CITY OF SENECA

FINANCIAL REPORT

JUNE 30, 2015

City of Seneca

Financial Report
Year Ended June 30, 2015

Table of Contents

Independent Auditor's Report	*i - iii*
Management's Discussion and Analysis	*vii – xvii*
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	*3*
Statement of Activities	*4*
Fund Financial Statements	
Balance Sheet - Governmental Funds	*5*
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	*6*
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	*7*
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund	*8 – 11*
Statement of Net Position – Proprietary Funds	*12 – 13*
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	*14*
Statement of Cash Flows - Proprietary Funds	*16 – 17*
Statement of Fiduciary Net Position – Fiduciary Fund	*18*
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	*18*
Notes to Financial Statements	*21 – 51*
Combining and Individual Fund Statements and Schedules	
Major Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – TIGGER Grant Fund	*55*
Nonmajor Special Revenue Funds - Combining Balance Sheet	*56*
Nonmajor Special Revenue Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	*57*

continued

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Community Development Fund 58
HospitalityTax Fund 59
Accomodations Tax Fund 60
CAT Operating Grant…PT-4N711-25 61
Livability Grant….PT-3N709-H1 62
"C" Fund 63
Schedules of Revenues, Expenses and Changes in Net Position -Budget to Actual
Light & Water Fund 64
Seneca Facitilites Corp Fund 65
Capital Assets Used in the Operation of Governmental Funds
Schedule by Type 66
Schedule by Function and Activity 67

Other Required Information
Victim Services 71
Schedule of the City's Proportionate Shre of the Net Pension Liability South Carolina Retirement System 72
Schedule of the City's Contributions South Carolina Retirement System 73
Schedule of the City's Proportionate Share of the Net Pension Liability Police Officers' Retirement System 74
Schedule of the City's Contributions Police Officers' Retirement System 75

Federal Financial Assistance Section
Schedule of Expenditures of Federal Awards 78
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 78 – 80
Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 81 – 82
Schedule of Findings and Questioned Costs 83
Schedule of Prior Year Audit Findings 84

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Seneca, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seneca, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As disclosed in the notes to the financial statements, in the fiscal year ended June 30, 2015 the City adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27" and GASB No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68". Our opinion is not modified with respect to this change in accounting principle.

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's basic financial statements. The combining and individual major and nonmajor fund financial statements and schedules and the victim services supplementary schedule of fines and assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2016, 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
March 11, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Seneca
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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, 2015. 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 $43,454,745 (net position). Of the amount, $(6,382,904) (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 $9,204,039 during the fiscal year. The decrease was caused by a change in accounting principle for GASB 68. See the Governmental-wide financial analysis section for more details.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,132,504 or 10.6% 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. On September 26, 2013 the City issued $5,840,000 of revenue bonds to fund capital acquisition and expansion of their utility systems infrastructures. During the current year the city repaid $695,000, the outstanding balance is $13,880,000. 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 and the TIGGER Grant Fund are considered to be major funds.

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 21-51 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 $43,454,745 at the close of the most recent fiscal year.

By far the largest portion of the City of Seneca's net position (104.65 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	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Current and Other Assets	$ 3,629,651	$ 3,395,731	$17,366,419	$15,574,789	$20,996,070	$18,970,520
Net Capital Assets	17,460,642	14,265,350	57,568,004	46,036,670	75,028,646	60,302,020
Total Assets	$21,090,293	$17,661,081	$74,934,423	$61,611,459	$96,024,716	$79,272,540
Long-term Debt Outstanding	$ 9,141,028	$ 195,133	$34,186,669	$19,914,820	$43,327,697	$20,109,953
Other Liabilities	3,272,128	1,889,375	5,970,146	4,614,428	9,242,274	6,503,803
Total Liabilities	$12,413,156	$2,084,508	$40,156,815	$24,529,248	$52,569,971	$26,613,756
Net Assets						
Investment in Capital Assets, net of related debt	$17,265,529	$13,916,550	$28,211,666	$25,449,754	$45,477,195	$39,366,304
Restricted	739,255	-	3,621,199	6,825,521	4,360,454	6,825,521
Unrestricted	(9,327,647)	1,660,023	2,944,743	4,806,936	(6,382,904)	6,466,959
Total Net Position	$ 8,677,137	$15,576,573	$34,777,608	$37,082,211	$43,454,745	$52,658,784

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 $(6,899,436). Key factors in this decrease are as follows:

- Governmental funds deficiency of revenues and other financing sources under expenditures of $(1,031,248) caused by general fund deficiency of $(611,384) and other governmental funds excess of $(419,864).

