CITY OF SENECA

FINANCIAL REPORT

JUNE 30, 2013

City of Seneca

Financial Report
Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Seneca, 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 Seneca, South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii – xvii 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 Seneca, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents and other required information 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 and schedules and the victim services supplementary schedule of fines and assessments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the victim services supplementary schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 16, 2014, on our consideration of the City of Seneca, 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 Seneca, South Carolina's internal control over financial reporting and compliance.

Stancil Cooley Estep & Stamey, LLP

Seneca, South Carolina
January 16, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Seneca
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

As management of the City of Seneca we offer readers of the City of Seneca's financial statements this narrative overview and analysis of the financial activities of the City of Seneca for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the City's financial statements, additional information furnished in the notes to the financial statements and the supplementary statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Seneca exceeded its liabilities at the close of the most recent fiscal year by $49,344,638 (net position). Of the amount, $5,852,210 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position decreased by $2,908,859 during the fiscal year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,832,285 or 18.2% of the total general fund expenditures.

- On July 1, 2005 the City issued $12,500,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. On March 29, 2012 the City issued $8,350,000 of revenue bonds to provide resources for future debt service payments on the July 1, 2005 bonds. During the current year the city repaid $635,000, the outstanding balance is $9,410,000. For more details see Note number eleven in the Notes to Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

The statement of net position presents information on the City of Seneca's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Seneca is improving or deteriorating.

The statement of activities presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Seneca that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Seneca include general government, public safety, street, sanitation, economic development and recreation. The business-type activities of the City of Seneca include Seneca Light and Water plant which handles electric distribution, sewer collection, water collections, processing and distribution and the Seneca Industrial Facility which leases building space for warehousing and manufacturing.

The government-wide financial statements include the City of Seneca's governmental activities and business-type activities and can be found on pages 3-4 of this financial statement.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Seneca uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City of Seneca can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

While the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Seneca maintains two governmental type funds - a general fund and special revenue funds. Information is presented separately in the governmental fund balance sheets and in the government fund statement of revenues, expenditures, and changes in fund balances. The general fund is considered to be a major fund.

The City of Seneca adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 5-7 of this report.

Proprietary funds

The City of Seneca maintains two proprietary funds. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Seneca uses enterprise funds to account for the Seneca Light and Water Plant and the Seneca Facilities Corp.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Seneca Light and Water Plant and the Seneca Facilities Corp. Both proprietary funds are considered to be major funds of the City of Seneca.

The basic proprietary fund financial statements can be found on pages 12-17 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Seneca's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-40 of this report.

Supplementary information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required information concerning the Victim Services. Other required information can be found on page 57 of this report.

Governmental-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Seneca, assets exceeded liabilities by $49,344,638 at the close of the most recent fiscal year.

By far the largest portion of the City of Seneca's net position (81.99 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City of Seneca uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Current and Other Assets	$2,769,070	$2,751,392	$10,317,218	$12,849,005	$13,086,288	$15,600,397
Net Capital Assets	11,057,898	11,748,523	45,140,038	40,108,026	56,197,936	51,856,549
Total Assets	$13,826,968	$14,499,915	$55,457,256	$52,957,031	$69,284,224	$67,456,946
Long-term Debt Outstanding	$ 348,800	$ 409,839	$14,834,135	$10,085,638	$15,182,935	$10,495,477
Other Liabilities	1,457,145	1,333,353	3,682,071	3,374,619	5,139,216	4,707,972
Total Liabilities	$1,805,945	$1,743,192	$18,516,206	$13,460,257	$20,322,151	$15,203,449
Net Assets						
Investment in Capital Assets, net of related debt	$10,493,834	$11,169,695	$29,965,372	$29,299,647	$40,459,206	$40,469,342
Restricted	-	-	3,033,222	4,431,888	3,033,222	4,431,888
Unrestricted	1,527,189	1,587,028	4,325,021	5,765,239	5,852,210	7,352,267
Total Net Position	$12,021,023	$12,756,723	$37,323,615	$39,496,774	$49,344,638	$52,253,497

At the end of the current fiscal year, the City of Seneca is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation was true for the prior fiscal year.

Governmental activities

During the current fiscal year, the City of Seneca's governmental activities' net position decreased by $735,700. Key factors in this decrease are as follows:

- Governmental funds deficiency of revenues under expenditures and other financing sources of $(107,524) caused by general fund deficiency of $(186,133) and other governmental funds excess of $78,609.
- Change in capital assets less depreciation decrease of $(690,625) reported on Statement of Activities.
- Proceeds from capital lease not reported on Statement of Activities decrease of $(154,225)
- Repayment of capital leases not reported on Statement of Activities increase of $168,990
- Changes in compensated absences accrued in salary expense decrease of $(11,889)

The table below summarizes the changes in net position for fiscal year 2013

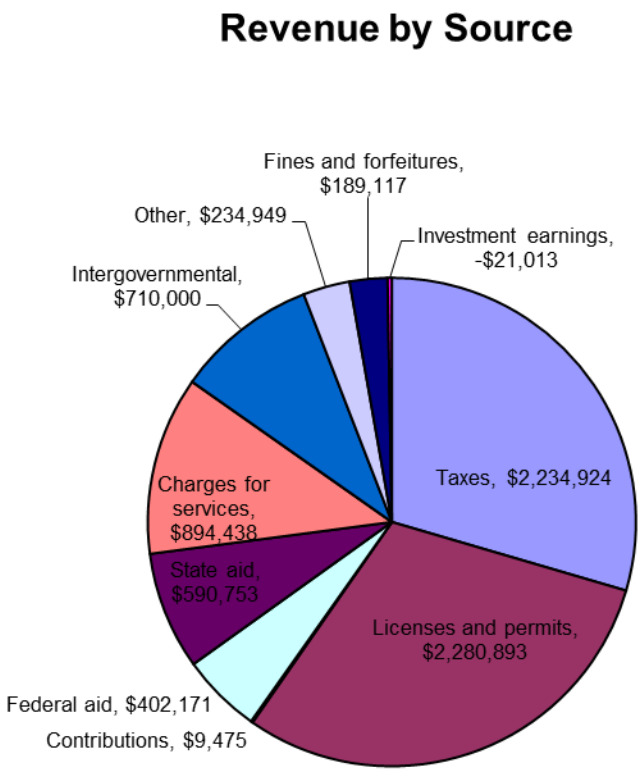
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
REVENUES:						
Program Revenues:						
Charges for sales and services	$894,438	$824,719	$24,890,846	$24,955,794	$25,785,284	$25,780,513
General revenues:						
Property taxes	1,708,184	1,686,662			1,708,184	1,686,662
Hospitality/Accommodation Tax	526,740	517,883			526,740	517,883
Other revenues	2,280,893	1,932,474			2,280,893	1,932,474
Restricted grants	589,647	831,488			589,647	831,488
Grants and contributions not restricted to specific programs	1,122,752	1,093,583			1,122,752	1,093,583
Other/Interest/Fines	403,053	397,182	(35,409)	26,443	367,644	423,625
Total revenues	$7,525,707	$7,283,991	$24,855,437	$24,982,237	$32,381,144	$32,266,228
EXPENSES:						
General government	2,232,449	2,152,929			2,232,449	2,152,929
Public safety	5,059,680	5,024,210			5,059,680	5,024,210
Public Works	1,884,409	1,860,991			1,884,409	1,860,991
Culture and recreation	1,239,989	1,284,594			1,239,989	1,284,594
Other	1,248,183	1,380,015	2,808,057	1,683,387	4,056,240	3,063,402
Administration			3,296,166	2,799,618	3,296,166	2,799,618
Electric			11,503,444	11,908,643	11,503,444	11,908,643
Water			2,875,996	2,580,062	2,875,996	2,580,062
Sewer			2,642,341	2,386,367	2,642,341	2,386,367
Interest on Long Term debt	-	-	499,289	384,827	499,289	384,827
Total expenses	11,664,710	11,702,739	23,625,293	21,742,904	35,290,003	33,445,643
Increase in net position before transfers	(4,139,003)	(4,418,748)	1,230,144	3,239,333	(2,908,859)	(1,179,415)

Transfer	3,403,303	3,102,297	(3,403,303)	(3,102,297)	-	-
Decrease in net position	(735,700)	(1,316,451)	(2,173,159)	137,036	(2,908,859)	(1,179,415)
Beginning net position	12,756,723	14,073,174	39,496,774	39,359,738	52,253,497	53,432,912
Ending net position	$12,021,023	$12,756,723	$37,323,615	$39,496,774	$49,344,638	$52,253,497

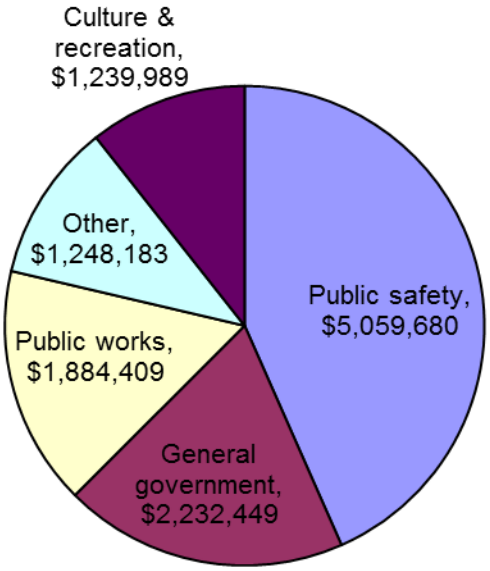
GOVERNMENTAL ACTIVITIES

A chart is provided below which depicts the amount of revenue derived from property taxes, grants and contributions, business license and permit fees, charges for services, intergovernmental, and other revenues.



- The figure below represents the expenditures of all governmental activities. The majority of expense comes from the public safety (Police and Fire Departments), the next highest expense is General government (Municipal judge, Mayor & Council, Elections, Finance/Administration, Planning & Development). The City of Seneca ended the year with a decrease in net position of $735,700. The decrease in Capital grants & contributions ($212,672) and the increase in General Government expenses ($79,520) are partially responsible for this result. The decrease was also caused by change in capital assets less depreciation ($690,625), Proceeds from capital lease not reported on Statement of Activities ($154,225), and changes in compensated absences accrued in salary expense ($11,889).

