed over time.



## Schedule 1

## CITY OF CONWAY, SOUTH CAROLINA

NET POSITION BY COMPONENT  
Last Ten Fiscal Years  
(accrual basis of accounting)

|                                             | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                             | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          |
| <b>Governmental activities</b>              |               |               |               |               |               |               |               |               |               |               |
| Net Investment in capital assets            | \$ 19,976,470 | \$ 21,724,764 | \$ 24,985,255 | \$ 24,636,648 | \$ 25,418,035 | \$ 25,719,185 | \$ 26,701,380 | \$ 25,955,505 | \$ 26,898,544 | \$ 32,179,639 |
| Restricted                                  | 5,513,971     | 6,643,839     | 3,716,858     | 3,237,635     | 2,927,195     | 1,815,399     | 1,853,937     | 3,040,281     | 1,814,392     | 2,168,440     |
| Unrestricted                                | 4,155,919     | 5,517,891     | 7,077,672     | 8,326,075     | 7,770,396     | 8,058,444     | 9,653,369     | 11,234,435    | 14,427,399    | (745,546)     |
| Total governmental activities net position  | \$ 29,646,360 | \$ 33,886,494 | \$ 35,779,785 | \$ 36,200,358 | \$ 36,115,626 | \$ 35,593,028 | \$ 38,208,686 | \$ 40,230,221 | \$ 43,140,335 | \$ 33,602,533 |
| <b>Business-type activities</b>             |               |               |               |               |               |               |               |               |               |               |
| Net Investment in capital assets            | \$ 17,556,474 | \$ 17,541,826 | \$ 17,927,454 | \$ 17,545,080 | \$ 17,748,237 | \$ 16,995,029 | \$ 16,169,298 | \$ 16,000,016 | \$ 16,407,936 | \$ 16,715,310 |
| Restricted                                  | 734,387       | 1,741,035     | 1,879,792     | 1,931,655     | 1,701,923     | 1,830,787     | 2,413,909     | 2,519,210     | 2,383,205     | 2,341,304     |
| Unrestricted                                | 2,847,467     | 2,437,456     | 2,771,609     | 2,617,564     | 2,216,957     | 1,975,343     | 3,216,958     | 3,926,214     | 4,672,563     | 3,763,895     |
| Total business-type activities net position | \$ 21,138,328 | \$ 21,720,317 | \$ 22,578,855 | \$ 22,094,299 | \$ 21,667,117 | \$ 20,801,159 | \$ 21,800,165 | \$ 22,445,440 | \$ 23,463,704 | \$ 22,820,509 |
| <b>Primary government</b>                   |               |               |               |               |               |               |               |               |               |               |
| Net Investment in capital assets            | \$ 37,532,944 | \$ 39,266,590 | \$ 42,912,709 | \$ 42,181,728 | \$ 43,166,272 | \$ 42,714,214 | \$ 42,870,678 | \$ 41,955,521 | \$ 43,306,480 | \$ 48,894,949 |
| Restricted                                  | 6,248,358     | 8,384,874     | 5,596,650     | 5,169,290     | 4,629,118     | 3,646,186     | 4,267,846     | 5,559,491     | 4,197,597     | 4,509,744     |
| Unrestricted                                | 7,003,386     | 7,955,347     | 9,849,281     | 10,943,639    | 9,987,353     | 10,033,787    | 12,870,327    | 15,160,649    | 19,099,962    | 3,018,349     |
| Total primary government net position       | \$ 50,784,688 | \$ 55,606,811 | \$ 58,358,640 | \$ 58,294,657 | \$ 57,782,743 | \$ 56,394,187 | \$ 60,008,851 | \$ 62,675,661 | \$ 66,604,039 | \$ 56,423,042 |

UNAUDITED

## CITY OF CONWAY, SOUTH CAROLINA

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

|                                                 | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
| <b>Expenses</b>                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                              | \$ 1,084,098         | \$ 1,181,838         | \$ 1,461,010         | \$ 1,502,726         | \$ 1,732,593         | \$ 1,541,878         | \$ 1,179,557         | \$ 1,202,230         | \$ 1,356,599         | \$ 1,497,794         |
| Public safety                                   | 6,052,951            | 6,651,489            | 7,203,546            | 7,138,218            | 7,350,413            | 7,349,173            | 6,746,726            | 6,938,419            | 6,984,545            | 7,615,337            |
| Street                                          | 1,796,170            | 2,349,040            | 2,772,556            | 2,879,130            | 3,149,210            | 3,006,669            | 2,832,133            | 2,851,842            | 3,082,746            | 2,748,466            |
| Sanitation                                      | 1,443,376            | 1,578,013            | 1,821,662            | 1,755,904            | 1,828,333            | 1,867,969            | 1,905,030            | 1,939,382            | 1,835,091            | 1,881,025            |
| Intragovernmental maintenance                   | 188,184              | 187,633              | 200,346              | 249,326              | 368,262              | 340,580              | 330,890              | 341,054              | 307,012              | 292,595              |
| Beautification                                  | 320,018              | 406,231              | 470,922              | 533,395              | 525,073              | 503,049              | 463,221              | 501,383              | 535,069              | 661,098              |
| Culture and recreation                          | 1,115,217            | 1,233,130            | 1,376,959            | 1,442,674            | 1,429,022            | 1,366,103            | 2,011,693            | 2,263,037            | 2,354,040            | 2,489,723            |
| Non-departmental                                | 303,233              | 279,551              | 512,265              | 822,119              | 820,621              | 780,867              | 773,356              | 668,876              | 770,874              | 835,854              |
| Interest and fiscal charges                     | 329,561              | 340,524              | 366,200              | 250,718              | 270,517              | 319,683              | 343,363              | 263,688              | 344,833              | 156,731              |
| Total governmental activities expenses          | <u>12,632,808</u>    | <u>14,207,449</u>    | <u>16,185,466</u>    | <u>16,574,210</u>    | <u>17,474,044</u>    | <u>17,075,971</u>    | <u>16,585,969</u>    | <u>16,969,911</u>    | <u>17,570,809</u>    | <u>18,178,623</u>    |
| Business-type activities                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water & sewer                                   | 6,541,876            | 7,587,400            | 7,720,537            | 8,026,097            | 7,817,042            | 8,003,029            | 7,376,188            | 7,794,295            | 8,279,224            | 8,255,290            |
| Total primary government expenses               | <u>\$ 19,174,684</u> | <u>\$ 21,794,849</u> | <u>\$ 23,906,003</u> | <u>\$ 24,600,307</u> | <u>\$ 25,291,086</u> | <u>\$ 25,079,000</u> | <u>\$ 23,962,157</u> | <u>\$ 24,764,206</u> | <u>\$ 25,850,033</u> | <u>\$ 26,433,913</u> |
| <b>Program Revenues</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                            | \$ 143,172           | \$ 3,945             | \$ 230               | \$ 3,316             | \$ 3,995             | \$ 5,808             | \$ 14,837            | \$ 28,885            | \$ 11,146            | \$ 7,836             |
| General government                              | 918,595              | 1,345,935            | 1,205,029            | 946,065              | 922,469              | 688,866              | 921,717              | 664,354              | 876,139              | 883,480              |
| Public safety                                   | 397,398              | 945,229              | 946,311              | 965,042              | 963,445              | 987,144              | 957,644              | 1,002,704            | 1,027,742            | 1,045,648            |
| Street                                          | 1,945,770            | 2,131,802            | 2,233,857            | 2,259,746            | 2,245,330            | 2,288,750            | 2,296,687            | 2,368,424            | 2,435,199            | 2,510,044            |
| Sanitation                                      |                      |                      |                      |                      |                      | 3,911                |                      |                      |                      |                      |
| Beautification                                  | 213,987              | 235,355              | 238,169              | 242,468              | 218,295              | 236,969              | 1,066,483            | 1,239,555            | 1,216,316            | 1,072,280            |
| Culture and recreation                          | 5,025                |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Non-departmental                                | 468,383              | 570,401              | 533,643              | 658,640              | 745,981              | 656,056              | 444,039              | 284,655              | 1,087,010            | 395,523              |
| Operating grants and contributions              | 1,357,651            | 2,743,340            | 1,465,679            | 253,715              | 838,799              | 440,188              | 1,213,899            | 357,641              | 8,891                | 86,885               |
| Capital grants and contributions                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Total governmental activities program revenues  | <u>\$ 5,449,981</u>  | <u>\$ 7,976,007</u>  | <u>\$ 6,622,918</u>  | <u>\$ 5,328,992</u>  | <u>\$ 5,938,314</u>  | <u>\$ 5,307,692</u>  | <u>\$ 6,915,306</u>  | <u>\$ 5,946,218</u>  | <u>\$ 6,662,443</u>  | <u>\$ 6,001,696</u>  |
| Business-type activities                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                            | \$ 6,508,819         | \$ 7,155,346         | \$ 7,833,044         | \$ 7,533,748         | \$ 7,574,780         | \$ 7,529,058         | \$ 8,388,764         | \$ 8,561,701         | \$ 9,034,201         | \$ 8,945,450         |
| Water & sewer                                   | 798,725              | 1,266,530            | 1,009,975            | 525,862              | 337,200              | 211,017              | 593,762              | 527,314              | 947,797              | 1,092,907            |
| Capital grants and contributions                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Total business-type activities program revenues | <u>\$ 7,307,544</u>  | <u>\$ 8,421,876</u>  | <u>\$ 8,843,019</u>  | <u>\$ 8,059,610</u>  | <u>\$ 7,911,980</u>  | <u>\$ 7,740,075</u>  | <u>\$ 8,982,526</u>  | <u>\$ 9,089,015</u>  | <u>\$ 9,981,998</u>  | <u>\$ 10,038,357</u> |