- Change in capital assets less depreciation increase of $3,195,293 reported on Statement of Activities. This increase was due mostly to capital outlay in special revenue funds of $4,478,726.
- Change in accounting principal GASB 68 adjustment to beginning net position of $(9,043,554). See Note 15 for more information.
- Changes in compensated absences accrued in salary expense decrease of $(8,086)

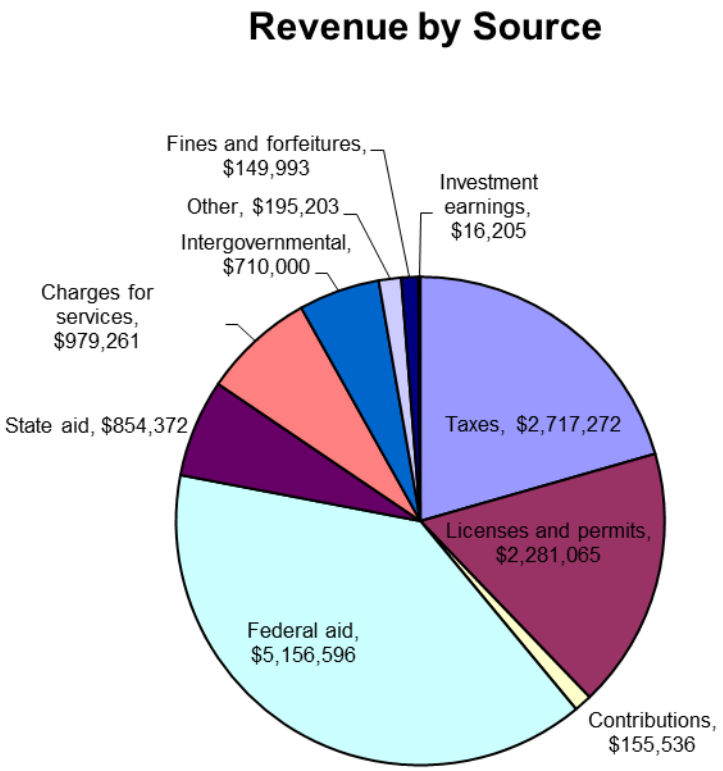
The table below summarizes the changes in net position for fiscal year 2015

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
REVENUES:						
Program Revenues:						
Charges for sales and services	$979,261	$972,734	$29,864,615	$29,320,885	$30,843,876	$30,293,619
General revenues:						
Property taxes	2,717,272	2,458,457			2,717,272	2,458,457
Other revenues	2,281,065	2,280,424			2,281,065	2,280,424
Restricted grants	5,712,117	2,316,951			5,712,117	2,316,951
Grants and contributions not restricted to specific programs	1,164,387	2,331,027			1,164,387	2,331,027
Other/Interest/Fines	361,401	509,470	66,833	83,082	428,234	592,552
Total revenues	$13,215,503	$10,869,063	$29,931,448	$29,403,967	$43,146,951	$40,273,030
EXPENSES:						
General government	2,922,324	2,880,141			2,922,324	2,880,141
Public safety	5,255,627	5,274,143			5,255,627	5,274,143
Public Works	2,027,531	2,470,291			2,027,531	2,470,291
Culture and recreation	1,390,646	1,589,361			1,390,646	1,589,361
Depreciation	1,467,595		1,943,632		3,411,227	1,589,361
Other	329,758	22,117	321,121		650,879	22,117
Administration			3,137,743	4,182,748	3,137,743	4,182,748
Electric			12,472,394	13,449,997	12,472,394	13,449,997
Water			3,359,731	3,801,050	3,359,731	3,801,050
Sewer			2,594,227	2,906,471	2,594,227	2,906,471
Interest on Long Term debt	-	-	595,447	-	595,447	-
Total expenses	13,393,481	12,236,053	24,424,295	24,340,266	37,817,776	36,576,319
Increase in net position before transfers	(177,978)	(1,366,990)	5,507,153	5,063,701	5,329,175	3,696,711
Transfer	2,322,096	4,922,540	(2,272,096)	(4,922,540)	50,000	-
Increase in net position	2,144,118	3,555,550	3,235,057	141,161	5,379,175	3,696,711
Beginning net position	15,576,573	12,021,023	37,082,211	37,323,615	52,658,784	49,344,638
Change in accounting principle	(9,043,554)	-	(5,539,660)	(382,565)	(14,583,214)	(382,565)
Ending net position	$ 8,677,137	$15,576,573	$34,777,608	$37,082,211	$43,454,745	$52,658,784