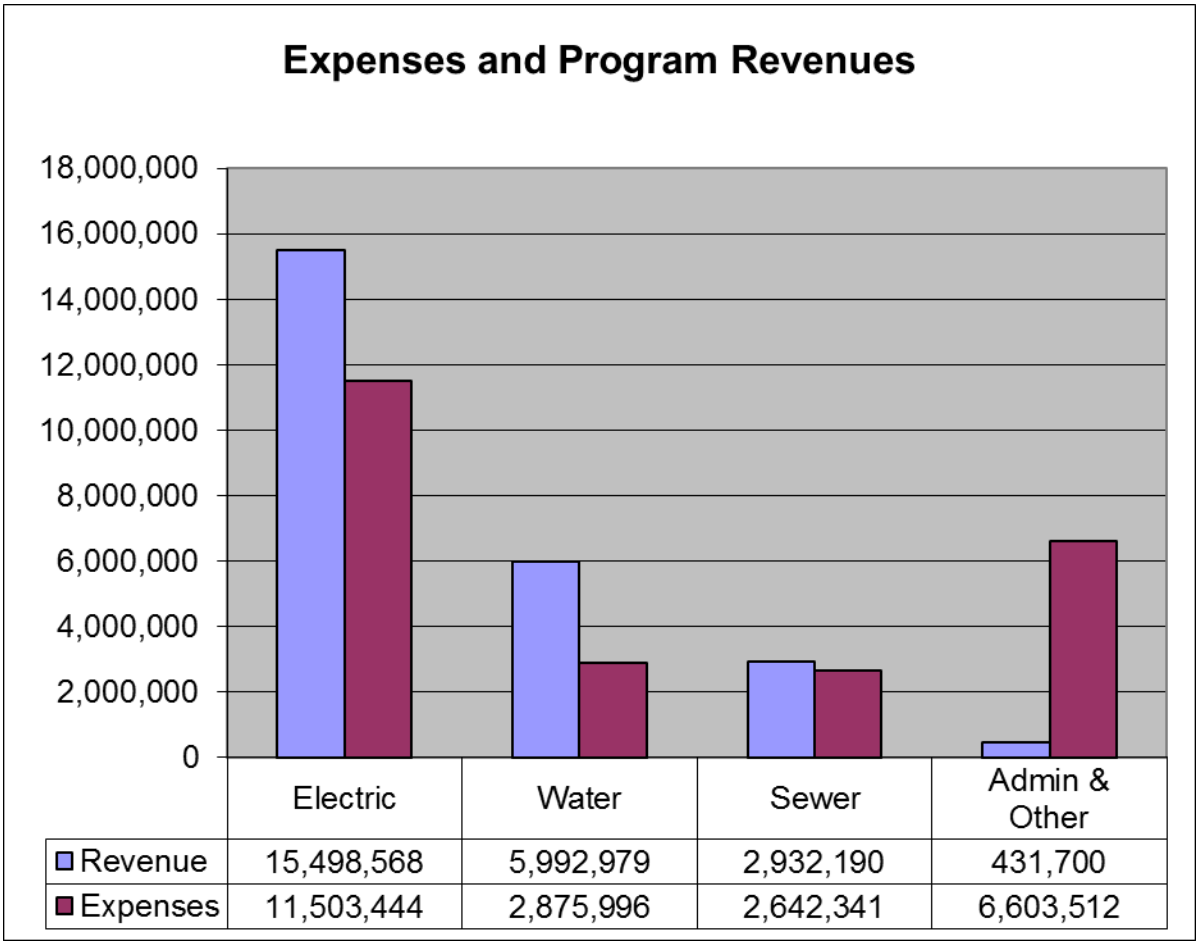
Expenditures by Function



Business-type activities

Business-type activities decreased the City of Seneca's net position by $2,173,159. Key element of the decrease is as follows:

- Capital outlay consists of $2,001,640 for Light & Water Fund and $4,791,058 for Seneca Facilities Corp Fund.
- Interest expense of $499,289.
- Economic Development Grant for Hotel $1,000,000.



	Electric	Water	Sewer	Admin & Other
Revenue	15,498,568	5,992,979	2,932,190	431,700
Expenses	11,503,444	2,875,996	2,642,341	6,603,512

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Seneca'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 of Seneca's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Government wide approximately 11.86% of the $49,344,638 of net assets ($5,852,210) constitutes unrestricted net assets, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is comprised of investments in capital assets, restrictions for debt service and other construction.

The general fund is the chief operating fund of the City of Seneca. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,832,285, while total assets were $2,734,546. In addition, the city has $11,057,898 in general fixed assets net of depreciation. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

Proprietary funds

The City of Seneca's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted Net Position of the Light and Water Fund at year end was $4,325,021. The City added The Seneca Facilities Corp Fund this fiscal year. The Seneca Facilities Corp Fund handles the activity at the Industrial Facility on Shiloh Road. The Restricted Net Position of the Seneca Facilities Corp Fund at year end was $199,008.

General Fund Budgetary Highlights

The actual expenditures exceed the budgeted expenditures by $766,668. The following is a brief summary of some of the variances.

- The Finance Department expenditures exceeded budget by $67,800.
- The Police Department expenditures exceeded budget by $62,330.
- The Recreation Department expenditures exceeded budget by $100,715.
- Capital Outlay was expensed and not budgeted in the amount of $340,428

The total amount of these increased expenditures were approved by council and funded by Fund Balance Reserves and reflected as budget variances in the current financial statement.

Capital Assets

The City of Seneca's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to $56,197,936 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, furniture and fixtures, equipment and vehicles, electrical system, water system, sewer system and construction in progress.

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

- Improvements street project Old Salem Road $127,523
- Construction in Progress Water Treatment Plant $778,511
- Seneca Facilities Corp Fund added capital assets net of depreciation $4,744,378
- Vehicles Governmental Funds $212,905 (includes additions purchased with lease proceeds)
- Vehicles Light and Water Fund $495,211 (includes additions purchased with lease proceeds)
- Water Expansion $302,497
- Sewer Expansion $92,858
- Street Light Expansion $129,485

The total increase in the City of Seneca's net capital assets for the current fiscal year was $4,341,387. Decrease of $690,625 for Governmental Activities and increase of $5,032,012 for Business-type Activities.

City of Seneca's Capital Assets
(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Land	$ 1,035,039	$ 1,035,039	$ 1,219,190	$ 1,019,190	$2,254,229	$2,054,229
Building and system	4,503,555	4,690,234	2,320,547	151,029	6,824,102	4,841,263
Improvement other than Building	4,136,266	4,508,279	36,254,243	36,983,526	40,390,509	41,491,805
Machinery and equipment	259,342	270,359	1,226,760	1,370,744	1,486,102	1,641,103
Vehicles	1,011,524	1,178,936	623,730	267,315	1,635,254	1,446,251
Construction in Progress	112,172	65,676	3,495,568	316,222	3,607,740	381,898
Total	$11,057,898	$11,748,523	$45,140,038	$40,108,026	$56,197,936	$51,856,549

Additional information on the City of Seneca's capital assets can be found in note 6 in the Notes to financial statements beginning on page 21.

Economic Factors and Next Year's Budgets and Rates

The City of Seneca is located in Oconee County and is becoming a hub for businesses in the South Carolina Upstate, and the neighboring portions of Georgia and North Carolina.

In fiscal year 2013, the City of Seneca added 19.679 acres of residential land into the city. Growth inside the city is also shown by the number of housing starts and building permits issued. The city had 13 single family housing starts. The value of residential permits issued last calendar year was $2,837,100.

Seneca Light and Water is saving on the cost of electricity by implementing a peak shaving program. Five generators have been installed which allows the city to generate electricity during the peak usage time of Southern Company, our power suppliers.

Within the City of Seneca, the market value was increased by 0.89% percent from $658,241,934 in 2012 to $664,107,212 in 2013.

Request for Information

This financial report is designed to provide a general overview of the City of Seneca's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Seneca, Finance Officer, PO Box 4773, Seneca, SC, 29679.

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BASIC FINANCIAL STATEMENTS

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City of Seneca
Statement of Net Position
June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 599,156	$ 157,037	$ 756,193
Investments	978,409	3,267,463	4,245,872
Receivables			
Property taxes	101,443	-	101,443
Accounts	238,634	3,361,610	3,600,244
Interest	8	-	8
Notes	41,929	-	41,929
Other	49,461	46,204	95,665
Prepaid expenses	106,394	83,786	190,180
Internal balances	340,571	(340,571)	-
Due from other governmental units	288,658	-	288,658
Inventory	24,407	538,559	562,966
Restricted cash	-	3,203,130	3,203,130
Capital assets:			
Land	1,035,039	1,219,190	2,254,229
Other capital assets, net of depreciation	10,022,859	43,920,848	53,943,707
Total assets	$ 13,826,968	$ 55,457,256	$ 69,284,224
Deferred outflows of resources			
Unamortized bond/loan costs	$ -	$ 382,565	$ 382,565
Liabilities			
Accounts payable	$ 375,401	$ 1,514,623	$ 1,890,024
Accrued expenses	318,276	351,026	669,302
Compensated absences payable	470,968	260,060	731,028
Customer deposits	-	740,209	740,209
Deferred support	77,236	-	77,236
Noncurrent liabilities, net:			
Due within one year	215,264	816,153	1,031,417
Due in more than one year	348,800	14,834,135	15,182,935
Total liabilities	$ 1,805,945	$ 18,516,206	$ 20,322,151
Net position			
Invested in capital assets, net of debt	$ 10,493,834	$ 29,965,372	$ 40,459,206
Restricted for:			
Debt service	-	741,222	741,222
Generation savings	-	2,092,992	2,092,992
Other	-	199,008	199,008
Unrestricted	1,527,189	4,325,021	5,852,210
Total net position	$ 12,021,023	$ 37,323,615	$ 49,344,638

See Notes to Financial Statements

City of Seneca
Statement of Activities
For the Year Ended June 30, 2013

Functions / programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants & contributions	Program revenues: Capital grants & contributions	Net (expense) revenue & changes in net position – Primary government: Governmental activities	Primary government: Business-type activities	Primary government: Total
Primary government:							
Governmental activities							
General government	$ 2,232,449	$ -	$ 9,475	$ -	$ (2,222,974)	$ -	$ (2,222,974)
Public safety	5,059,680	-	-	-	(5,059,680)	-	(5,059,680)
Public works	1,884,409	894,438	-	-	(989,971)	-	(989,971)
Cultural & recreation	1,239,989	-	-	-	(1,239,989)	-	(1,239,989)
Other	1,248,183	-	-	-	(1,248,183)	-	(1,248,183)
Total governmental activities	$ 11,664,710	$ 894,438	$ 9,475	$ -	$ (10,760,797)	$ -	$ (10,760,797)
Business-type activities							
Electric	$ 11,503,444	$ 15,498,568	$ -	$ -	$ -	$ 3,995,124	$ 3,995,124
Water	2,875,996	5,992,979	-	-	-	3,116,983	3,116,983
Sewer	2,642,341	2,932,190	-	-	-	289,849	289,849
Admin	3,296,166	-	-	-	-	(3,296,166)	(3,296,166)
Interest on long-term debt	499,289	-	-	-	-	(499,289)	(499,289)
Other	2,808,057	467,109	-	-	-	(2,340,948)	(2,340,948)
Total business-type activities	$ 23,625,293	$ 24,890,846	$ -	$ -	$ -	$ 1,265,553	$ 1,265,553
Total primary government	$ 35,290,003	$ 25,785,284	$ 9,475	$ -	$ (10,760,797)	$ 1,265,553	$ (9,495,244)
General revenues:							
Property taxes					$ 1,708,184	$ -	$ 1,708,184
Hospitality & accomodation taxes					526,740	-	526,740
Licenses & permits					2,280,893	-	2,280,893
Intergovernmental					710,000	-	710,000
Federal aid					402,171	-	402,171
State aid					590,753	-	590,753
Fines / forfeitures					189,117	-	189,117
Investment earnings (loss)					(21,013)	(65,381)	(86,394)
Other					234,949	29,972	264,921
Transfers					3,403,303	(3,403,303)	-
Total general revenues and transfers					$ 10,025,097	$ (3,438,712)	$ 6,586,385
Change in net assets					$ (735,700)	$ (2,173,159)	$ (2,908,859)
Net position - beginning					12,756,723	39,496,774	52,253,497
Net position - ending					$ 12,021,023	$ 37,323,615	$ 49,344,638