## CITY OF CONWAY, SOUTH CAROLINA

**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

|                                                              | Fiscal Year    |                |                |                 |                 |                 |                |                 |                 |                 |
|--------------------------------------------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|
|                                                              | 2006           | 2007           | 2008           | 2009            | 2010            | 2011            | 2012           | 2013            | 2014            | 2015            |
| Total primary government program revenues                    | \$ 12,757,525  | \$ 16,397,883  | \$ 15,465,937  | \$ 13,388,602   | \$ 13,850,294   | \$ 13,047,767   | \$ 15,897,832  | \$ 15,035,233   | \$ 16,644,441   | \$ 16,040,053   |
| <b>Net (expense)/revenue</b>                                 |                |                |                |                 |                 |                 |                |                 |                 |                 |
| Governmental activities                                      | \$ (7,182,827) | \$ (6,231,442) | \$ (9,562,548) | \$ (11,245,218) | \$ (11,535,730) | \$ (11,768,279) | \$ (9,670,663) | \$ (11,023,693) | \$ (10,908,366) | \$ (12,176,927) |
| Business-type activities                                     | 765,668        | 834,476        | 1,122,482      | 33,513          | 94,938          | (262,954)       | 1,606,338      | 1,294,720       | 1,702,774       | 1,783,067       |
| Total primary government net expense                         | \$ (6,417,159) | \$ (5,396,966) | \$ (8,440,066) | \$ (11,211,705) | \$ (11,440,792) | \$ (12,031,233) | \$ (8,064,325) | \$ (9,728,973)  | \$ (9,205,592)  | \$ (10,393,860) |
| <b>General revenues and other changes in net assets</b>      |                |                |                |                 |                 |                 |                |                 |                 |                 |
| Governmental activities                                      |                |                |                |                 |                 |                 |                |                 |                 |                 |
| Property taxes                                               | \$ 3,728,601   | \$ 3,906,194   | \$ 4,636,005   | \$ 5,161,643    | \$ 5,362,626    | \$ 5,142,077    | \$ 5,206,764   | \$ 5,205,526    | \$ 5,503,048    | \$ 5,513,255    |
| In lieu of property taxes                                    | 34,834         | 33,254         | 37,505         | 30,283          | 32,409          | 29,237          | 32,181         | 30,613          | 32,995          | 36,543          |
| Franchise fee taxes                                          | 762,075        | 819,067        | 876,542        | 913,009         | 939,713         | 1,020,310       | 993,489        | 995,245         | 1,111,491       | 1,168,553       |
| Hospitality fee taxes                                        | 505,604        | 532,063        | 558,879        | 542,643         | 536,544         | 535,914         | 618,718        | 614,475         | 669,236         | 722,318         |
| Local accommodations taxes                                   |                | 11,196         | 16,193         | 14,977          | 12,977          | 13,002          | 12,950         | 13,637          | 16,155          | 23,706          |
| Business license taxes                                       | 3,466,491      | 3,922,003      | 3,977,553      | 3,599,322       | 3,381,945       | 3,337,193       | 3,626,193      | 4,554,816       | 4,285,765       | 4,821,157       |
| Grants and contributions not restricted to specific programs | 479,276        | 500,448        | 545,705        | 527,656         | 458,885         | 455,367         | 458,965        | 759,044         | 1,448,104       | 1,268,130       |
| Investment earnings                                          | 361,117        | 394,888        | 396,031        | 236,048         | 107,707         | 68,581          | 44,269         | 42,838          | 36,284          | 36,107          |
| Gain on sale of capital assets                               | 84,447         | 17,433         | 76,456         | 76,377          | 49,192          | 28,200          | 10,003         | 134,134         | 20,502          | 93,869          |
| Transfers                                                    | 295,000        | 335,000        | 335,000        | 563,833         | 569,000         | 615,800         | 615,800        | 694,900         | 694,900         | 694,900         |
| Extraordinary item                                           |                |                |                |                 |                 |                 | 666,989        |                 |                 |                 |
| Total governmental activities                                | \$ 9,717,445   | \$ 10,471,546  | \$ 11,120,869  | \$ 11,665,791   | \$ 11,450,998   | \$ 11,245,681   | \$ 12,286,321  | \$ 13,045,228   | \$ 13,818,480   | \$ 14,378,538   |
| Business-type activities                                     |                |                |                |                 |                 |                 |                |                 |                 |                 |
| Investment earnings                                          | \$ 72,313      | \$ 82,514      | \$ 71,056      | \$ 45,764       | \$ 41,327       | \$ 12,796       | \$ 8,468       | \$ 10,153       | \$ 10,760       | \$ 12,226       |
| Gain (Loss) on sale of capital assets                        |                |                |                |                 | 5,553           |                 |                | 35,302          | (370)           | 15,392          |
| Transfers                                                    | (295,000)      | (335,000)      | (335,000)      | (563,833)       | (569,000)       | (615,800)       | (615,800)      | (694,900)       | (694,900)       | (694,900)       |
| Total business-type activities                               | \$ (222,687)   | \$ (252,486)   | \$ (263,944)   | \$ (518,069)    | \$ (522,120)    | \$ (603,004)    | \$ (607,332)   | \$ (649,445)    | \$ (684,510)    | \$ (667,282)    |
| Total primary government                                     | \$ 9,494,758   | \$ 10,219,060  | \$ 10,856,925  | \$ 11,147,722   | \$ 10,928,878   | \$ 10,642,677   | \$ 11,678,989  | \$ 12,395,783   | \$ 13,133,970   | \$ 13,711,256   |
| <b>Changes in net assets</b>                                 |                |                |                |                 |                 |                 |                |                 |                 |                 |
| Governmental activities                                      | \$ 2,534,618   | \$ 4,240,104   | \$ 1,558,321   | \$ 420,573      | \$ (84,732)     | \$ (522,598)    | \$ 2,615,658   | \$ 2,021,535    | \$ 2,910,114    | \$ 2,201,611    |
| Business-type activities                                     | 542,981        | 581,990        | 858,538        | (484,556)       | (427,182)       | (865,958)       | 999,006        | 645,275         | 1,018,264       | 1,115,785       |
| Total primary government                                     | \$ 3,077,599   | \$ 4,822,094   | \$ 2,416,859   | \$ (63,983)     | \$ (511,914)    | \$ (1,388,556)  | \$ 3,614,664   | \$ 2,666,810    | \$ 3,928,378    | \$ 3,317,396    |