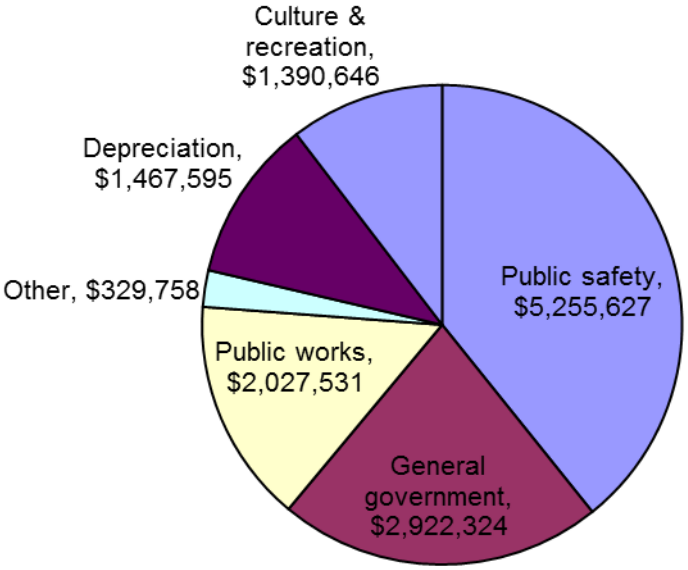
GOVERNMENTAL ACTIVITIES

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, Finance/Administration, Planning & Development). The City of Seneca ended the year with a increase in net position of $3,780,456. See page 5 for the key factors in this increase.