See Notes to Financial Statements

City of Seneca
Balance Sheet - Governmental Funds
June 30, 2013

	Governmental Fund Types		
	General	Other Governmental Funds	Total
Assets			
Cash	$ 465,061	$ 96,589	$ 561,650
Investments	978,409	-	978,409
Receivables (net of allowances)			
Property taxes	101,443	-	101,443
Accounts	238,634	-	238,634
Interest	-	8	8
Notes	-	41,929	41,929
Other	49,371	90	49,461
Prepaid expenses	106,394	-	106,394
Due from other governmental units	63,822	224,836	288,658
Due from other funds	707,005	27,182	734,187
Inventory	24,407	-	24,407
Total assets	$ 2,734,546	$ 390,634	$ 3,125,180
Liabilities			
Accounts payable	$ 284,407	$ 90,994	$ 375,401
Accrued expenses	318,276	-	318,276
Due to other funds	-	393,616	393,616
Deferred support	77,236	-	77,236
Total liabilities	$ 679,919	$ 484,610	$ 1,164,529
Deferred inflows of resources			
Unavailable revenue - property taxes	$ 84,162	$ -	$ 84,162
Fund balances			
Nonspendable:			
Inventory	$ 106,394	$ -	$ 106,394
Prepaid expenses	24,407	-	24,407
Assigned:			
Special projects	-	(93,976)	(93,976)
Health care fund	7,379	-	7,379
Unassigned	1,832,285	-	1,832,285
Total fund balances	$ 1,970,465	$ (93,976)	$ 1,876,489
Total liabilities, deferred inflows of resources and fund balances	$ 2,734,546	$ 390,634	

Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes receivable to full assessment value	84,162
Health care account internal service cash balance	37,506
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	11,057,898
Long-term liabilities are not due and payable in the current period	
Compensated absences	(470,968)
Capital leases	(564,064)
Net position of governmental funds	$ 12,021,023

See Notes to Financial Statements

City of Seneca
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2013

	Governmental Fund Types		
	General	Other Governmental Funds	Total
Revenues			
Taxes	$ 1,692,924	$ 526,740	$ 2,219,664
Licenses and permits	2,280,893	-	2,280,893
Federal aid	-	402,171	402,171
State aid	463,277	127,476	590,753
County aid	650,000	60,000	710,000
Charges for services	894,438	-	894,438
Fines and forfeitures	189,117	-	189,117
Investment earnings (loss)	(21,017)	4	(21,013)
Other revenues	133,527	39,110	172,637
Total revenues	$ 6,283,159	$ 1,155,501	$ 7,438,660
Expenditures			
Current operating			
General government	$ 1,637,921	$ 594,528	$ 2,232,449
Public safety	5,059,680	-	5,059,680
Public works	1,884,409	-	1,884,409
Culture & recreation	963,654	276,335	1,239,989
Debt service - principal	195,241	-	195,241
Capital outlay			
Public safety	45,218	-	45,218
Public works	295,210	-	295,210
Nonmajor governmental funds	-	94,332	94,332
Intergovernmental grants	-	76,566	76,566
Other expenditures	-	8,093	8,093
Total expenditures	$ 10,081,333	$ 1,049,854	$ 11,131,187
Excess (deficiency) of revenues over (under) expenditures	$ (3,798,174)	$ 105,647	$ (3,692,527)
Other financing sources			
Contributions & donations	$ 9,475	$ -	$ 9,475
Proceeds from sale of fixed assets	18,000	-	18,000
Proceeds from capital lease	154,225	-	154,225
Interfund transfers	3,430,341	(27,038)	3,403,303
Total other financing sources	$ 3,612,041	$ (27,038)	$ 3,585,003
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ (186,133)	$ 78,609	$ (107,524)
Fund balances, beginning	2,156,598	(172,585)	1,984,013
Fund balances, ending	$ 1,970,465	$ (93,976)	$ 1,876,489

See Notes to Financial Statements

City of Seneca
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (107,524)
Property taxes are recorded at assessed values for the government-wide financial statements - the change in the amount to adjust to full assessment.		15,260
Changes in health care cash account are recorded in health insurance expense of the various departments, the balance is reflected in the government-wide statement of net position.		44,313
Governmental funds report capital outlays as expenditures…however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the change in capital assets exceeded the change in accumulated depreciation.		
Change in capital assets	$ 434,760	
Depreciation	(1,125,385)	(690,625)
Issuance of long-term debt not recorded in governmental funds.		(154,225)
Repayment of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.		168,990
Changes in compensated absences are accrued in salary expense of the various departments, the change is reflected in the liability section of the government-wide statement of net position.		(11,889)
Change in net position of governmental activities		$ (735,700)

See Notes to Financial Statements

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2013

Revenues	Original & Final Budget	Actual	Budget Variance
Property taxes			
Real property	$ 1,385,323	$ 1,422,207	$ 36,884
Vehicles	130,000	145,773	15,773
Other	125,000	124,944	(56)
Total property taxes	$ 1,640,323	$ 1,692,924	$ 52,601
Licenses and permits			
Business licenses	$ 1,800,000	$ 2,025,027	$ 225,027
Franchise fees	74,000	68,499	(5,501)
Building permits	25,000	47,361	22,361
Miscellaneous permits	14,000	16,170	2,170
Natural gas authority	185,000	123,836	(61,164)
Total licenses and permits	$ 2,098,000	$ 2,280,893	$ 182,893
Intergovernmental			
County revenue sharing	$ 650,000	$ 650,000	$ -
State government shared revenue	175,132	183,801	8,669
SC housing authority	15,000	18,956	3,956
State grants	-	131,298	131,298
Intergovernmental revenues	125,000	129,222	4,222
Total intergovernmental	$ 965,132	$ 1,113,277	$ 148,145

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2013

continued

Revenues	Original & Final Budget	Actual	Budget Variance
Charges for services			
Garbage fees	$ 877,912	$ 894,438	$ 16,526
Fines and forfeitures			
Municipal court fines	$ 160,000	$ 159,529	$ (471)
Victims assistance fines	25,000	29,588	4,588
Total fines and forfeitures	$ 185,000	$ 189,117	$ 4,117
Investment earnings (loss)	$ 3,000	$ (21,017)	$ (24,017)
Other			
Recreation fees / sports	$ 79,000	$ 56,791	$ (22,209)
Miscellaneous	119,415	76,736	(42,679)
Total other	$ 198,415	$ 133,527	$ (64,888)
Total revenues	$ 5,967,782	$ 6,283,159	$ 315,377

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2013

continued

Expenditures	Original & Final Budget	Actual	Budget Variance
Current operating			
General government			
Municipal judge	$ 237,365	$ 231,541	$ 5,824
Mayor and council	82,403	84,029	(1,626)
Finance / administration	839,896	907,696	(67,800)
Planning and development	426,854	414,655	12,199
Total general government	$ 1,586,518	$ 1,637,921	$ (51,403)
Public safety			
Police department	$ 3,105,350	$ 3,167,680	$ (62,330)
Fire department	1,756,538	1,892,000	(135,462)
Total public safety	$ 4,861,888	$ 5,059,680	$ (197,792)
Public works			
Street department	$ 854,839	$ 889,320	$ (34,481)
Sanitation department	615,383	643,531	(28,148)
Motor pool	322,856	351,558	(28,702)
Total public works	$ 1,793,078	$ 1,884,409	$ (91,331)
Culture and recreation	$ 862,939	$ 963,654	$ (100,715)

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2013

continued

Expenditures	Original & Final Budget	Actual	Budget Variance
Debt service	$ 210,242	$ 195,241	$ 15,001
Capital outlay			
Public safety	$ -	$ 45,218	$ (45,218)
Public works	-	295,210	(295,210)
Total capital outlay	$ -	$ 340,428	$ (340,428)
Total expenditures	$ 9,314,665	$ 10,081,333	$ (766,668)
Excess (deficiency) of revenues over (under) expenditures	$ (3,346,883)	$ (3,798,174)	$ (451,291)
Other financing sources			
Proceeds from sale of fixed assets	$ -	$ 18,000	$ 18,000
Proceeds from capital lease	-	154,225	154,225
Contributions & donations	-	9,475	9,475
Interfund transfers, net	3,346,883	3,430,341	83,458
Total other financing sources	$ 3,346,883	$ 3,612,041	$ 265,158
Excess (deficiency) of revenues over (under) expenditures and other financing sources	$ -	$ (186,133)	$ (186,133)
Fund balance, beginning	2,156,598	2,156,598	-
Fund balance, ending	$ 2,156,598	$ 1,970,465	$ (186,133)