UNAUDITED

## Schedule 3

## CITY OF CONWAY, SOUTH CAROLINA

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                     | Fiscal Year         |                      |                     |                     |                     |                     |                      |                      |                      |                      |
|-------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2006                | 2007                 | 2008                | 2009                | 2010                | 2011                | 2012                 | 2013                 | 2014                 | 2015                 |
| <b>General fund</b>                 |                     |                      |                     |                     |                     |                     |                      |                      |                      |                      |
| Unspendable                         | \$ 83,999           | \$ 100,178           | \$ 94,186           | \$ 82,148           | \$ 98,029           | \$ 118,458          | \$ 136,012           | \$ 139,247           | \$ 144,783           | \$ 99,614            |
| Restricted                          | 1,797,362           | 2,795,723            | 760,307             | 160,763             | 141,837             | 133,814             | 168,366              | 179,446              | 204,013              | 202,165              |
| Assigned                            | 387,767             | 399,901              | 411,784             | 423,511             | 429,920             | 277,805             | 639,426              | 867,894              | 1,059,399            | 969,119              |
| Unassigned                          | 7,201,638           | 8,515,123            | 8,360,119           | 8,367,545           | 7,763,539           | 8,180,542           | 9,214,984            | 11,476,697           | 12,335,204           | 10,380,605           |
| Total general fund                  | <u>\$ 9,470,766</u> | <u>\$ 11,810,925</u> | <u>\$ 9,626,396</u> | <u>\$ 9,033,967</u> | <u>\$ 8,433,325</u> | <u>\$ 8,710,619</u> | <u>\$ 10,158,788</u> | <u>\$ 12,663,284</u> | <u>\$ 13,743,399</u> | <u>\$ 11,651,503</u> |
| <b>All other governmental funds</b> |                     |                      |                     |                     |                     |                     |                      |                      |                      |                      |
| Unspendable                         | \$ -                | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                 | \$ -                 | \$ 197,000           | \$ -                 |
| Restricted                          | 3,379,624           | 3,498,997            | 2,619,038           | 2,731,146           | 2,437,805           | 1,673,562           | 1,679,867            | 2,916,674            | 1,610,379            | 1,966,275            |
| Unassigned                          | (50,782)            | (50,782)             | (74,272)            | (77,785)            | (82,367)            | (79,685)            | (81,010)             | (81,014)             | (83,290)             | (200,392)            |
| Total all other governmental funds  | <u>\$ 3,328,842</u> | <u>\$ 3,448,215</u>  | <u>\$ 2,544,766</u> | <u>\$ 2,653,361</u> | <u>\$ 2,355,438</u> | <u>\$ 1,593,877</u> | <u>\$ 1,598,857</u>  | <u>\$ 3,032,660</u>  | <u>\$ 1,724,089</u>  | <u>\$ 1,765,883</u>  |

## Schedule 4

## CITY OF CONWAY, SOUTH CAROLINA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

Page 1 of 2

|                                                           | Fiscal Year   |               |                |                |                |                |               |               |                |                |
|-----------------------------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|
|                                                           | 2006          | 2007          | 2008           | 2009           | 2010           | 2011           | 2012          | 2013          | 2014           | 2015           |
| <b>Revenues</b>                                           |               |               |                |                |                |                |               |               |                |                |
| Property taxes                                            | \$ 3,740,942  | \$ 3,923,389  | \$ 4,607,519   | \$ 5,080,674   | \$ 5,322,818   | \$ 5,209,816   | \$ 5,064,658  | \$ 5,248,997  | \$ 5,503,103   | \$ 5,508,266   |
| Franchise fees                                            | 762,075       | 819,067       | 876,542        | 913,009        | 939,713        | 1,020,310      | 993,489       | 995,245       | 1,111,491      | 1,168,553      |
| Hospitality fees                                          | 505,604       | 532,063       | 558,879        | 542,643        | 536,544        | 535,914        | 618,718       | 614,475       | 669,236        | 722,318        |
| Local Accommodations Tax                                  |               | 11,196        | 16,193         | 14,977         | 12,977         | 13,002         | 12,950        | 13,637        | 16,155         | 23,706         |
| Stormwater fees                                           | 353,698       | 888,050       | 917,367        | 936,049        | 938,071        | 973,579        | 950,908       | 984,198       | 1,012,802      | 1,038,509      |
| Licenses and permits                                      | 4,085,414     | 4,700,881     | 4,520,559      | 3,907,306      | 3,669,218      | 3,510,526      | 4,071,092     | 4,765,398     | 4,739,976      | 5,229,838      |
| Fines and forfeitures                                     | 237,180       | 324,091       | 400,468        | 346,750        | 342,652        | 351,152        | 315,583       | 286,899       | 249,165        | 292,622        |
| Interest                                                  | 361,117       | 626,214       | 582,834        | 251,621        | 117,748        | 68,581         | 44,269        | 42,838        | 36,284         | 36,107         |
| Intergovernmental                                         | 2,291,274     | 3,389,364     | 2,343,058      | 1,348,695      | 1,710,778      | 1,504,790      | 2,015,097     | 1,380,870     | 2,371,077      | 1,612,484      |
| Charges for services                                      | 1,928,371     | 2,108,051     | 2,212,932      | 2,243,627      | 2,229,920      | 2,273,088      | 2,285,523     | 2,353,477     | 2,417,954      | 2,483,555      |
| Recreation center                                         |               |               |                |                |                |                | 849,073       | 1,001,303     | 953,243        | 774,313        |
| Other                                                     | 534,645       | 789,949       | 602,494        | 688,253        | 645,873        | 500,399        | 561,324       | 518,546       | 685,090        | 696,205        |
| Total revenues                                            | \$ 14,800,320 | \$ 18,112,315 | \$ 17,638,845  | \$ 16,273,604  | \$ 16,466,312  | \$ 15,961,157  | \$ 17,782,684 | \$ 18,205,883 | \$ 19,765,376  | \$ 19,586,476  |
| <b>Expenditures</b>                                       |               |               |                |                |                |                |               |               |                |                |
| General government                                        | \$ 1,020,349  | \$ 1,122,582  | \$ 1,389,301   | \$ 1,422,627   | \$ 1,621,843   | \$ 1,459,450   | \$ 1,082,764  | \$ 1,112,470  | \$ 1,261,858   | \$ 1,425,036   |
| Public safety                                             | 5,462,403     | 6,069,079     | 6,693,925      | 6,652,277      | 6,913,838      | 6,923,998      | 6,449,875     | 6,587,410     | 6,643,629      | 7,134,356      |
| Street                                                    | 1,137,967     | 1,441,237     | 1,695,044      | 1,616,648      | 1,864,736      | 1,520,277      | 1,479,430     | 1,551,891     | 1,913,945      | 1,577,328      |
| Sanitation                                                | 1,289,512     | 1,416,934     | 1,634,254      | 1,552,034      | 1,523,201      | 1,554,727      | 1,595,304     | 1,693,377     | 1,660,425      | 1,668,440      |
| Intergovernmental maintenance                             | 179,622       | 178,843       | 189,564        | 207,785        | 232,140        | 196,159        | 185,047       | 196,982       | 193,398        | 202,577        |
| Beautification                                            | 298,713       | 377,129       | 450,153        | 515,225        | 509,398        | 492,653        | 456,778       | 492,105       | 525,290        | 640,228        |
| Culture and recreation                                    |               |               |                |                |                |                |               |               |                |                |
| Recreation center                                         |               |               |                |                |                |                | 830,595       | 673,900       | 710,114        | 1,925,220      |
| Other recreation activities                               | 886,380       | 1,002,632     | 1,153,249      | 1,137,013      | 1,056,368      | 992,582        | 673,166       | 1,093,850     | 1,128,884      |                |
| Non-departmental                                          | 303,233       | 279,551       | 512,265        | 783,119        | 812,021        | 766,465        | 835,357       | 665,452       | 803,972        | 871,089        |
| Capital outlay                                            | 3,309,689     | 2,973,865     | 7,160,792      | 2,333,572      | 2,677,981      | 5,714,502      | 2,867,083     | 1,077,962     | 5,455,543      | 5,686,947      |
| Debt service                                              |               |               |                |                |                |                |               |               |                |                |
| Principal                                                 | 775,688       | 833,182       | 838,130        | 909,208        | 1,070,480      | 825,260        | 886,589       | 979,525       | 848,218        | 1,142,555      |
| Interest                                                  | 289,508       | 340,621       | 311,726        | 298,240        | 278,822        | 243,938        | 304,638       | 309,497       | 371,948        | 154,695        |
| Financing fees                                            | 46,685        |               |                |                |                | 22,300         |               | 11,250        | 23,146         |                |
| Total expenditures                                        | \$ 14,999,749 | \$ 16,035,655 | \$ 22,028,403  | \$ 17,427,748  | \$ 18,560,828  | \$ 20,712,311  | \$ 17,646,626 | \$ 16,445,671 | \$ 21,540,370  | \$ 22,428,471  |
| Excess (deficiency) of revenues over (under) expenditures | \$ (199,429)  | \$ 2,076,660  | \$ (4,389,558) | \$ (1,154,144) | \$ (2,094,516) | \$ (4,751,154) | \$ 136,058    | \$ 1,760,212  | \$ (1,774,794) | \$ (2,841,995) |