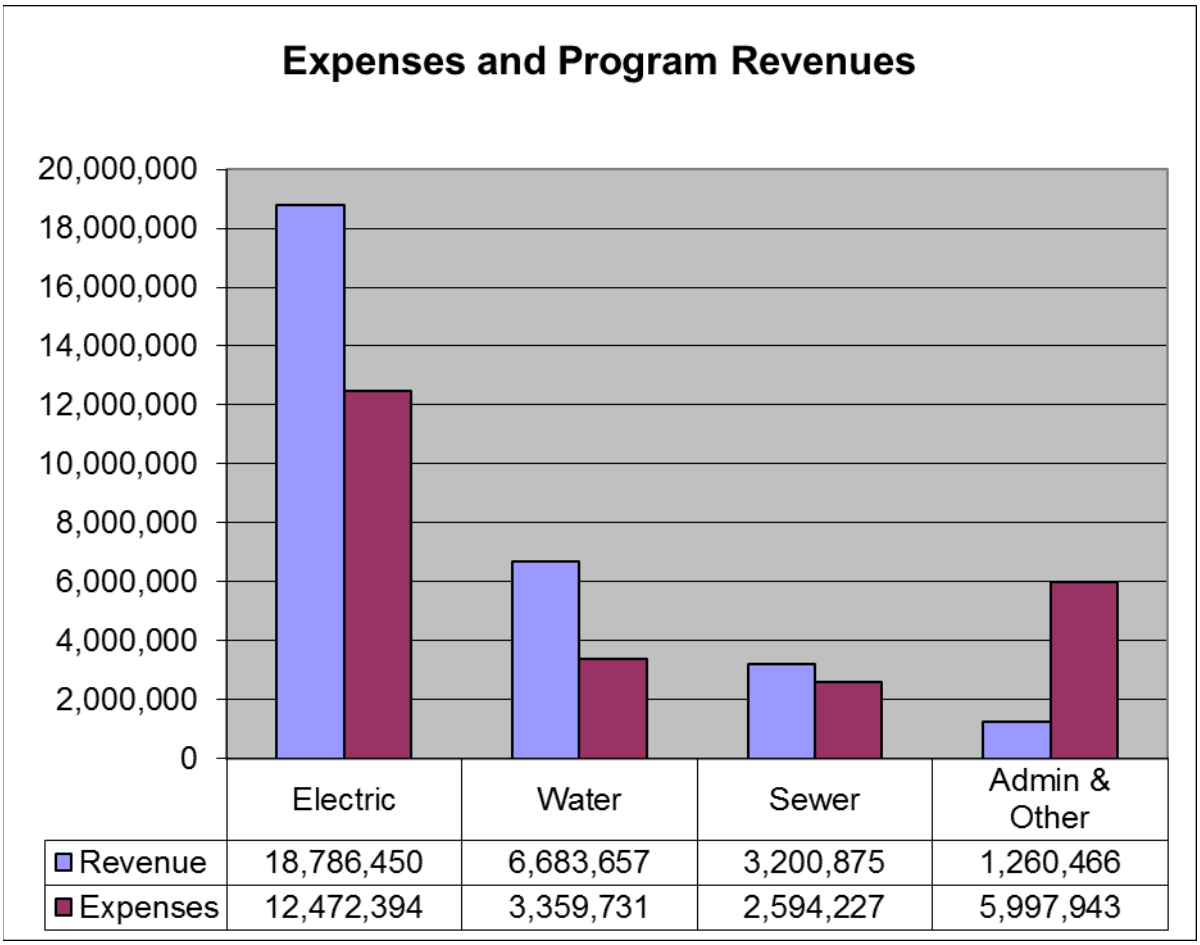
Expenditures by Function



Business-type activities

Business-type activities increased the City of Seneca's net position by $1,598,719. Key element of the increase is as follows:

- Operating Revenues exceed Operating Expenses by $6,035,767 for Light & Water and Seneca Facilities Corp Funds combined.
- Interest expense of $595,447.
- Transfers to other funds of $3,908,434.



	Electric	Water	Sewer	Admin & Other
Revenue	18,786,450	6,683,657	3,200,875	1,260,466
Expenses	12,472,394	3,359,731	2,594,227	5,997,943

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 unrestricted net assets decreased to (9,327,647) due to the change in accounting principle GASB 68. GASB 68 required the City to record a pension liability of $9,106,150 for Governmental Funds . The unrestricted net assets balance would be (221,497) without the new pension liability recorded. The remainder of net position 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 health care expenses.

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 $1,132,504, while total assets were $2,865,089. In addition, the city has $17,460,642 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 $2,944,743. 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 $305,465.

General Fund Budgetary Highlights

The actual expenditures exceed the budgeted expenditures by $340,925. The following is a brief summary of some of the variances.

- The Finance/administration Department expenditures exceeded budget by $138,129.
- The Fire Department expenditures exceeded budget by $111,941.
- The Public Works Department expenditures exceeded budget by $68,695.
- Capital Outlay was expensed and not budgeted in the amount of $340,925.

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, 2015 amounts to $75,028,646 (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 North Townville Road $267,402
- Construction in Progress Water Treatment Plant $7,166,261
- Construction in Progress Light & Water Administration Building $1,741,756
- Construction in Progress Substation #1 $1,626,832
- 911 Center Renovation $408,025
- Vehicles Governmental Funds $5,004,483 (includes busses purchased with grant proceeds)
- Vehicles Light and Water Fund $208,123
- Water Expansion $63,318
- Sewer Expansion $66,915

The total increase in the City of Seneca's net capital assets for the current fiscal year was $14,726,626. Increase of $3,195,292 for Governmental Activities and increase of $11,531,334 for Business-type Activities.