See Notes to Financial Statements

City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2013

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Assets			
Current assets			
Cash	$ 62,832	$ 94,205	$ 157,037
Restricted cash	2,834,214	368,916	3,203,130
Investments	3,267,463	-	3,267,463
Receivables:			
Accounts receivable	3,361,610	-	3,361,610
Other receivables	46,204	-	46,204
Prepaid expenses	83,786	-	83,786
Due from other funds	84,543	-	84,543
Inventory	538,559	-	538,559
Total current assets	$ 10,279,211	$ 463,121	$ 10,742,332
Noncurrent assets			
Land	$ 1,019,190	$ 200,000	$ 1,219,190
Buildings	294,687	2,223,202	2,517,889
Improvements	62,065,129	34,792	62,099,921
Equipment	5,934,536	-	5,934,536
Vehicles	2,427,247	-	2,427,247
Construction in progress	1,162,505	2,333,063	3,495,568
Less, accumulated depreciation	(32,507,634)	(46,679)	(32,554,313)
Total noncurrent assets	$ 40,395,660	$ 4,744,378	$ 45,140,038
Total assets	$ 50,674,871	$ 5,207,499	$ 55,882,370
Deferred outflows of resources			
Unamortized bond/loan costs	$ 110,618	$ 271,947	$ 382,565

continued

City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2013

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Liabilities			
Current liabilities			
Accounts payable	$ 1,513,560	$ 1,063	$ 1,514,623
Accrued expenses	351,026	-	351,026
Compensated absences	260,060	-	260,060
Capital lease payable, current	51,423	-	51,423
State revolving fund loan, current	89,730	-	89,730
Bonds payable, current	675,000	-	675,000
Customer deposits	730,834	9,375	740,209
Due to other funds	375,114	50,000	425,114
Total current liabilities	$ 4,046,747	$ 60,438	$ 4,107,185
Long-term liabilities			
Capital lease payable, non-current	$ 213,577	$ -	$ 213,577
State revolving fund loan, non-current	1,554,986	-	1,554,986
Bonds payable, non-current, net	7,845,572	-	7,845,572
Notes payable, non-current	-	5,220,000	5,220,000
Total long-term liabilities	$ 9,614,135	$ 5,220,000	$ 14,834,135
Total liabilities	$ 13,660,882	$ 5,280,438	$ 18,941,320
Net position			
Invested in capital assets, net of related debt	$ 29,965,372	$ -	$ 29,965,372
Restricted for:			
Debt service	741,222	-	741,222
Generation savings	2,092,992	-	2,092,992
Other	-	199,008	199,008
Unrestricted	4,325,021	-	4,325,021
Total net position	$ 37,124,607	$ 199,008	$ 37,323,615

See Notes to Financial Statements

City of Seneca
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Operating revenues			
Charges for services			
Electric	$ 15,498,568	$ -	$ 15,498,568
Water	5,992,979	-	5,992,979
Sewer	2,932,190	-	2,932,190
Lease Income	-	326,230	326,230
Other	140,879	-	140,879
Total operating revenues	$ 24,564,616	$ 326,230	$ 24,890,846
Operating expenses			
Light & Water administration	$ 1,712,239	$ -	$ 1,712,239
I & I department	51,336	-	51,336
Billing department	892,618	-	892,618
Engineering department	616,582	-	616,582
Electrical department	1,797,666	-	1,797,666
Water department	2,203,444	-	2,203,444
Sewer department	3,129,885	-	3,129,885
Water plant	2,098,679	-	2,098,679
Electrical generation / purchase	10,438,564	-	10,438,564
Facilities administration	-	101,313	101,313
Capital outlay	-	4,791,058	4,791,058
Depreciation	1,714,005	46,679	1,760,684
Total operating expenses	$ 24,655,018	$ 4,939,050	$ 29,594,068
Operating income (loss)	$ (90,402)	$ (4,612,820)	$ (4,703,222)
Non-operating revenues (expenses)			
Investment loss	$ (65,381)	$ -	$ (65,381)
Amortization of bond/loan costs	(25,323)	(22,050)	(47,373)
Interest expense	(357,366)	(141,923)	(499,289)
Proceeds from sale of capital assets	8,672	-	8,672
Economic development grant	(1,000,000)	-	(1,000,000)
Other financing sources (uses)			
Contributions & donations	21,300	-	21,300
Interfund transfers	(3,588,046)	184,743	(3,403,303)
Net income (loss) - budgetary basis	$ (5,096,546)	$ (4,592,050)	$ (9,688,596)
Adjustment to convert to GAAP basis			
Principal payments on debt	722,739	-	722,739
Capital outlay	2,001,640	4,791,058	6,792,698
Change in net position	$ (2,372,167)	$ 199,008	$ (2,173,159)
Net position, beginning	39,496,774	-	39,496,774
Net position, ending	$ 37,124,607	$ 199,008	$ 37,323,615

See Notes to Financial Statements

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City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	$ 24,366,957	$ 335,605	$ 24,702,562
Payments to suppliers / goods and services	(15,716,693)	(100,250)	(15,816,943)
Payments to / for employees	(4,386,234)	-	(4,386,234)
Net cash provided (used) by operating activities	$ 4,264,030	$ 235,355	$ 4,499,385
Cash flows from non-capital financing activities:			
Interfund transfers	$ (3,588,046)	$ 184,743	$ (3,403,303)
Advances to other funds	416,823	50,000	466,823
Total cash flows from non-capital financing activities	$ (3,171,223)	$ 234,743	$ (2,936,480)
Cash flows from capital and related financing activities:			
Captial assets purchased	$ (2,001,640)	$ (4,791,058)	$ (6,792,698)
Proceeds from sale of capital assets	8,672	-	8,672
Principal paid on capital debt	(722,739)	-	(722,739)
Interest paid on capital debt	(253,144)	(141,923)	(395,067)
Capital donations	21,300	-	21,300
Loan proceeds, net	-	4,926,004	4,926,004
Capital lease proceeds	265,000	-	265,000
Total cash flows from capital activities	$ (2,682,551)	$ (6,977)	$ (2,689,528)
Cash flows from investing activities:			
Proceeds from investments	$ 5,989,559	$ -	$ 5,989,559
Purchases of investments	(3,300,000)	-	(3,300,000)
Loss on investments	(65,381)	-	(65,381)
Economic development grant	(1,000,000)	-	(1,000,000)
Total cash flows from investing activities	$ 1,624,178	$ -	$ 1,624,178
Net increase (decrease) in cash	$ 34,434	$ 463,121	$ 497,555
Cash, beginning	2,862,612	-	2,862,612
Cash, ending	$ 2,897,046	$ 463,121	$ 3,360,167

continued

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	$ (90,402)	$ (4,612,820)	$ (4,703,222)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,714,005	46,679	1,760,684
Capital outlay / GAAP adjustment	2,001,640	4,791,058	6,792,698
Principal payments on debt / GAAP adjustment	722,739	-	722,739
Changes in assets (increase), decrease:			
Accounts receivable	(278,949)	-	(278,949)
Other receivables	59,287	-	59,287
Prepaid expenses	(74,413)	-	(74,413)
Inventory	6,523	-	6,523
Changes in liabilities increase,(decrease):			
Accounts payable	115,598	1,063	116,661
Accrued expenses	44,704	-	44,704
Compensated absences	21,295	-	21,295
Customer deposits	22,003	9,375	31,378
Total adjustments	$ 4,354,432	$ 4,848,175	$ 9,202,607
Net cash provided by operating activities	$ 4,264,030	$ 235,355	$ 4,499,385

See Notes to Financial Statements

City of Seneca
Statement of Fiduciary Net Position
Agency Fund
June 30, 2013

	Firemens Fund
Assets	
Cash / investments	***$ 8,574***
Liabilities	***-***
Net position	
Held in trust for firemen	***$ 8,574***

See Notes to Financial Statements

City of Seneca
Statement of Changes in Fiduciary Net Position
Agency Fund
For the Year Ended June 30, 2013

	Firemens Fund
Additions	
Contributions	***$ 21,349***
Investment earnings	***22***
Total additions	***$ 21,371***
Reductions	
Benefits	***23,979***
Change in net position	***$ (2,608)***
Net position, beginning	***11,182***
Net position, ending	***$ 8,574***

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

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1. Summary of significant accounting policies

A. Reporting entity

*The **City of Seneca** was incorporated in 1874 by a public act passed by the South Carolina General Assembly and later certified in 1902 under Article II Chapter XLIX of the Code of 1902. Currently the City operates under a mayor/council form of government with an appointed City administrator and an elected mayor and eight council members.*

The City of Seneca is comprised of the various departments of the general fund, the special revenue funds (which administer the various grant projects), the enterprise funds (light and water and Seneca facilities corp fund), and the agency fund. Seneca facilities corp fund is a blended component unit. There are no discretely presented component units included in this financial statement. No entities are excluded that would make the financial statement misleading.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and, grants or 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 as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the fiscal year end. Expenditures are recorded when a liability is incurred.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other governmental fund revenue items are considered to be measurable and available when received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or, contradict, guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for quasi-external type transactions between the government's light and water fund and the general government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The City recognizes these transactions as interfund transfers and reports them as an other financing source / use.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, all taxes are general revenues.

Proprietary funds (light and water and Seneca facilities corp funds) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's primary ongoing operations. The principal operating revenues of the light and water fund are charges to customers for electric, water and sewer services. Impact and tap fees are reported as operating revenues. Operating expenses for the light and water fund include the costs of utility purchases and services, administrative expenses and asset depreciation. The principal operating revenue of the Seneca facilities corp fund is lease inicome. Operating expenses include administrative expenses and asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating.

The City reports deferred revenue arising from funds received prior to its legal claim to them. The revenues are recognized in subsequent periods when the City has legal claim to those resources.

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

Due to legal requirements and the diverse nature of the operations of a city, there must be a separation of transactions by class or nature of activity. The accounts of a city are organized on the basis of funds or account groups, each of which is a separate, independent accounting entity.

The operations of each fund are recorded in a separate, self-balancing set of accounts showing its assets, liabilities, fund balance, and revenues and expenditures. The types of funds maintained by the City of Seneca are as follows:

Governmental Funds

***General Fund** -- the general operating fund of the City. It is used to account for all financial resources except for those required to be accounted for in other funds.*

***Special Revenue Funds** -- used to account for the proceeds of specific revenues that are restricted for specific expenditures other than special assessments, expendable trusts, or major capital projects.*

Proprietary Funds

Enterprise Funds *-- accounts for charges to users for electricity, water and sewer services, lease income and the cost of operations of the utility systems and facilities. Depreciation is recorded in these funds.*

Fiduciary Funds

Agency Fund *-- accounts for assets held in a trustee capacity for the firemens fund. Assets of this fund are reported at fair value.*

D. Blended Component Unit

Seneca Facilities Corporation is a nonprofit public benefit corporation formed on August 3, 2012 for the purpose of assisting the City in promoting and encouraging the retention of existing businesses and industries and the establishment of new businesses and industries in economically distressed areas of the City. Seneca Facilities Corporation is a blended component unit of the City of Seneca in accordance with the requirements set forth in GASB Statement No. 61 "The Financial Reporting Entity: Omnibus." Seneca Facilities Corporation and the City of Seneca have substantively the same governing body, and management of the City have operational responsibility for the activities of Seneca Facilities Corporation. Seneca Facilities Corporation is a major fund and is presented as a proprietary fund in the basic financial statements. Information regarding separate financial statements of Seneca Facilities Corporation may be obtained by contacting Mr. Joel Seavey at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

E. Adoption of Accounting Standards

The City of Seneca implemented for the fiscal year ended June 30, 2013, GASB Statement No. 63 "Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position" (GASB 63). Amond other things, GASB 63 amends net asset reporting requirements by incorporating the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the residual measure identified as net position.

2. Budgetary information

Annual budgets and supplementary budget appropriations are adopted by ordinance by the City Council providing for operations and capital expenditures of the City. The budget is prepared by function and activity within an individual fund. All budgets are required to have two readings before being enacted into law. There were no budgetary amendments during the fiscal year.