UNAUDITED

## CITY OF CONWAY, SOUTH CAROLINA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                                         | Fiscal Year  |              |                |              |              |              |              |              |              |                |
|---------------------------------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                                                         | 2006         | 2007         | 2008           | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2014           |
| <b>Other financing sources (uses)</b>                   |              |              |                |              |              |              |              |              |              |                |
| General obligation bonds issued                         | \$ 1,500,000 | \$           | \$             | \$           | \$           | \$ 1,110,000 | \$           | \$           | \$           | \$             |
| Refunding bonds issued                                  | 1,935,010    |              |                |              |              |              |              |              |              |                |
| Revenue bonds issued                                    | 3,150,000    |              |                |              |              |              |              | 3,175,000    | 5,022,000    |                |
| Tax increment bonds issued                              |              |              | 835,000        |              | 570,000      | 2,500,000    |              |              | 855,000      |                |
| Lease purchases issued                                  |              |              | 76,456         |              | 49,192       | 28,200       | 10,003       | 134,134      | 20,502       | 93,869         |
| Proceeds from sale of capital assets                    | 84,447       | 17,433       | 55,124         | 76,377       | 7,759        | 12,887       | 24,120       | 31,333       | 31,775       | 3,124          |
| Proceeds from insurance recoveries                      |              | 30,439       |                | 24,933       |              |              |              | (1,912,939)  | (5,022,000)  |                |
| Payments on Refunded Bonds                              | (3,570,010)  |              |                | 1,106,738    | 876,745      | 732,325      | 732,239      | 743,966      | 825,188      | 823,958        |
| Transfers in                                            | 758,056      | 637,733      | 1,198,157      | (537,738)    | (307,745)    | (116,525)    | (116,439)    | (49,066)     | (130,288)    | (129,058)      |
| Transfers out                                           | (463,056)    | (302,733)    | (863,157)      |              |              |              |              |              |              |                |
| Total other financing sources (uses)                    | \$ 3,394,447 | \$ 382,872   | \$ 1,301,580   | \$ 670,310   | \$ 1,195,951 | \$ 4,266,887 | \$ 649,923   | \$ 2,122,428 | \$ 1,602,177 | \$ 791,893     |
| <b>Extraordinary item</b>                               |              |              |                |              |              |              |              |              |              |                |
| Proceeds from dissolution of health insurance pool      | \$           | \$           | \$             | \$           | \$           | \$           | \$ 666,989   | \$           | \$           | \$             |
| Net change in fund balances                             | \$ 3,195,018 | \$ 2,459,532 | \$ (3,087,978) | \$ (483,834) | \$ (898,565) | \$ (484,267) | \$ 1,452,970 | \$ 3,882,640 | \$ (172,617) | \$ (2,050,102) |
| Debt service as a percentage of noncapital expenditures | 9.11%        | 8.99%        | 7.73%          | 8.00%        | 8.50%        | 7.13%        | 8.00%        | 8.50%        | 7.59%        | 7.75%          |

UNAUDITED

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STATISTICAL SECTION (Unaudited)  
*SCHEDULES OF REVENUE CAPACITY INFORMATION*

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*Schedules 5 through 11* contain revenue capacity information to help the reader assess the factors affecting the City's ability to generate property taxes and water and sewer rates.



**Schedule 5**

**CITY OF CONWAY, SOUTH CAROLINA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

*(Stated in Thousands of Dollars)*

| Fiscal<br>Year | Assessed Value   |                      |        | Total Direct<br>Tax Rate | Estimated<br>Actual Value | Total<br>Assessed<br>Value as a<br>Percentage of<br>Estimated<br>Actual Value |
|----------------|------------------|----------------------|--------|--------------------------|---------------------------|-------------------------------------------------------------------------------|
|                | Real<br>Property | Personal<br>Property | Total  |                          |                           |                                                                               |
| 2006           | 38,255           | 4,888                | 43,143 | 86.60                    | 729,676                   | 6.0 %                                                                         |
| 2007           | 40,275           | 5,021                | 45,296 | 86.60                    | 767,009                   | 6.0                                                                           |
| 2008           | 47,694           | 5,015                | 52,709 | 86.60                    | 899,441                   | 6.0                                                                           |
| 2009           | 48,874           | 4,803                | 53,677 | 86.60                    | 918,488                   | 6.0                                                                           |
| 2010           | 51,433           | 4,353                | 55,786 | 86.60                    | 959,903                   | 6.0                                                                           |
| 2011           | 54,420           | 4,409                | 58,829 | 79.30                    | 1,013,776                 | 6.0                                                                           |
| 2012           | 56,747           | 5,299                | 62,046 | 79.30                    | 1,063,806                 | 6.0                                                                           |
| 2013           | 57,290           | 5,519                | 62,809 | 79.30                    | 1,075,598                 | 6.0                                                                           |
| 2014           | 57,230           | 5,040                | 62,270 | 79.30                    | 1,154,526                 | 5.0                                                                           |
| 2015           | 58,221           | 5,725                | 63,946 | 82.40                    | 1,278,920                 | 5.0                                                                           |

**Source:** Horry County Assessor's Office

**Note:** Tax rates are per \$1,000 of assessed value.

**UNAUDITED**

Schedule 6

CITY OF CONWAY, SOUTH CAROLINA

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**

| <u>Fiscal Year<br/>Ended</u> | <u>City of<br/>Conway</u> | <u>Horry<br/>County</u> | <u>Horry County<br/>School<br/>District</u> | <u>Horry County<br/>Higher<br/>Education<br/>Commission</u> | <u>Maximum<br/>Combined<br/>Rate</u> |
|------------------------------|---------------------------|-------------------------|---------------------------------------------|-------------------------------------------------------------|--------------------------------------|
| 2006                         | 86.6                      | 45.6                    | 129.7                                       | 0.7                                                         | 262.6                                |
| 2007                         | 86.6                      | 45.6                    | 129.7                                       | 0.7                                                         | 262.6                                |
| 2008                         | 86.6                      | 46.6                    | 143.3                                       | 0.7                                                         | 277.2                                |
| 2009                         | 86.6                      | 46.6                    | 139.3                                       | 0.7                                                         | 273.2                                |
| 2010                         | 86.6                      | 46.6                    | 143.3                                       | 0.7                                                         | 277.2                                |
| 2011                         | 79.3                      | 44.2                    | 132.2                                       | 0.7                                                         | 256.4                                |
| 2012                         | 79.3                      | 44.5                    | 132.2                                       | 0.7                                                         | 256.7                                |
| 2013                         | 79.3                      | 44.5                    | 130.2                                       | 0.7                                                         | 254.7                                |
| 2014                         | 79.3                      | 45.0                    | 130.2                                       | 0.7                                                         | 255.2                                |
| 2015                         | 82.4                      | 51.7                    | 133.1                                       | 0.7                                                         | 267.9                                |

Note: Each mill represents .1% per \$1,000 of assessed valuation

City Tax Data: Tax Rate Limits: None

Taxes Due: Vehicles - Before the end of the month of tag renewal  
by the S.C. State Highway Department

All Personal Other Than Vehicles and Real - January 15

Data for overlapping jurisdictions was provided by the Horry County Treasurer.

**UNAUDITED**

## Schedule 7

## CITY OF CONWAY, SOUTH CAROLINA

**PRINCIPAL PROPERTY TAX PAYERS**  
**Current Year and Nine Years Ago**

| Taxpayer                         | Type of Business   | Assessed<br>Valuation | 2015                                                        | Tax Levy          |
|----------------------------------|--------------------|-----------------------|-------------------------------------------------------------|-------------------|
|                                  |                    |                       | Percentage<br>of Total<br>Adjusted<br>Assessed<br>Valuation |                   |
| Coastal 544 Ventures, LLC        | Real Estate        | \$ 1,087,570          | 1.70% %                                                     | \$ 89,616         |
| Gator Coastal Shopping Centre    | Real Estate        | 774,920               | 1.21%                                                       | 63,853            |
| Fowler 501 Property, LLC         | Automobile         | 615,710               | 0.96%                                                       | 50,735            |
| Wall Conway, LLC                 | Real Estate        | 575,310               | 0.90%                                                       | 47,406            |
| GD Conway, LLC                   | Real Estate        | 561,110               | 0.88%                                                       | 46,235            |
| Conway National Bank             | Financial Services | 412,590               | 0.65%                                                       | 33,997            |
| GSM Properties of Conway, Inc.   | Real Estate        | 400,720               | 0.63%                                                       | 33,019            |
| Wild Wing, LLC                   | Real Estate        | 384,950               | 0.60%                                                       | 31,720            |
| University Suites at Coastal     | Real Estate        | 380,140               | 0.59%                                                       | 31,324            |
| University Shoppes Holdings, LLC | Real Estate        | 316,650               | 0.50%                                                       | 26,092            |
|                                  |                    | <u>\$ 5,509,670</u>   | <u>8.62% %</u>                                              | <u>\$ 453,997</u> |

| Taxpayer                       | Type of Business   | Assessed<br>Valuation | 2006                                                        | Tax Levy          |
|--------------------------------|--------------------|-----------------------|-------------------------------------------------------------|-------------------|
|                                |                    |                       | Percentage<br>of Total<br>Adjusted<br>Assessed<br>Valuation |                   |
| Wild Wing Plantation, Inc.     | Real Estate        | \$ 930,393            | 2.51 %                                                      | \$ 89,969         |
| WalMart Conway, LLC            | Retail             | 693,195               | 1.87                                                        | 67,032            |
| Verizon South, Inc.            | Communication      | 543,289               | 1.47                                                        | 52,536            |
| Triton PCS Holdings Co., LLC   | Communication      | 271,717               | .73                                                         | 26,275            |
| Peppertree Resort Villas, Inc. | Real Estate        | 235,264               | .63                                                         | 22,750            |
| Peoples Federal Savings & Loan | Financial Services | 245,202               | .66                                                         | 23,711            |
| KPT Properties, LP             | Real Estate        | 240,217               | .65                                                         | 23,229            |
| Fowler 501 Property, LLC       | Automobile         | 450,548               | 1.21                                                        | 43,568            |
| Conway Hospital, Inc.          | Medical Services   | 237,073               | .64                                                         | 22,925            |
| Coastal Centre Associates      | Real Estate        | 607,125               | 1.64                                                        | 58,709            |
|                                |                    | <u>\$ 4,454,023</u>   | <u>8.70 %</u>                                               | <u>\$ 430,704</u> |