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

	Governmental activities		Business-type activities		Total	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Land	$ 1,035,039	$ 1,035,039	$ 1,271,577	$ 1,231,489	$2,306,616	$2,266,528
Building and system	4,801,306	4,434,480	2,194,653	2,257,600	6,995,959	6,692,080
Improvement other than Building	5,125,666	3,635,299	38,302,312	37,843,744	43,427,978	41,479,043
Machinery and equipment	182,025	264,534	1,062,403	1,175,797	1,244,428	1,440,331
Vehicles	5,269,189	906,694	512,538	484,119	5,781,727	1,390,813
Construction in Progress	1,047,417	3,989,304	14,224,521	3,043,921	15,271,938	7,033,225
Total	$17,460,642	$14,265,350	$57,568,004	$46,036,670	$75,028,646	$60,302,020

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 2015, the City of Seneca added 151.02 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 24 single family housing starts. The value of residential permits issued last calendar year was $3,931,539.

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 decreased by 1.2% percent from $708,773,521 in 2014 to $700,297,414 in 2015.

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.

BASIC FINANCIAL STATEMENTS

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City of Seneca
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 239,765	$ 2,362,872	$ 2,602,637
Investments	1,018,882	4,176,779	5,195,661
Receivables			
Property taxes	88,520	-	88,520
Accounts	234,485	3,940,703	4,175,188
Interest	8	-	8
Notes	41,929	-	41,929
Other	-	339,616	339,616
Prepaid expenses	122,740	110,079	232,819
Internal balances	(536,000)	536,000	-
Due from other governmental units	763,389	955,890	1,719,279
Inventory	19,982	422,226	442,208
Restricted cash	739,255	3,315,734	4,054,989
Capital assets:			
Land and construction in progress	2,082,457	15,496,098	17,578,555
Other capital assets, net of depreciation	15,378,185	42,071,906	57,450,091
Total assets	$ 20,193,597	$ 73,727,903	$ 93,921,500
Deferred outflow of resources			
Deferred bond gain	$ -	$ 730,128	$ 730,128
Deferred pension charges	896,696	476,392	1,373,088
Total deferred outflow of resources	$ 896,696	$ 1,206,520	$ 2,103,216
Liabilities			
Accounts payable	$ 813,584	$ 1,498,920	$ 2,312,504
Accrued expenses	285,405	1,529,161	1,814,566
Compensated absences payable	490,078	263,044	753,122
Customer deposits	-	841,112	841,112
Due to other governmental units	468,540	492,365	960,905
Unearned revenue	159,500	-	159,500
Noncurrent liabilities, net:			
Due within one year	160,235	871,836	1,032,071
Due in more than one year	34,878	28,567,836	28,602,714
Net pension liability	9,106,150	5,618,833	14,724,983
Total liabilities	$ 11,518,370	$ 39,683,107	$ 51,201,477
Deferred inflow of resources			
Deferred pension credits	$ 894,786	$ 473,708	$ 1,368,494
Net position			
Invested in capital assets, net of debt	$ 17,265,529	$ 28,211,666	$ 45,477,195
Restricted for:			
Capital construction	-	1,233,664	1,233,664
Debt service	535,970	828,531	1,364,501
Generation savings	-	1,181,253	1,181,253
Health care	203,285	72,286	275,571
Other	-	305,465	305,465
Unrestricted	(9,327,647)	2,944,743	(6,382,904)
Total net position	$ 8,677,137	$ 34,777,608	$ 43,454,745