The special revenue funds receiving grant entitlements are mandated by project budgets that may extend over several accounting periods. Therefore, budget control is exercised by project. Such grants having budget periods that encompass

more than one accounting period of the City are treated as legal non-appropriated budgets. Budgets for the general, special revenue, and enterprise funds are adopted on a basis consistent with generally accepted accounting principles. Annual budgetary appropriations lapse at year-end. Outstanding purchase commitments are recorded as a reserve for encumbrances.

3. Compensated absences

Amounts of vested accumulated leave time (vacation and compensatory time) are recorded as a compensated absence liability in the government-wide financial statements. Vested leave time of proprietary funds is recorded as an expense and a liability as the benefits accrue. Amounts of governmental funds vested leave time are not recorded in the general fund until they mature and are due.

4. Inventories

The inventory of the light and water fund (proprietary fund type) consists of expendable supplies and construction materials, which are accounted for in a perpetual inventory system. The inventory is valued at the lower of average cost or market value and is recorded as an expense as consumed.

5. Cash and investments

Cash includes demand deposits and sweep accounts. Cash deposits in excess of amounts insured by Federal Deposit Insurance are collateralized by U.S. Government securities held by the counterparty in the counterparty's name. The carrying amount of all fund's deposits at June 30, 2013 is $3,955,988. The bank balance of the funds at June 30, 2013 is $4,353,699, of which $1,175,811 is category 1 (insured by Federal Deposit Insurance), and $3,177,887 is category 3 (Uncollateralized...collateralized with securities held by the pledging institution not in the City's name).

The following are the categories of credit risk relating to bank balance:

Risk Category	*Description of Category*
1	*Insured or collateralized with securities held by the City or by the City's agent in the City's name.*
2	*Collateralized with securities held by the pledging institution in the City's name.*
3	*Uncollateralized – includes any bank balance that is collateralized with securities held by the pledging institution not in the City's name.*

Investments are recorded at cost or fair value and interest receivable is accrued at year-end. All investments are expected to be held to maturity. Any significant discount or premium on the purchase of long-term investments is amortized over

the term of the investment by the straight-line method. The types of investments authorized by legal or contractual provisions of the City are in accordance with State statutes. Those statutes provide for investments in:

1. *Obligations of the United States and Agencies thereof.*
2. *General obligations of the State of South Carolina or any of its political units.*
3. *Savings and Loan Associations to the extent that the same are insured by the FDIC.*
4. *Certificates of deposit collateralized by securities of Types 1 or 2 held by a third party as escrow agent or custodian.*
5. *South Carolina Pooled Investment Fund.*

The City may also hold funds in deposit accounts with banking institutions and the above such investments shall have maturities consistent with the time/times when the invested monies will be needed as cash. The City invests in funds secured by notes and bonds of the U.S. Government, or its related agencies, certificates of deposit at FDIC insured banking institutions and banking instruments collateralized by U.S. Government Securities. Investments of the State Investment Pool are exempt from risk categorization because third party custodians take delivery of the investment securities. The City owns no identifiable securities but is a shareholder of a percentage of the State Investment Pool. Pooled funds are collateralized by U.S. Government Securities.

The following is a summary by classification of credit risk of significant investments held by the City at June 30, 2013.

Risk Category	*Description of Category*
1	*Insured or registered, or held directly by the City.*
2	*Uninsured and unregistered and held by the counterparty's trust department or agent in the City's name.*
3	*Uninsured and unregistered and held by the counterparty not in the City's name (includes amounts collateralized with securities held by the counterparty).*

Interest rate risk - The City manages its exposure to declines in fair values by structuring its investments such that the maturities of the investments are consistent with the liquidity requirement of the City.

Credit risk – The City does not invest in commercial paper or bonds of corporations. Its investments are limited to obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, certificates of deposit, and repurchase agreements.

Concentration of credit risk – The City's investment policy does not preclude it from investing idle funds in any one type of investment, provided that the investment is authorized by the State of South Carolina. Sound financial management dictates

that the City limit its exposure to credit risk and, therefore, the City holds various investment instruments provided by multiple issuers.

Custodial credit risk, deposits – In the case of deposits, there is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2013, $3,177,887 of the City's bank balance of $4,353,699 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Custodial credit risk, investments – For investments, there is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securtities that are in the possession of an outside party. Of the investments of $4,245,872, the City has no custodial credit risk exposure because investments in the State Investment Pool and US Government Agencies are exempt from risk categorization.

The City minimizes its exposure to custodial credit risk for deposits by review of financial statements issued by the financial institutions holding municipal deposits. Investments are recorded at cost or fair value depending on the nature and term of the investment. The following is an analysis of investments held at June 30, 2013:

Investment	***Carrying amount***	***Market value***
State Investment Pool	*$ 44,198*	*$ 44,198*
US Government Agencies	*4,201,674*	*4,201,674*
	$ 4,245,872	*$ 4,245,872*

6. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements prospectively. Capital assets for general governmental purposes are acquired through expenditures from the general fund and the special revenue funds. The City's policy is to capitalize purchases of $ 5,000 and above.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest cost, net of interest income, incurred during the construction phase is included as construction-period interest as an integral part of the cost of construction. The City qualifies as a phase 3 government for reporting major general infrastructure fixed assets and elects to record such assets prospectively.

Capital assets are recorded at cost (fair market value if donated) and depreciated using the straight-line method with estimated useful lives between five and forty years as follows:

Type of asset	Estimated life
Buildings	40
Building improvements	20-40
Furniture and fixtures	7-10
Equipment / vehicles	5-10
Utility systems	40
Paving/streets	10-20

Capital asset activity for the current year ended June 30, 2013 was as follows:

Governmental Activities

Capital assets, not depreciated	Beginning	Increases	Decreases	Ending
Land	$ 1,035,039	$ -	$ -	$ 1,035,039
Construction in progress	65,676	94,332	47,836	112,172
Total not depreciated	$ 1,100,715	$ 94,332	$ 47,836	$ 1,146,211
Capital assets, depreciated				
Buildings	$ 7,709,973	$ -	$ -	$ 7,709,973
Improvements	7,218,445	175,359	-	7,393,804
Equipment	1,000,113	82,462	-	1,082,575
Vehicles	4,976,040	130,443	-	5,106,483
Total depreciated	$ 20,904,571	$ 388,264	$ -	$ 21,292,835
Less accumulated depreciation for:	**Beginning**	**Increases**	**Decreases**	**Ending**
Buildings	$ 3,019,739	$ 186,679	$ -	$ 3,206,418
Improvements	2,710,166	547,372	-	3,257,538
Equipment	729,754	93,479	-	823,233
Vehicles	3,797,104	297,855	-	4,094,959
Total depreciation	$ 10,256,763	$ 1,125,385	$ -	$ 11,382,148
Total depreciable assets, net	$ 10,647,808	$ (737,121)	-	$ 9,910,687
Total governmental activities capital assets, net	**$ 11,748,523**	**$ (642,789)**	**$ 47,836**	**$ 11,057,898**

Business-Type Activities

Capital assets, not depreciated		***Beginning***		***Increases***		***Decreases***		***Ending***
Land	*$*	*1,019,190*	*$*	*200,000*	*$*	*-*	*$*	*1,219,190*
Construction in progress		*316,222*		*3,179,346*		*-*		*3,495,568*
Total not depreciated	*$*	*1,335,412*	*$*	*3,379,346*	*$*	*-*	*$*	*4,714,758*
Capital assets, depreciated								
Buildings	*$*	*294,687*	*$*	*2,223,202*	*$*	*-*	*$*	*2,517,889*
Improvements		*61,444,014*		*655,907*		*-*		*62,099,921*
Equipment		*5,895,505*		*39,031*		*-*		*5,934,536*
Vehicles		*1,932,036*		*495,211*		*-*		*2,427,247*
Total depreciated	*$*	*69,566,242*	*$*	*3,413,351*	*$*	*-*	*$*	*72,979,593*
Less accumulated depreciation for:		***Beginning***		***Increases***		***Decreases***		***Ending***
Buildings	*$*	*143,658*	*$*	*53,684*	*$*	*-*	*$*	*197,342*
Improvements		*24,460,488*		*1,385,190*		*-*		*25,845,678*
Equipment		*4,524,761*		*183,015*		*-*		*4,707,776*
Vehicles		*1,664,721*		*138,796*		*-*		*1,803,517*
Total depreciation	*$*	*30,793,628*	*$*	*1,760,685*	*$*	*-*	*$*	*32,554,313*
Total depreciable assets, net	*$*	*38,772,614*	*$*	*1,652,666*	*$*	*-*	*$*	*40,425,280*
Total business-type activities capital assets, net	***$***	***40,108,026***	***$***	***5,032,012***	***$***	***-***	***$***	***45,140,038***

7. Property taxes

Property taxes, the primary source of revenue for the general fund, are collected for the City by the Oconee County tax collector. The County retains any penalties collected as compensation for this service. The property tax calendar is as follows:

Levy	*On September 30th on all real and personal property (except vehicles) based on the assessment of the preceding December 31st*
Tax due	*On or before January 15th*
Penalty	*3% after January 15th* *7% additional after February 1st*
Delinquent	*Liens are filed upon execution after March 16th with an additional 5% penalty, plus $ 2.*
Property sales	*On delinquent property held in year after year of levy*
Motor vehicles	*Monthly, assessed and collected in advance of the vehicle registration with the motor vehicle department*

Taxes receivable in the general fund at June 30, 2013 represent uncollected tax levies less allowance for doubtful accounts as follows:

	Receivable	Allowance
General fund	$ 104,580	$ 3,137

8. Receivables

Enterprise fund receivables consist of utility charges to customers. Unbilled services provided by the City's enterprise fund since the last billing period have been recorded as receivables at year end. Receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivable	General	Light & water	Nonmajor	Total
Taxes	$ 104,580	$ -	$ -	$ 104,580
Accounts / notes	238,634	3,361,610	41,929	3,642,173
Intergovernmental	63,822	-	224,836	288,658
Other	49,371	46,204	90	95,665
Gross receivables	$ 456,407	$ 3,407,814	$ 266,855	$ 4,131,076
Less, allowance	3,137	-	-	3,137
Net receivables	$ 453,270	$ 3,407,814	$ 266,855	$ 4,127,939

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the unamortized bond/loan costs in the proprietary funds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from

property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Interfund transactions

During the course of normal operations, the City has numerous transactions between funds. The primary purpose of such transactions is to transfer funds for the purpose of capital items and to record the capital items purchased. Transfers among governmental fund types are presented as transfers under the caption "Other Financing Sources (Uses)" or, as residual equity transfers in the fund financial statements.

Transfers to or from the enterprise funds are recorded as operating transfers or as increases or decreases, respectively, in net position to better reflect the substance of such transfers.