Source: Horry County Assessor's Office

UNAUDITED

## Schedule 8

## CITY OF CONWAY, SOUTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years

| Levy<br>Year | Outstanding<br>Taxes<br>Receivable<br>Beginning<br>of Year | Tax Levy<br>Assessment <sup>(1)</sup> | Tax<br>Collections<br>Assessment | Percent of<br>Tax Levy<br>Collected<br>Assessment | Subsequent<br>Net Tax<br>Additions,<br>Abatements<br>and<br>Collections | Total Tax<br>Collections | Percent of<br>Total Tax<br>Collections<br>to Tax Levy | Outstanding<br>Taxes<br>Receivable | Percent of<br>Outstanding<br>Taxes to<br>Tax Levy |
|--------------|------------------------------------------------------------|---------------------------------------|----------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|--------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------------|
| 2005         | 450,652                                                    | 3,709,737                             | 3,601,868                        | 97.1                                              | 89,992                                                                  | 3,691,860                | 99.5                                                  | 468,529                            | 12.6                                              |
| 2006         | 468,529                                                    | 3,607,942                             | 3,571,605                        | 99.0                                              | 65,436                                                                  | 3,637,041                | 100.8                                                 | 439,430                            | 12.2                                              |
| 2007         | 439,430                                                    | 4,362,953                             | 4,177,833                        | 95.7                                              | 129,314                                                                 | 4,307,147                | 98.7                                                  | 495,236                            | 11.4                                              |
| 2008         | 495,236                                                    | 4,926,169                             | 4,598,720                        | 93.4                                              | 149,428                                                                 | 4,748,148                | 96.4                                                  | 673,257                            | 13.7                                              |
| 2009         | 673,257                                                    | 5,080,020                             | 4,684,968                        | 92.2                                              | 268,132                                                                 | 4,953,100                | 97.5                                                  | 800,177                            | 15.8                                              |
| 2010         | 800,177                                                    | 4,687,399                             | 4,457,741                        | 95.1                                              | 332,845                                                                 | 4,790,586                | 102.2                                                 | 696,990                            | 14.9                                              |
| 2011         | 696,990                                                    | 4,733,363                             | 4,524,634                        | 95.6                                              | 126,526                                                                 | 4,651,160                | 98.3                                                  | 779,193                            | 16.5                                              |
| 2012         | 779,193                                                    | 4,851,725                             | 4,622,469                        | 95.3                                              | 230,346                                                                 | 4,852,815                | 100.0                                                 | 778,103                            | 16.0                                              |
| 2013         | 778,103                                                    | 5,052,688                             | 4,853,929                        | 96.1                                              | 234,365                                                                 | 5,088,294                | 100.7                                                 | 742,497                            | 14.7                                              |
| 2014         | 742,497                                                    | 5,212,736                             | 4,935,223                        | 94.7                                              | 223,876                                                                 | 5,159,099                | 98.9                                                  | 796,134                            | 15.3                                              |

<sup>(1)</sup> Tax levy in fiscal year of assessment includes all additions and abatements made in the fiscal year of assessment.

UNAUDITED

**Schedule 9**

**CITY OF CONWAY, SOUTH CAROLINA**

**WATER AND SEWER GALLONS AND NUMBER OF CUSTOMERS  
Last Ten Fiscal Years**

| Fiscal<br>Year | Water and Sewer | Number of<br>Customers | Total Direct Rate |            |           |            |
|----------------|-----------------|------------------------|-------------------|------------|-----------|------------|
|                | Gallons         |                        | Water             |            | Sewer     |            |
|                | Billed          |                        | Base Rate         | Usage Rate | Base Rate | Usage Rate |
| 2006           | 1,008,321       | 15,725                 | 7.85              | 1.48       | 4.10      | 2.49       |
| 2007           | 1,114,755       | 12,530                 | 7.85              | 1.48       | 4.10      | 2.49       |
| 2008           | 1,134,459       | 12,809                 | 8.64              | 1.63       | 4.51      | 2.74       |
| 2009           | 1,100,676       | 13,018                 | 8.64              | 1.63       | 4.51      | 2.74       |
| 2010           | 983,694         | 13,102                 | 8.64              | 1.63       | 4.51      | 2.74       |
| 2011           | 967,272         | 13,278                 | 8.64              | 1.63       | 4.51      | 2.74       |
| 2012           | 994,119         | 13,429                 | 9.50              | 1.79       | 4.96      | 3.01       |
| 2013           | 966,212         | 13,543                 | 9.50              | 1.79       | 4.96      | 3.01       |
| 2014           | 985,361         | 13,970                 | 9.50              | 1.79       | 4.96      | 3.01       |
| 2015           | 998,811         | 14,240                 | 9.50              | 1.79       | 4.96      | 3.01       |

**Source:** City Water and Sewer Department

**Notes:** Gallons are presented in thousands.

The water and sewer usage rates are per 1,000 gallons inside the City limits. See page 80 for other rates.

**UNAUDITED**

## Schedule 10

## CITY OF CONWAY, SOUTH CAROLINA

## WATER AND SEWER RATES

Last Ten Fiscal Years

| Fiscal Year | Water Rates                        |                                     |                                     | Sewer Rates                         |                                     |                                      |
|-------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
|             | Base Rate<br>Inside<br>City Limits | Usage Rate<br>Inside<br>City Limits | Base Rate<br>Outside<br>City Limits | Usage Rate<br>Inside<br>City Limits | Base Rate<br>Outside<br>City Limits | Usage Rate<br>Outside<br>City Limits |
|             |                                    |                                     |                                     |                                     |                                     |                                      |
| 2006        | 7.85                               | 1.48                                | 15.70                               | 2.49                                | 8.20                                | 4.98                                 |
| 2007        | 7.85                               | 1.48                                | 15.70                               | 2.49                                | 8.20                                | 4.98                                 |
| 2008        | 8.64                               | 1.63                                | 17.27                               | 2.74                                | 9.02                                | 5.48                                 |
| 2009        | 8.64                               | 1.63                                | 17.27                               | 2.74                                | 9.02                                | 5.48                                 |
| 2010        | 8.64                               | 1.63                                | 17.27                               | 2.74                                | 9.02                                | 5.48                                 |
| 2011        | 8.64                               | 1.63                                | 17.27                               | 2.74                                | 9.02                                | 5.48                                 |
| 2012        | 9.50                               | 1.79                                | 19.00                               | 3.01                                | 9.92                                | 6.02                                 |
| 2013        | 9.50                               | 1.79                                | 19.00                               | 3.01                                | 9.92                                | 6.02                                 |
| 2014        | 9.50                               | 1.79                                | 19.00                               | 3.01                                | 9.92                                | 6.02                                 |
| 2015        | 9.50                               | 1.79                                | 19.00                               | 3.01                                | 9.92                                | 6.02                                 |

Source: City Water and Sewer Department

UNAUDITED

Schedule 11

CITY OF CONWAY, SOUTH CAROLINA

PRINCIPAL WATER CUSTOMERS  
Current Year <sup>(1)</sup>

| Customer                     | Fiscal Year 2015  |                                   |
|------------------------------|-------------------|-----------------------------------|
|                              | Water Revenue     | Percentage of Total Water Revenue |
|                              | Amount            |                                   |
| Coastal Carolina University  | \$ 191,408        | 2.14% %                           |
| Horry County Jail            | 137,219           | 1.53%                             |
| Horry County School District | 131,269           | 1.47%                             |
| Conway Housing Authority     | 121,624           | 1.36%                             |
| Metglass                     | 64,022            | 0.72%                             |
| G D Conway LLC               | 56,904            | 0.64%                             |
| Conway Manor                 | 54,532            | 0.61%                             |
| Monarch 501                  | 53,270            | 0.60%                             |
| Walmart                      | 43,735            | 0.49%                             |
| New South                    | 42,983            | 0.48%                             |
|                              | <u>\$ 896,966</u> | <u>10.03% %</u>                   |

<sup>(1)</sup> Information not available for any years prior to 2008 and only available for water customers.

Source: City Water and Sewer Department

UNAUDITED

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**STATISTICAL SECTION (Unaudited)**  
***SCHEDULES OF DEBT CAPACITY INFORMATION***

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*Schedules 12 through 16* present debt capacity 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.

## Schedule 12

## CITY OF CONWAY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

| Fiscal<br>Year | Governmental Activities |                                  |                            |                                |         |                              | Business-Type<br>Activities                        |            | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>(2)</sup> | Per Capita <sup>(2)</sup> |
|----------------|-------------------------|----------------------------------|----------------------------|--------------------------------|---------|------------------------------|----------------------------------------------------|------------|--------------------------------|----------------------------------------------------|---------------------------|
|                | General                 |                                  |                            | Stormwater                     |         | Capital Lease<br>Obligations | Water and<br>Sewer Revenue<br>Bonds <sup>(1)</sup> |            |                                |                                                    |                           |
|                | Obligation<br>Bonds     | Hospitality Fee<br>Revenue Bonds | Management<br>Revenue Bond | Tax Increment<br>Revenue Bonds |         |                              |                                                    |            |                                |                                                    |                           |
| 2006           | 2,370,000               | 3,150,000                        | 1,995,197                  | 770,000                        | 582,206 |                              |                                                    | 8,867,403  | 2.22                           | 649                                                |                           |
| 2007           | 2,225,000               | 2,993,851                        | 1,886,192                  | 595,000                        | 334,178 |                              |                                                    | 8,034,221  | 1.85                           | 572                                                |                           |
| 2008           | 2,075,000               | 2,831,300                        | 1,772,816                  | 410,000                        | 941,975 | 3,300,000                    |                                                    | 11,331,091 | 2.53                           | 806                                                |                           |
| 2009           | 1,910,000               | 2,662,084                        | 1,654,895                  | 220,000                        | 674,904 | 3,190,000                    |                                                    | 10,311,883 | 2.26                           | 734                                                |                           |
| 2010           | 1,715,000               | 2,485,930                        | 1,532,246                  |                                | 888,227 | 3,075,000                    |                                                    | 9,696,403  | 2.17                           | 690                                                |                           |
| 2011           | 2,590,000               | 2,302,553                        | 1,404,680                  | 2,500,000                      | 608,910 | 2,955,000                    |                                                    | 12,361,143 | 2.48                           | 723                                                |                           |
| 2012           | 2,501,016               | 2,111,660                        | 1,271,998                  | 2,309,711                      | 325,169 | 2,830,000                    |                                                    | 11,349,554 | 2.29                           | 648                                                |                           |
| 2013           | 2,241,114               | 3,175,000                        | 1,133,997                  | 2,131,037                      | 120,942 | 2,700,000                    |                                                    | 11,502,090 | 2.21                           | 643                                                |                           |
| 2014           | 2,006,000               | 2,931,873                        | 995,000                    | 2,021,000                      | 855,000 | 2,600,000                    |                                                    | 11,408,873 | 1.99                           | 591                                                |                           |
| 2015           | 1,666,437               | 2,693,991                        | 834,026                    | 1,782,744                      | 689,120 | 2,354,709                    |                                                    | 10,021,027 | 1.55                           | 497                                                |                           |

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

<sup>(1)</sup> In 2006, the City paid off all of its outstanding water and sewer revenue bonds.

<sup>(2)</sup> See page 86 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

UNAUDITED

**Schedule 13**

**CITY OF CONWAY, SOUTH CAROLINA**

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years**

| Fiscal Year<br>Ended | Net General Bonded Debt Outstanding |                                    |                            | Percentage of<br>Estimated Actual<br>Taxable Value<br>of Property <sup>(1)</sup> | Net Bonded<br>Debt - Per<br>Capita <sup>(2)</sup> |
|----------------------|-------------------------------------|------------------------------------|----------------------------|----------------------------------------------------------------------------------|---------------------------------------------------|
|                      | General<br>Obligation<br>Bonds      | Debt Service<br>Funds<br>Available | Net General<br>Bonded Debt |                                                                                  |                                                   |
| 2006                 | 2,370,000                           |                                    | 2,370,000                  | 0.32                                                                             | 174                                               |
| 2007                 | 2,225,000                           |                                    | 2,225,000                  | 0.29                                                                             | 158                                               |
| 2008                 | 2,075,000                           |                                    | 2,075,000                  | 0.23                                                                             | 147                                               |
| 2009                 | 1,910,000                           |                                    | 1,910,000                  | 0.21                                                                             | 136                                               |
| 2010                 | 1,715,000                           |                                    | 1,715,000                  | 0.18                                                                             | 122                                               |
| 2011                 | 2,590,000                           |                                    | 2,590,000                  | 0.27                                                                             | 151                                               |
| 2012                 | 2,501,016                           |                                    | 2,501,016                  | 0.24                                                                             | 143                                               |
| 2013                 | 2,241,114                           |                                    | 2,241,114                  | 0.21                                                                             | 125                                               |
| 2014                 | 2,006,000                           |                                    | 2,006,000                  | 0.17                                                                             | 104                                               |
| 2015                 | 1,666,437                           |                                    | 1,666,437                  | 0.13                                                                             | 83                                                |

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

<sup>(1)</sup> See page 75 for property value data.

<sup>(2)</sup> See page 80 for population data.

**UNAUDITED**

**Schedule 14**

**CITY OF CONWAY, SOUTH CAROLINA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
June 30, 2015**

|                                                 | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable<sup>(1)</sup></u> | <u>Amount<br/>Applicable<br/>to the City<br/>of Conway</u> |
|-------------------------------------------------|-----------------------------|--------------------------------------------------------------|------------------------------------------------------------|
| <b>Overlapping Governmental Activities Debt</b> |                             |                                                              |                                                            |
| Horry County                                    |                             |                                                              |                                                            |
| General Obligation Bonds                        | \$ 91,310,000               | 2.9%                                                         | \$ 2,647,990                                               |
| Horry County School District                    |                             |                                                              |                                                            |
| General Obligation Bonds                        | 330,620,000                 | 2.9%                                                         | <u>9,587,980</u>                                           |
|                                                 |                             |                                                              | \$ 12,235,970                                              |
| <b>City Direct Governmental Activities Debt</b> |                             |                                                              | <u>7,666,318</u>                                           |
|                                                 |                             |                                                              | <u><u>\$ 19,902,288</u></u>                                |

**Source:** Debt outstanding data provided by the Horry County Finance Department.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

<sup>(1)</sup> The percentage of overlapping debt applicable is based on the percentage of assessed valuation of property located in the City.

**UNAUDITED**

## Schedule 15

## CITY OF CONWAY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years

|                                                                             | Fiscal Year  |              |              |              |              |              |              |              |              |               |
|-----------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                                                                             | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015          |
| Debt limit                                                                  | \$ 3,523,994 | \$ 3,696,213 | \$ 4,289,347 | \$ 4,366,728 | \$ 4,535,411 | \$ 4,778,929 | \$ 5,036,199 | \$ 5,097,286 | \$ 5,054,174 | \$ 5,188,254  |
| Total net debt applicable to limit                                          | 2,370,000    | 2,225,000    | 2,075,000    | 1,910,000    | 1,715,000    | 2,590,000    | 2,501,016    | 2,241,114    | 2,006,000    | 1,666,437     |
| Legal debt margin                                                           | \$ 1,153,994 | \$ 1,471,213 | \$ 2,214,347 | \$ 2,456,728 | \$ 2,820,411 | \$ 2,188,929 | \$ 2,535,183 | \$ 2,856,172 | \$ 3,048,174 | \$ 3,521,817  |
| Total net debt applicable to the limit<br>as a percentage of debt limit     | 67.25%       | 60.20%       | 48.38%       | 43.74%       | 37.81%       | 54.20%       | 49.66%       | 43.97%       | 39.69%       | 32.12%        |
| Legal Debt Margin Calculation for Fiscal Year 2009                          |              |              |              |              |              |              |              |              |              |               |
| Assessed value                                                              |              |              |              |              |              |              |              |              |              | \$ 63,946,000 |
| Exempt merchants inventory                                                  |              |              |              |              |              |              |              |              |              | 907,171       |
|                                                                             |              |              |              |              |              |              |              |              |              | \$ 64,853,171 |
| Debt limit eight percent of assessed value without voters approval          |              |              |              |              |              |              |              |              |              | \$ 5,188,254  |
| Amount of debt applicable to debt limit<br>general obligation bonds payable |              |              |              |              |              |              |              |              |              | (1,666,437)   |
| Legal debt margin without referendum                                        |              |              |              |              |              |              |              |              |              | \$ 3,521,817  |

**Note:** Article Ten, Section Fourteen of the South Carolina Constitution of 1895 as amended provides that a City or Town shall incur general obligation debt over the eight percent limit when approved by a majority vote of the qualified electors of the political subdivision voting in a referendum authorized by law. There shall be no conditions or restrictions limiting the incurring of such indebtedness except:

- those restrictions and limitations imposed in the authorization to incur such indebtedness,
- the provisions of Article Ten, Section Fourteen and
- such general obligation debt shall be issued within five years of the date of such referendum and shall mature within forty years from the time such indebtedness shall be incurred.