Quasi-external non-exchange type transactions reflecting the revenues and the expenditures (expenses) of interfund transactions such as payments in-lieu of taxes for enterprise fund assets, utilities provided from enterprise funds to City buildings, franchise fees on enterprise fund gross revenues, overhead allocation of general fund personnel, and the like, are included in these financial statements as interfund transfers.

Interfund transfers for the year, in the aggregate, were as follows:

Fund	Transfers in	Transfers out	Transfers - net
General fund	$ 3,438,210	$ 7,869	$ 3,430,341
Light & water fund	-	3,588,046	(3,588,046)
Seneca facilities corp fund	184,743	-	184,743
Nonmajor governmental funds	64,289	91,327	(27,038)
Total transfers	$ 3,687,242	$ 3,687,242	$ -

As of June 30, 2013, interfund receivables and payables that resulted from interfund transactions were as follows:

Fund	Due from other funds	Due to other funds
General fund	$ 707,005	$ -
Light & water fund	84,543	375,114
Seneca facilities corp fund	-	50,000
Nonmajor governmental funds	27,182	393,616
Totals	$ 818,730	$ 818,730

11. Long-term obligations

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

Revenue Bonds

The City issued revenue bonds in its business-type activities where the City pledges income derived from the acquired or contructed assets to pay debt service. Revenue bonds (gross) outstanding at June 30, 2013 are as follows:

Purpose	Interest Rate	Balance	Current Portion
2004 Combined Utility System	3.75% - 4.00%	$ 1,150,000	$ 565,000
2012 Combined Utility System	2.28%	8,260,000	110,000
Total		$ 9,410,000	$ 675,000

Advance Refunding

On March 29, 2012, the City issued $8,350,000 of Combined Utility System Refunding Revenue Bonds, Series 2012, to provide resources to purchase U.S Government securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of $7,475,000 of the Series 2004 Combined Utility System Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the proprietary fund statement of net position. The refunding was undertaken to reduce total future debt service payments. The reaquisition price exceeded the net carrying amount of the old debt by $988,992. This amount is being netted against the new debt and amortized over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an ecomonic gain of $482,967 and a reduction of $581,775 in future debt service payments.

The following table provides the Series 2004 bond debt service for future periods.

Date	Principal	Rate	Interest	Debt svc	Calendar yr debt svc
08/01/13	$ 565,000	3.75	$ 23,000	$ 588,000	$ 611,000
02/01/14			11,700	11,700	
08/01/14	585,000	4.00	11,700	596,700	608,400
Totals	$ 1,150,000		$ 46,400	$ 1,196,400	

The following table provides the Series 2012 bond debt service for future periods.

Date	Principal	Rate	Interest	Debt svc	Calendar yr debt svc
08/01/13	$ 110,000	2.28	$ 94,164	$ 204,164	$ 298,328
02/01/14			92,910	92,910	
08/01/14	110,000	2.28	92,910	202,910	295,820
02/01/15			91,656	91,656	
08/01/15	725,000	2.28	91,656	816,656	908,312
02/01/16			83,391	83,391	
08/01/16	740,000	2.28	83,391	823,391	906,782
02/01/17			74,955	74,955	
08/01/17	760,000	2.28	74,955	834,955	909,910
02/01/18			66,291	66,291	
08/01/18	775,000	2.28	66,291	841,291	907,582
02/01/19			57,456	57,456	
08/01/19	790,000	2.28	57,456	847,456	904,912
02/01/20			48,450	48,450	
08/01/20	810,000	2.28	48,450	858,450	906,900
02/01/21			39,216	39,216	
08/01/21	830,000	2.28	39,216	869,216	908,432
02/01/22			29,754	29,754	
08/01/22	850,000	2.28	29,754	879,754	909,508
02/01/23			20,064	20,064	
08/01/23	870,000	2.28	20,064	890,064	910,128
02/01/24			10,146	10,146	
08/01/24	890,000	2.28	10,146	900,146	910,292
Totals	$ 8,260,000		$ 1,322,742	$ 9,582,742	

Loan agreements – Seneca Facilities Corporation

On August 30, 2012, Seneca Facilities Corporation, a blended component unit of the City of Seneca, entered into a loan agreement with TD Community Development Corporation (TDCDC) in the amount of $5,220,000 for the purchase of and construction and improvements to the property at 320 Shiloh Road. Seneca Facilities Corporation purchased the property from the City of Seneca on August 30, 2012 for $2,423,202. The loan consists of two promissory notes as follows:

Description	Interest Rate	Maturity	Amount
Note A	3.95%	08/30/2022	$ 4,020,000
Note B – New Market Tax Credit Equity Loan	2.25%	08/31/2052	1,200,000
Total			$ 5,220,000

Following are the payment terms for each note.

Note A - Beginning October 1, 2012, monthly interest only payments are due until August 1, 2019. On September 1, 2019, a one-time principal reduction payment is due in the amount of $1,876,000. Beginning September 1, 2019, monthly principal and interest payments are due until August 1, 2022, at which time a balloon payment is due in the amount of $1,500,800.

Note B – Beginning October 1, 2012, monthly interest only payments are due until August 1, 2019, after which interest shall continue to accrue on the outstanding principal balance, but no payments of principal or interest are due until the maturity date. The note is subject to a put/call agreement whereby TDCDC may elect within the put option period to require Seneca Facilities Corporation, or its designee, to purchase the B note for an amount equal to 1% of the principal amount of the note. Upon expiration of the put option period, Seneca Facilities Corporation has the right to require TDCDC to sell the B note to Seneca Faciilities Corporation, or its designee, at the fair market value of the note, or the call price.

The following table provides the Note A debt service for future periods.

Fiscal yr ending June 30,	Principal	Interest	Debt svc	Calendar yr debt svc
2014	$ -	$ 160,965	$ 160,965	$ 160,965
2015	-	160,965	160,965	160,965
2016	-	161,406	161,406	161,406
2017	-	160,965	160,965	160,965
2018	-	160,965	160,965	160,965
2019	-	160,965	160,965	2,082,969
2020	2,054,667	95,510	2,150,177	293,448
2021	214,400	74,790	289,190	284,862
2022	214,400	66,204	280,604	1,690,819
2023	1,536,533	15,332	1,551,865	-
Totals	$ 4,020,000	$ 1,218,067	$ 5,238,067	

The following table provides the Note B debt service for future periods.

Fiscal yr ending June 30,	Principal	Interest	Debt svc	Calendar yr debt svc
2014	$ -	$ 27,375	$ 27,375	$ 27,375
2015	-	27,375	27,375	27,375
2016	-	27,450	27,450	27,450
2017	-	27,375	27,375	27,375
2018	-	27,375	27,375	27,375
2019	-	27,375	27,375	1,220,550
2020	1,200,000 1*	6,900	1,206,900	-
Totals	$ 1,200,000	$ 171,225	$ 1,371,225	

1 Principal amount subject to put/call terms disclosed above.*

State Revolving Fund Loan

The City authorized the issuance of a utility system revenue bond from the South Carolina Drinking Water Revolving Loan Fund (SRF) for the construction of a 1,000,000 gallon storage tank and associated line work and appurtenances. The promissory note is for $1,993,633 and bears interest at 3.5% annum for the first twelve payments, then 2.25% thereafter. Payments began February 1, 2009 and continue for 20 years. Quarterly principal and interest payments in the amount of $31,495.56 are due February 1st, May 1st, August 1st and November 1st of each year.

The following table provides the SRF loan debt service for future periods.

Fiscal year ending June 30,	Principal	Interest	Debt svc	Calendar yr debt svc
2014	$ 89,730	$ 36,252	$ 125,982	$ 125,982
2015	91,765	34,217	125,982	125,982
2016	93,848	32,134	125,982	125,982
2017	95,977	30,005	125,982	125,982
2018	98,155	27,827	125,982	125,982
2019	100,382	25,600	125,982	125,982
2020	102,660	23,322	125,982	125,982
2021	104,989	20,993	125,982	125,982
2022	107,372	18,610	125,982	125,982
2023	109,808	16,174	125,982	125,982
2024	112,299	13,683	125,982	125,982
2025	114,848	11,134	125,982	125,982
2026	117,454	8,528	125,982	125,982
2027	120,119	5,863	125,982	125,982
2028	122,844	3,138	125,982	125,982
2029	62,466	529	62,995	-
Totals	$ 1,644,716	$ 308,009	$ 1,952,725	

Capital leases

The City has several lease agreements which qualify as capital leases for accounting purposes. Following are the assets leased under capital leases:

Equipment

Governmental activities:	
Fire truck	$ 747,207
Garbage truck	265,955
Hook truck	85,225
Brush tractor	82,462
Total governmental activities	$ 1,180,849
Business-type activities:	
Vacuum truck	$ 268,491

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2013.

Fiscal year ending	Lease payments
06/30/2014	$ 291,955
06/30/2015	223,141
06/30/2016	223,142
06/30/2017	73,271
06/30/2018	73,269
Total minimum lease payments	$ 884,778
Less interest portion	(55,714)
Present value of future minimum lease payments	$ 829,064

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Capital leases	$ 578,828	$ 154,225	$ (168,989)	$ 564,064	$ 215,264
Business-type activities:					
Revenue bonds payable	$ 10,045,000	$ -	$ (635,000)	$ 9,410,000	$ 675,000
Deferred amount on refunding	(969,078)	-	79,650	(889,428)	-
Total bonds payable	$ 9,075,922	$ -	$ (555,350)	$ 8,520,572	$ 675,000
NMTC loans	$ -	$ 5,220,000	$ -	$ 5,220,000	$ -
SRF loan	1,732,455	-	(87,739)	1,644,716	89,730
Total loans	$ 1,732,455	$ 5,220,000	$ (87,739)	$ 6,864,716	$ 89,730
Capital lease	$ -	$ 265,000	$ -	$ 265,000	$ 51,423
Business-type activity long-term liabilities	$ 10,808,377	$ 5,485,000	$ (643,089)	$ 15,650,288	$ 816,153

Additional information regarding long-term debt may be obtained by contacting Mr. Joel Seavey at the City of Seneca, PO Box 4773, Seneca, SC 29679-4773.

12. Segment information

The City of Seneca maintains two enterprise funds (light and water and Seneca facilities corp funds). Segment information for the year ended June 30, 2013 is as follows:

	Light & water fund	Seneca facilities corp fund	Total enterprise funds
Operating revenues	$ 24,564,616	$ 326,230	$ 24,890,846
Depreciation	1,714,005	46,679	1,760,684
Operating income (loss)	(90,402)	(4,612,820)	(4,703,222)
Net income / GAAP	(2,372,167)	199,008	(2,173,159)
Fixed asset additions	2,001,640	4,791,058	6,792,698
Net position	37,124,607	199,008	37,323,615

13. Fund Balance

During the year ended June 30, 2011, the City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54"), which establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. The implementation of this statement had no impact on the total fund balances for the City's governmental funds. In accordance with GASB 54, the City classifies governmental fund balances as follows:

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

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

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

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

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

14. Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by City Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governmental entities.