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## Schedule 16

## CITY OF CONWAY, SOUTH CAROLINA

## PLEDGED-REVENUE COVERAGE

## Last Ten Fiscal Years

| Fiscal<br>Year | Water and Sewer Revenue Bonds <sup>(1)</sup> |                       |                          |              |          |          |
|----------------|----------------------------------------------|-----------------------|--------------------------|--------------|----------|----------|
|                | Operating<br>Revenues                        | Operating<br>Expenses | Net Available<br>Revenue | Debt Service |          | Coverage |
|                |                                              |                       |                          | Principal    | Interest |          |
| 2006           | 6,508,819                                    | 5,770,733             | 738,086                  | 0            | 0        | n/a      |
| 2007           | 7,155,346                                    | 6,736,599             | 418,747                  | 0            | 0        | n/a      |
| 2008           | 7,833,044                                    | 6,709,774             | 1,123,270                | 0            | 0        | n/a      |
| 2009           | 7,533,748                                    | 6,849,245             | 684,503                  | 110,000      | 135,587  | 2.79     |
| 2010           | 7,574,780                                    | 6,537,535             | 1,037,245                | 115,000      | 120,079  | 4.41     |
| 2011           | 7,529,058                                    | 6,746,087             | 782,971                  | 120,000      | 115,634  | 3.32     |
| 2012           | 8,388,764                                    | 6,152,580             | 2,236,184                | 125,000      | 110,998  | 9.48     |
| 2013           | 8,561,701                                    | 6,587,060             | 1,974,641                | 130,000      | 106,172  | 8.36     |
| 2014           | 9,034,201                                    | 7,076,862             | 1,957,339                | 100,000      | 123,230  | 8.77     |
| 2015           | 8,945,450                                    | 7,038,433             | 1,907,017                | 245,291      | 53,180   | 6.39     |

| Fiscal<br>Year | Hospitality Fee Revenue Bonds <sup>(2)</sup> |              |          |          |
|----------------|----------------------------------------------|--------------|----------|----------|
|                | Hospitality Fees                             | Debt Service |          | Coverage |
|                |                                              | Principal    | Interest |          |
| 2006           | 505,604                                      | 150,304      | 98,203   | 2.03     |
| 2007           | 532,063                                      | 156,149      | 129,150  | 1.86     |
| 2008           | 558,879                                      | 162,551      | 122,748  | 1.96     |
| 2009           | 542,643                                      | 169,216      | 116,083  | 1.90     |
| 2010           | 536,544                                      | 176,154      | 109,145  | 1.88     |
| 2011           | 535,914                                      | 183,376      | 101,923  | 1.88     |
| 2012           | 618,718                                      | 190,894      | 94,405   | 2.17     |
| 2013           | 614,475                                      | 198,721      | 94,421   | 2.10     |
| 2014           | 669,236                                      | 243,128      | 60,722   | 2.20     |
| 2015           | 722,318                                      | 237,882      | 65,967   | 2.38     |

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

<sup>(1)</sup> Operating expenses do not include depreciation.

New Water and Sewer Revenue Bonds were issued in 2008.

<sup>(2)</sup> Debt Service payments began fiscal year 2001.

<sup>(3)</sup> Debt Service payments began fiscal year 1998.

<sup>(4)</sup> Debt Service payments began fiscal year 2006.

**UNAUDITED**

## Schedule 16 (continued)

## CITY OF CONWAY, SOUTH CAROLINA

**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**

| Fiscal<br>Year | Tax Increment Revenue Bonds <sup>(3)</sup> |              |          |          |
|----------------|--------------------------------------------|--------------|----------|----------|
|                | Property Tax<br>Increment                  | Debt Service |          | Coverage |
|                |                                            | Principal    | Interest |          |
| 2006           | 241,249                                    | 165,000      | 46,277   | 1.14     |
| 2007           | 248,494                                    | 175,000      | 29,029   | 1.22     |
| 2008           | 259,352                                    | 185,000      | 22,432   | 1.25     |
| 2009           | 280,100                                    | 190,000      | 15,457   | 1.36     |
| 2010           | 297,329                                    | 220,000      | 8,294    | 1.30     |
| 2011           | 332,793                                    |              |          |          |
| 2012           | 336,599                                    | 190,289      | 61,834   | 1.34     |
| 2013           | 335,431                                    | 178,674      | 73,449   | 1.33     |
| 2014           | 352,442                                    | 110,036      | 141,056  | 1.40     |
| 2015           | 359,125                                    | 238,257      | 35,082   | 1.31     |

| Fiscal<br>Year | Storm Water Revenue Bonds <sup>(4)</sup> |              |           |          |
|----------------|------------------------------------------|--------------|-----------|----------|
|                | Storm<br>Water Fees                      | Debt Service |           | Coverage |
|                |                                          | Principal    | Interest  |          |
| 2006           | \$ 353,698                               | \$ 104,803   | \$ 82,340 | 1.89     |
| 2007           | 888,050                                  | 109,005      | 78,138    | 4.75     |
| 2008           | 917,367                                  | 113,375      | 73,768    | 4.90     |
| 2009           | 936,049                                  | 117,921      | 69,222    | 5.00     |
| 2010           | 938,071                                  | 122,649      | 64,494    | 5.01     |
| 2011           | 973,579                                  | 127,567      | 59,577    | 5.20     |
| 2012           | 950,908                                  | 132,681      | 54,462    | 5.08     |
| 2013           | 984,198                                  | 138,001      | 49,142    | 5.26     |
| 2014           | 1,012,802                                | 138,997      | 46,558    | 5.46     |
| 2015           | 1,038,509                                | 160,974      | 12,899    | 5.97     |

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**STATISTICAL SECTION (Unaudited)**  
***SCHEDULES OF DEMOGRAPHIC AND ECONOMIC INFORMATION***

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*Schedules 17 through 18* offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparison over time and with other governments.



## Schedule 17

## CITY OF CONWAY, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years

| Calendar<br>Year | Population | Personal Income<br>(Thousands<br>of Dollars) | Per Capita<br>Personal<br>Income <sup>(1)</sup> | Median Age <sup>(1)</sup> | Unemployment<br>Rate <sup>(1)</sup> |
|------------------|------------|----------------------------------------------|-------------------------------------------------|---------------------------|-------------------------------------|
| 2005             | 13,656     | 399,069                                      | 29,223                                          | 36.7                      | 5.30 %                              |
| 2006             | 14,056     | 434,710                                      | 30,927                                          | 36.9                      | 5.40                                |
| 2007             | 14,056     | 448,738                                      | 31,925                                          | 37.1                      | 5.20                                |
| 2008             | 14,056     | 456,750                                      | 32,495                                          | 37.4                      | 5.80                                |
| 2009             | 14,056     | 446,967                                      | 31,799                                          | 37.6                      | 9.56                                |
| 2010             | 17,103     | 497,714                                      | 29,101                                          | 37.9                      | 11.36                               |
| 2011             | 17,513     | 495,005                                      | 28,265                                          | 38.3                      | 10.20                               |
| 2012             | 17,863     | 520,671                                      | 29,148                                          | 39.2                      | 9.10                                |
| 2013             | 19,300     | 574,021                                      | 29,742                                          | 40.2                      | 8.50                                |
| 2014             | 20,175     | 645,055                                      | 31,973                                          | 40.3                      | 7.30                                |

**Sources:** Myrtle Beach and South Carolina Grand Strand Demographic Profile, South Carolina Statistical Abstract and Places Rated Almanac, U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(1)</sup> Data presented is Horry County statistics. Data not available for the City separately.