15. Employees' retirement system

All permanent employees of the City participate in the SC Retirement System or the SC Police Officers' Retirement System. These systems are administered by the State Budget and Control Board of South Carolina, which appoints a director to exercise general supervision over the Retirement Systems. Both the South Carolina Retirement System and Police Officers Retirement System are cost-sharing multiple-employer PERS.

Both the South Carolina Retirement System and the Police Officers Retirement System offer retirement and disability benefits, group life insurance benefits and survivor benefits. A guaranteed 1% cost of living adjustment is funded under SCRS, and all other cost of living adjustments are granted on an ad-hoc basis. Both employees and employers are required to contribute to the Plan. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws.

Employee required contributions to the plan are as follows:

South Carolina Retirement System	*7.0 % of salary*
Police Officers Retirement System	*7.0 % of salary*

Employers are required to contribute to the plan as follows:

South Carolina Retirement System	*10.45 % of salary*
Police Officers Retirement System	*11.90 % of salary*

In addition to the above rates, participating employers of the South Carolina Retirement System contribute 0.15% of payroll to provide a group life insurance benefit to their participants. Participating employers of the Police Officers Retirement System also contribute 0.2% of payroll for group life insurance and 0.2% for accidental death benefits. All employers contribute at the actuarially required contribution rates. Three-year trend information is as follows:

	South Carolina Retirement System		Police Officers Retirement System	
Year Ending	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
06/30/13	$ 588,284	100%	$ 303,533	100%
06/30/12	526,989	100%	284,793	100%
06/30/11	482,185	100%	276,422	100%

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and the Police Officer's Retirement System is publicly available on the website at www.retirement.sc.gov, or a copy is available by writing the South Carolina Retirement System at PO Box 11960, Columbia, SC 29211-1960.

16. Excess of expenditures over appropriations

The amounts of any excess of governmental expenditures over appropriations at the legal level of control are as follows:

General fund	Expenditures	Appropriations	Excess
Mayor & council	$ 84,029	$ 82,403	$ 1,626
Finance / administration	907,696	839,896	67,800
Police department	3,167,680	3,105,350	62,330
Fire department	1,892,000	1,756,538	135,462
Street department	889,320	854,839	34,481
Sanitation	643,531	615,383	28,148
Motor pool	351,558	322,856	28,702
Culture & recreation	963,654	862,939	100,715

17. Restricted assets

The City recognizes unspent proceeds of enterprise fund revenue bonds, resources set aside for debt amortization, and resources set aside from peak generation savings as restricted assets.

The bond principal and interest accounts are escrow accounts for current maturities of bond principal and interest. The peak generation savings account represents funds set aside for future capital expansion and for defeasance of bond debt. The

restricted disbursement funds – Seneca Facilities Corp represents unspent loan proceeds to be used for improvements. Account balances at June 30, 2013 are as follows:

Principal and interest funds	*$*	*720,216*
Debt service –SRF loan		*21,006*
Restricted disbursement funds – Seneca Facilities Corp		*368,916*
Peak generation savings fund		*2,092,992*
Total restricted assets	*$*	*3,203,130*

18. Deficit fund balance

Included in the deficit fund balance of the other governmental funds on the Balance Sheet – Governmental Funds and on the Statement of Revenues, Expenses, and Changes in Fund Balances – Governmental Funds (pages 5-6) is a fund balance deficit of the Hospitality Tax Fund in the amount of ($ 157,454). The fund incurred expenditures for capital outlay related to Ram Cat Alley and Mud Run improvements. The deficit will be funded by future hospitality taxes.

19. Public transit

Clemson Area Transit Service

The City began operations of a City-wide public transit service affiliated with the City of Clemson and the Clemson Area Transit (CAT) in 2007. The City acquired 3 buses to service predetermined routes within the city and to the City of Clemson and Clemson University. The Clemson Area Transit provides bus service to citizens without charge. Funding for the operations of the transit system was through a grant agreement with the South Carolina Department of Transportation (SCDOT).

In accordance with the grant agreement, funding consisted of the following for fiscal year ending June 30, 2013:

Funding		***Operations***
Federal (FTA)	*$*	*348,704*
State (SCDOT)		*127,476*
Local match (as needed)		*118,348*
Total funding	*$*	*594,528*

TIGGER Grant/Electric Transit Buses Project

On July 1, 2012, the City entered into a subrecipient grant agreement with the South Carolina Department of Transportaion in the amount of $4,118,000 to deploy

the nation's first complete fleet of zero-emission, all electric transit buses. The project will replace five diesel transit buses with five 35 foot fast charge battery electric buses. The duration of the project is through June 30, 2014. The City entered into a contract with Proterra, Inc. dated June 18, 2012 in the amount of $5,468,000 for the purchase of four of the electric buses and two fast charging stations. The City incurred $59,408 in expenditures for capital outlay relating to this project during the year.

20. Pending Contingent Liability

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), was issued by GASB in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions and pension plans. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. This Statement will require the City to report a net pension liability for its participation in the South Carolina Retirement System on the Statement of Net Position for the government-wide statements and present more extensive note disclosures. In general, it should not have a significant impact on the City's governmental funds. The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the City's net position. GASB 68 is required to be implemented by the City no later than fiscal year ending June 30, 2015.

21. Lease agreement – Seneca Facilities Corporation

Lease terms

On August 30, 2012 the City entered into a lease agreement with Seneca Facilities Corporation for the lease of the property at 320 Shiloh Road through September 1, 2027. Annual lease payments in the amount of $500,000 are due August 30th of each year. An additional one-time lease payment in the amount of $1,876,000 is due on August 30, 2019. If at any time following the date of the lease agreement a portion of the property is leased directly by Seneca Facilities Corporation to a tenant, the amount of the annual lease payment due by the City will be reduced by the amount of the annual rent actually paid to Seneca Facilities Corporation by the tenant. On August 30, 2013 the City made a lease payment to Seneca Facilities Corporation in the amount of $493,285.

Escrow payments

The City is required to make an annual escrow payment in the amount of $268,000 on August 30, 2013 through 2019. The escrow payments will be applied toward the additional lease payment due on August 30, 2019 in the amount of $1,876,000.

Facilities management agreement

In accordance with the lease agreement, the City entered into a facilities management agreement with Seneca Facilities Corporation for the management of the property at 320 Shiloh Road. Seneca Facilities Corporation will pay a management fee in the amount of $50,000 to the City on June 30th of each of the years 2013 to and including 2022.

22. 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. The City is insured for these risks of loss by commercial insurance.

23. Self-Insured Health Insurance

On July 1, 2010, the City established a self insured comprehensive group health care plan for its employees. A third party administrator has been retained to process and pay health claims incurred by employees and/or their dependents, if they are enrolled in the plan. The plan establishes a "Stop Loss" of $50,000 per person per contract year. Claims that exceed the $50,000 "Stop Loss" threshold are covered under an excess loss insurance policy. At year-end, claims due and payable equal approximately $163,320 and are recorded as a liability and expense within the General Fund and Light & Water Fund. The following indicates claims versus premiums for the past fiscal year:

Fiscal year ending June 30,	Beginning Liability	Current Year Claims and Changes in Estimate	Claim Payments	Ending Liability
2013	$ 174,701	$ 1,218,215	$ 1,229,596	$ 163,320
2012	211,316	1,189,850	1,226,465	174,701

24. Subsequent events

2013 Combined Utility System Revenue Bonds

On September 26, 2013, the City issued combined utility system revenue bonds in the amount of $5,840,000 for the construction of electric bus charging stations, a light and water administrative building, and substation replacement. The City has three years from the issue date to expend the funds.

2013 Drinking Water SRF Loan

Subsequent to June 30, 2013, the City was awarded a loan from the South Carolina Water Quality Revolving Fund Authority in the amount of $13,052,550 for light and water administrative building upgrades and renovations, upgrades to the water treatment plant, and replacement of water meters.

911 Dispatch Center Upgrades

In September 2013 the City received a direct aid grant from Oconee County in the amount of $350,000 to upgrade communication equipment in the 911 dispatch center.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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City of Seneca
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2013

	Community Development	Hospitality Tax	Accomodations Tax	CAT Grant PT-3N711-17	TIGGER Grant PT-3N709-G2	Total
Assets						
Cash	$ 7,727	$ 21,453	$ 3,121	$ 64,288	$ -	$ 96,589
Receivables						
Notes	41,929	-	-	-	-	41,929
Interest	8	-	-	-	-	8
Other	-	90	-	-	-	90
Due from other governmental units	-	-	17,069	165,366	42,401	224,836
Due from other funds	-	-	-	27,182	-	27,182
Total assets	$ 49,664	$ 21,543	$ 20,190	$ 256,836	$ 42,401	$ 390,634
Liabilities and fund balances						
Liabilities						
Accounts payable	$ -	$ 19,439	$ 6,376	$ 49,960	$ 15,219	$ 90,994
Due to other funds	-	159,558	-	206,876	27,182	393,616
Total liabilities	$ -	$ 178,997	$ 6,376	$ 256,836	$ 42,401	$ 484,610
Fund balances	$ 49,664	$ (157,454)	$ 13,814	$ -	$ -	$ (93,976)
Total liabilities and fund balances	$ 49,664	$ 21,543	$ 20,190	$ 256,836	$ 42,401	$ 390,634

See Notes to Financial Statements

City of Seneca
Nonmajor Special Revenue Funds
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances
Fiscal Year Ended June 30, 2013

	Community Development	Hospitality Tax	Accomodations Tax	CAT Grant PT-3N711-17	TIGGER Grant PT-3N709-G2	Total
Revenues						
Taxes	$ -	$ 480,487	$ 46,253	$ -	$ -	$ 526,740
Federal aid	-	-	-	348,704	53,467	402,171
State aid	-	-	-	127,476	-	127,476
County aid	-	-	-	60,000	-	60,000
Other revenue	-	39,110	-	-	-	39,110
Investment earnings	4	-	-	-	-	4
Total revenues	$ 4	$ 519,597	$ 46,253	$ 536,180	$ 53,467	$ 1,155,501
Expenditures						
Current operating						
General government						
Project administration	$ -	$ -	$ -	$ 594,528	$ -	$ 594,528
Culture and recreation	-	276,335	-	-	-	276,335
Capital outlay	-	34,924	-	-	59,408	94,332
Intergovernmental grants	-	76,566	-	-	-	76,566
Other	1,717	-	6,376	-	-	8,093
Total expenditures	$ 1,717	$ 387,825	$ 6,376	$ 594,528	$ 59,408	$ 1,049,854
Excess (deficiency) of revenues over (under) expenditures	$ (1,713)	$ 131,772	$ 39,877	$ (58,348)	$ (5,941)	$ 105,647
Other financing sources (uses)						
Transfers in (out)	$ (5,264)	$ (60,000)	$ (26,063)	$ 58,348	$ 5,941	$ (27,038)
Net change in fund balances	$ (6,977)	$ 71,772	$ 13,814	$ -	$ -	$ 78,609
Fund balances, beginning	56,641	(229,226)	-	-	-	(172,585)
Fund balances, ending	$ 49,664	$ (157,454)	$ 13,814	$ -	$ -	$ (93,976)

See Notes to Financial Statements

City of Seneca
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Revenues			
Investment earnings	$ -	$ 4	$ 4
Expenditures			
Other	$ -	$ 1,717	$ (1,717)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (1,713)	$ (1,713)
Other financing sources (uses)			
Transfer to other funds	-	(5,264)	(5,264)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ (6,977)	$ (6,977)
Fund balance, beginning	56,641	56,641	-
Fund balance, ending	$ 56,641	$ 49,664	$ (1,713)

See Notes to Financial Statements

City of Seneca
Hospitality Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Revenues			
Taxes	$ 420,000	$ 480,487	$ 60,487
Other revenue	-	39,110	39,110
Total revenues	$ 420,000	$ 519,597	$ 99,597
Expenditures			
Current operating			
Culture and recreation	$ 300,000	$ 276,335	$ 23,665
Capital outlay	-	34,924	(34,924)
Intergovernmental grants	60,000	76,566	(16,566)
Total expenditures	$ 360,000	$ 387,825	$ (27,825)
Excess (deficiency) of revenues over (under) expenditures	$ 60,000	$ 131,772	$ 71,772
Other financing sources (uses)			
Transfer to other funds	(60,000)	(60,000)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ 71,772	$ 71,772
Fund balance, beginning	(229,226)	(229,226)	-
Fund balance, ending	$ (229,226)	$ (157,454)	$ 71,772

Note: Deficit fund balance is to be funded from subsequent hospitality taxes.

See Notes to Financial Statements

City of Seneca
Accomodations Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Revenues			
Taxes	$ -	$ 46,253	$ 46,253
Expenditures			
Other	$ -	$ 6,376	$ (6,376)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 39,877	$ 39,877
Other financing sources (uses)			
Transfer to other funds	-	(26,063)	(26,063)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ 13,814	$ 13,814
Fund balance, beginning	-	-	-
Fund balance, ending	$ -	$ 13,814	$ 13,814

See Notes to Financial Statements

City of Seneca
CAT Operating Grant…PT-3N711-17
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Revenues			
Federal aid	$ 527,792	$ 348,704	$ (179,088)
State aid	199,110	127,476	(71,634)
County aid	60,000	60,000	-
Total revenues	$ 786,902	$ 536,180	$ (250,722)
Expenditures			
General government			
Project administration	$ 926,012	$ 594,528	$ 331,484
Excess (deficiency) of revenues over (under) expenditures	$ (139,110)	$ (58,348)	$ 80,762
Other financing sources			
Transfer from other funds	$ 139,110	$ 58,348	$ (80,762)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ -	$ -
Fund balance, beginning	-	-	-
Fund balance, ending	$ -	$ -	$ -

See Notes to Financial Statements

City of Seneca
Tigger Grant….PT-3N709-G2
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2013

	Current Year	Total to Date	Project Authorization
Revenues			
Federal aid	$ 53,467	$ 53,467	$ 4,118,000
Expenditures			
Capital outlay	$ 59,408	$ 59,408	$ 5,118,000
Excess (deficiency) of revenues over (under) expenditures	$ (5,941)	$ (5,941)	$ (1,000,000)
Other financing sources			
Transfers in	5,941	5,941	1,000,000
Net change in fund balance	$ -	$ -	$ -
Fund balance, beginning	-	-	
Fund balance, ending	$ -	$ -	

Note:

1. *The project is budgeted on a project duration basis and is treated as a legal nonappropriated budget.*

See Notes to Financial Statements

City of Seneca
Light & Water Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Operating revenues			
Charges for services			
Electric receipts	$ 18,216,267	$ 15,498,568	$ (2,717,699)
Water receipts	6,200,000	5,992,979	(207,021)
Sewer receipts	2,779,000	2,932,190	153,190
Other revenues	61,090	140,879	79,789
Total operating revenues	$ 27,256,357	$ 24,564,616	$ (2,691,741)
Operating expenses			
Light & water administration (505)	$ 1,597,522	$ 1,712,239	$ (114,717)
I & I department (506)	70,519	51,336	19,183
Billing department (507)	797,144	892,618	(95,474)
Engineering department (508)	403,026	616,582	(213,556)
Electrical department (509)	1,892,651	1,797,666	94,985
Water department (510)	1,881,382	2,203,444	(322,062)
Sewer department (511)	2,688,055	3,129,885	(441,830)
Water plant (512)	1,652,884	2,098,679	(445,795)
Electrical generation / purchase (513)	11,315,760	10,438,564	877,196
Depreciation	1,638,531	1,714,005	(75,474)
Total operating expenses	$ 23,937,474	$ 24,655,018	$ (717,544)
Operating income (loss)	$ 3,318,883	$ (90,402)	$ (3,409,285)
Non-operating transactions			
Investment loss	$ 25,000	$ (65,381)	$ (90,381)
Interest expense	-	(357,366)	(357,366)
Amortization of bond issuance costs	-	(25,323)	(25,323)
Proceeds from sale of capital assets	-	8,672	8,672
Economic development grant	-	(1,000,000)	(1,000,000)
Other financing sources (uses)			
Contributions and donations	3,000	21,300	18,300
Interfund transfers in (out)	(3,346,883)	(3,588,046)	(241,163)
Net income (loss) - budgetary basis	$ -	$ (5,096,546)	$ (5,096,546)
Adjustment to convert to GAAP basis			
Principal payments on debt	-	722,739	722,739
Capital outlay	-	2,001,640	2,001,640
Net income (loss) - GAAP basis	$ -	$ (2,372,167)	$ (2,372,167)
Net position, beginning	39,496,774	39,496,774	-
Net position, ending	$ 39,496,774	$ 37,124,607	$ (2,372,167)

See Notes to Financial Statements

City of Seneca
Seneca Facilities Corp Fund
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Budget to Actual
Fiscal Year Ended June 30, 2013

	Budget	Actual	Variance
Operating revenues			
Charges for services			
Lease income	$ 367,000	$ 326,230	$ (40,770)
Operating expenses			
Administration	$ 144,249	$ 101,313	$ 42,936
Capital outlay	-	4,791,058	(4,791,058)
Depreciation	-	46,679	(46,679)
Total operating expenses	$ 144,249	$ 4,939,050	$ (4,794,801)
Operating income (loss)	$ 222,751	$ (4,612,820)	$ (4,835,571)
Non-operating transactions			
Interest expense	$ (222,751)	$ (141,923)	$ 80,828
Amortization of loan costs	-	(22,050)	(22,050)
Other financing sources (uses)			
Interfund transfers in (out)	-	184,743	184,743
Net income (loss) - budgetary basis	$ -	$ (4,592,050)	$ (4,592,050)
Adjustment to convert to GAAP basis			
Capital outlay	-	4,791,058	4,791,058
Net income (loss) - GAAP basis	$ -	$ 199,008	$ 199,008
Net position, beginning	-	-	-
Net position, ending	$ -	$ 199,008	$ 199,008

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation
of Governmental Funds
Schedule by Type
June 30, 2013

Governmental funds capital assets		
Land	***$***	***1,035,039***
Buildings		***7,709,973***
Improvements		***7,393,804***
Equipment		***1,082,576***
Vehicles		***5,106,483***
Construction in progress		***112,171***
Total	***$***	***22,440,046***
Less, accumulated depreciation		***(11,382,148)***
Investment in capital assets	***$***	***11,057,898***

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity
June 30, 2013

Function & activity	Land	Buildings	Improvements	Machinery & equipment	Vehicles	Construction in progress	Total
General government							
Municipal judge	$ -	$ -	$ -	$ 5,601	$ -	$ -	$ 5,601
Finance / administration	173,787	1,797,412	480,639	318,306	19,847	-	2,789,991
Planning & development	37,497	-	-	-	827,750	-	865,247
Total general government	$ 211,284	$ 1,797,412	$ 480,639	$ 323,907	$ 847,597	$ -	$ 3,660,839
Public safety							
Police department	$ 20,000	$ 602,387	$ 254,385	$ 96,342	$ 607,187	$ -	$ 1,580,301
Fire department	16,709	1,430,900	-	205,438	1,754,885	-	3,407,932
Total public safety	$ 36,709	$ 2,033,287	$ 254,385	$ 301,780	$ 2,362,072	$ -	$ 4,988,233
Public works							
Street department	$ 2,000	$ 50,000	$ 4,740,236	$ 335,975	$ 485,328	$ 52,764	$ 5,666,303
Sanitation department	1,000	232,460	-	-	1,279,102	-	1,512,562
Motor pool	2,000	-	-	-	53,070	59,408	114,478
Total public works	$ 5,000	$ 282,460	$ 4,740,236	$ 335,975	$ 1,817,500	$ 112,172	$ 7,293,343
Recreation	$ 633,885	$ 3,596,814	$ 794,377	$ 120,913	$ 75,814	$ -	$ 5,221,803
Other	$ 148,161	$ -	$ 1,124,167	$ -	$ 3,500	$ -	$ 1,275,828
Total governmental funds capital assets	$ 1,035,039	$ 7,709,973	$ 7,393,804	$ 1,082,575	$ 5,106,483	$ 112,172	$ 22,440,046
Less accumulated depreciation							(11,382,148)
Net governmental funds capital assets							$ 11,057,898

See Notes to Financial Statements

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OTHER REQUIRED INFORMATION

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City of Seneca
Victim Services
Supplementary Schedule of Fines and Assessments
Fiscal Year Ended June 30, 2013

Collections: (municipal court)		
Fines	***$***	***154,576***
Assessments		***176,329***
Surcharges		***73,556***
Total collections	***$***	***404,461***
Retainage: (municipal treasurer)		
Fines	***$***	***154,576***
Assessments		***18,431***
Surcharges		***11,226***
Total retainage	***$***	***184,233***
Amounts remitted:		
State treasurer - assessments	***$***	***219,682***
Unremitted to state treasurer		***544***
	$	***220,226***
Amount of expenditures allocated to victim services by fund source:		
From assessments & surcharges	***$***	***29,588***
Funds carried forward designated as Victim right's funds	***$***	***69***

See Notes to Financial Statements

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

To the Honorable Mayor and Members of the City Council
City of Seneca, 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 Seneca, South Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Seneca, South Carolina's basic financial statements, and have issued our report thereon dated January 16, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Seneca, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Stancil Cooley Estep & Stamey, LLP

Seneca, South Carolina
January 16, 2014

CITY OF SENECA
SCHEDULE OF FINDINGS – FINANCIAL STATEMENT AUDIT
YEAR ENDED JUNE 30, 2013

NONE

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