**UNAUDITED**

## Schedule 18

## CITY OF CONWAY, SOUTH CAROLINA

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

| Employer                             | Type of Business     | Calendar Year 2014 |                                             |
|--------------------------------------|----------------------|--------------------|---------------------------------------------|
|                                      |                      | Employees          | Percentage of<br>Total County<br>Employment |
| Horry County School District         | Education            | 5,590              | 4.50 %                                      |
| Wal-Mart                             | Retail Sales         | 2,623              | 2.13                                        |
| Horry County Government              | County Government    | 2,178              | 1.77                                        |
| Coastal Carolina University          | Education            | 1,582              | 1.28                                        |
| Conway Medical Center                | Hospital             | 1,400              | 1.14                                        |
| Grand Strand Regional Medical Center | Hospital             | 1,200              | 0.97                                        |
| Food Lion                            | Retail Sales         | 1,040              | 0.84                                        |
| McLeod Health System                 | Hospital             | 940                | 0.76                                        |
| City of Myrtle Beach                 | Municipal Government | 862                | 0.70                                        |
| Blue Cross/Blue Shield               | Health Insurance     | 837                | 0.68                                        |
|                                      |                      | <u>18,252</u>      | <u>14.77 %</u>                              |

| Employer                             | Type of Business              | Calendar Year 2005 |                                             |
|--------------------------------------|-------------------------------|--------------------|---------------------------------------------|
|                                      |                               | Employees          | Percentage of<br>Total County<br>Employment |
| Horry County School District         | Education                     | 4,441              | 4.17 %                                      |
| Burroughs and Chapin                 | Developer                     | 2,400              | 2.26                                        |
| Wal-Mart                             | Retail Sales                  | 2,105              | 1.98                                        |
| Horry County Government              | County Government             | 1,500              | 1.41                                        |
| AVX Corporation                      | Manufacturer                  | 1,500              | 1.41                                        |
| Conway Hospital                      | Hospital                      | 1,100              | 1.03                                        |
| Coastal Carolina University          | Higher Education              | 1,033              | 0.97                                        |
| Grand Strand Regional Medical Center | Hospital                      | 1,000              | 0.94                                        |
| Blue Cross Blue Shield               | Insurance Provider            | 1,000              | 0.94                                        |
| Myrtle Beach National                | Golf Courses & Accommodations | 1,000              | 0.94                                        |
|                                      |                               | <u>17,079</u>      | <u>16.05 %</u>                              |

**Sources:** Myrtle Beach Regional Economic Development Corporation, Myrtle Beach Area Chamber of Commerce, the South Carolina Industrial Directory and the South Carolina Employment Security Commission.

**Note:** This schedule presents the principal employers in Horry County, South Carolina. Information for the City of Conway was not available.

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**STATISTICAL SECTION (Unaudited)**  
***SCHEDULES OF OPERATING INFORMATION***

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*Schedules 19 through 21* contain operating information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.



## Schedule 19

## CITY OF CONWAY, SOUTH CAROLINA

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

|                                       | Fiscal Year |      |      |      |      |      |      |      |      |      |
|---------------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                       | 2006        | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <b>Full-Time Equivalent Employees</b> |             |      |      |      |      |      |      |      |      |      |
| General Government                    | 39          | 41   | 41   | 39   | 38   | 35   | 35   | 35   | 36   | 36   |
| Public Safety                         | 100         | 101  | 101  | 103  | 103  | 96   | 96   | 96   | 95   | 95   |
| Street                                | 20          | 22   | 22   | 22   | 22   | 16   | 16   | 16   | 16   | 16   |
| Sanitation                            | 14          | 18   | 18   | 18   | 18   | 17   | 17   | 17   | 17   | 17   |
| Intragovernmental Maintenance         | 5           | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    | 5    |
| Beautification                        | 8           | 9    | 9    | 10   | 10   | 9    | 9    | 9    | 12   | 12   |
| Culture and Recreation                | 8           | 9    | 9    | 8    | 8    | 12   | 12   | 12   | 16   | 16   |
| Water & Sewer                         | 35          | 41   | 41   | 41   | 42   | 27   | 27   | 27   | 27   | 28   |
| Total Full-Time Equivalent Employees  | 229         | 246  | 246  | 246  | 246  | 217  | 217  | 217  | 224  | 225  |

Source: City Finance Department

Notes: Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

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## Schedule 20

## CITY OF CONWAY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

|                                                     | Fiscal Year |        |        |        |        |        |        |         |         |         |
|-----------------------------------------------------|-------------|--------|--------|--------|--------|--------|--------|---------|---------|---------|
|                                                     | 2006        | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013    | 2014    | 2015    |
| <b>Public Safety</b>                                |             |        |        |        |        |        |        |         |         |         |
| Fire Calls per Engine Company                       | 941         | 1,024  | 1,096  | 1,020  | 950    | 927    | 917    | 833     | 1,022   | 1,075   |
| <b>Environmental Protection <sup>(1)</sup></b>      |             |        |        |        |        |        |        |         |         |         |
| Tons of Refuse Collected                            | 19,913      | 20,801 | 19,088 | 19,672 | 19,120 | 18,100 | 19,500 | 19,446  | 21,402  | 23,205  |
| <b>Community and Economic Development</b>           |             |        |        |        |        |        |        |         |         |         |
| Building Permits Issued                             | 649         | 932    | 757    | 611    | 667    | 584    | 584    | 649     | 913     | 934     |
| <b>Culture and Recreation</b>                       |             |        |        |        |        |        |        |         |         |         |
| Admissions to Recreation Centers                    | 790         | 895    | 882    | 885    | 830    | 830    | 92,050 | 117,538 | 110,450 | 115,275 |
| <b>Water</b>                                        |             |        |        |        |        |        |        |         |         |         |
| Average Daily Consumption<br>(thousands of gallons) | 3,450       | 3,500  | 3,488  | 3,474  | 3,427  | 3,472  | 3,508  | 3,069   | 2,954   | 3,400   |

Sources: Various City departments.

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## Schedule 21

## CITY OF CONWAY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

|                                  | Fiscal Year |      |      |      |      |      |      |      |      |      |
|----------------------------------|-------------|------|------|------|------|------|------|------|------|------|
|                                  | 2006        | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <b>Public Safety</b>             |             |      |      |      |      |      |      |      |      |      |
| Police Stations                  | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Fire Stations                    | 3           | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    | 3    |
| <b>Streets</b>                   |             |      |      |      |      |      |      |      |      |      |
| Streets ( <i>miles</i> )         | 151         | 166  | 166  | 166  | 175  | 203  | 213  | 214  | 214  | 214  |
| Traffic Signals                  | 35          | 32   | 32   | 32   | 34   | 34   | 36   | 38   | 38   | 38   |
| <b>Sanitation <sup>(1)</sup></b> |             |      |      |      |      |      |      |      |      |      |
| Collection Trucks                | 14          | 14   | 18   | 20   | 20   | 20   | 20   | 20   | 20   | 20   |
| <b>Culture and Recreation</b>    |             |      |      |      |      |      |      |      |      |      |
| Parks                            | 8           | 8    | 8    | 8    | 8    | 8    | 8    | 8    | 8    | 8    |
| Park Acreage                     | 58          | 74   | 74   | 74   | 76   | 76   | 76   | 125  | 125  | 125  |
| Recreation Centers               | 3           | 3    | 3    | 3    | 3    | 3    | 3    | 1    | 1    | 1    |
| Cemeteries                       | 2           | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| <b>Water</b>                     |             |      |      |      |      |      |      |      |      |      |
| Water Mains ( <i>miles</i> )     | 235         | 248  | 252  | 258  | 344  | 344  | 377  | 399  | 399  | 399  |
| <b>Sewer</b>                     |             |      |      |      |      |      |      |      |      |      |
| Gravity Sewers ( <i>miles</i> )  | 97          | 100  | 102  | 108  | 120  | 120  | 126  | 127  | 128  | 128  |

Sources: Various City departments.

Notes: No capital asset indicators are available for the general government, intragovernmental maintenance, or beautification functions.

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**INDEPENDENT AUDITORS' OTHER REPORT SECTION**

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

To the Mayor and City Council  
City of Conway, 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 Conway, South Carolina, as of and for the year ended June 30, 2015, and the aggregate remaining fund statements, which collectively comprise the City of Conway, South Carolina's basic financial statements, and have issued our report thereon dated November 20, 2015.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Conway, South Carolina's basic 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*.

*Smith Sapp Bookhout Crumpler & Calliham*  
*A Professional Association of Certified Public Accountants & Consultants*

South Carolina Association of Certified Public Accountants  
American Institute of Certified Public Accountants - Private Companies Practice Section

*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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SMITH SAPP BOOKHOUT CRUMPLER & CALLIHAM  
*Professional Association*  
*Certified Public Accountants and Consultants*

Myrtle Beach, South Carolina  
November 20, 2015