See Notes to Financial Statements

City of Seneca
Statement of Activities
For the Year Ended June 30, 2015

		Program revenues			Net (expense) revenue & changes in net position		
					Primary government		
Functions / programs	Expenses	Charges for services	Operating grants & contributions	Capital grants & contributions	Governmental activities	Business-type activities	Total
Primary government:							
Governmental activities							
General government	$ 2,922,324	$ -	$ -	$ -	$ (2,922,324)	$ -	$ (2,922,324)
Public safety	5,255,627	-	-	-	(5,255,627)	-	(5,255,627)
Public works	2,027,531	979,261	-	-	(1,048,270)	-	(1,048,270)
Cultural & recreation	1,390,646	-	-	-	(1,390,646)	-	(1,390,646)
Depreciation	1,467,595	-	-	-	(1,467,595)	-	(1,467,595)
Other	329,758	-	-	155,536	(174,222)	-	(174,222)
Total governmental activities	$ 13,393,481	$ 979,261	$ -	$ 155,536	$ (12,258,684)	$ -	$ (12,258,684)
Business-type activities							
Electric	$ 12,472,394	$ 18,786,450	$ -	$ -	$ -	$ 6,314,056	$ 6,314,056
Water	3,359,731	6,683,657	-	-	-	3,323,926	3,323,926
Sewer	2,594,227	3,200,875	-	-	-	606,648	606,648
Admin	3,137,743	-	-	-	-	(3,137,743)	(3,137,743)
Other	321,121	-	-	-	-	(321,121)	(321,121)
Interest	595,447	1,193,633	-	-	-	598,186	598,186
Depreciation	1,943,632	-	-	-	-	(1,943,632)	(1,943,632)
Total business activities	$ 24,424,295	$ 29,864,615	$ -	$ -	$ -	$ 5,440,320	$ 5,440,320
Total primary government	$ 37,817,776	$ 30,843,876	$ -	$ 155,536	$ (12,258,684)	$ 5,440,320	$ (6,818,364)
	General revenues:						
	Taxes				$ 2,717,272	$ -	$ 2,717,272
	Fines / forfeitures				149,993	-	149,993
	Licenses & permits				2,281,065	-	2,281,065
	Federal aid				5,156,596	-	5,156,596
	State aid				854,372	-	854,372
	County aid				710,000	-	710,000
	Investment earnings (loss)				16,205	66,833	83,038
	Other				195,203	-	195,203
	Transfers				3,958,434	(3,908,434)	50,000
	Total general revenues and transfers				$ 16,039,140	$ (3,841,601)	$ 12,197,539
	Change in net assets				$ 3,780,456	$ 1,598,719	$ 5,379,175
	Capital Contribution				(1,636,338)	1,636,338	-
	Net position - beginning				15,576,573	37,082,211	52,658,784
	Change in accounting principle - GASB 68				(9,043,554)	(5,539,660)	(14,583,214)
	Net position - beginning as restated				$ 6,533,019	$ 31,542,551	$ 38,075,570
	Net position - ending				$ 8,677,137	$ 34,777,608	$ 43,454,745

See Notes to Financial Statements

City of Seneca
Balance Sheet - Governmental Funds
June 30, 2015

	Governmental Fund Types		
	General	Total Non-Major Funds	Total
Assets			
Cash	$ 487,661	$ (247,896)	$ 239,765
Investments	1,018,882	-	1,018,882
Receivables (net of allowances)			
Property taxes	88,520	-	88,520
Accounts	207,157	27,328	234,485
Interest	-	8	8
Notes	-	41,929	41,929
Prepaid expenses	122,740	-	122,740
Restricted cash	739,255	-	739,255
Due from other governmental units	180,892	582,497	763,389
Inventory	19,982	-	19,982
Total assets	$ 2,865,089	$ 403,866	$ 3,268,955
Liabilities			
Accounts payable	$ 571,940 *	$ 241,644	$ 813,584
Accrued expenses	285,405	-	285,405
Due to other governmental units	536,000	468,540	1,004,540
Unearned revenue	113,947	-	113,947
Total liabilities	$ 1,507,292	$ 710,184	$ 2,217,476
Deferred inflows of resources			
Property taxes	$ 82,571	$ -	$ 82,571
Fund balances			
Nonspendable:			
Inventory	$ 19,982	$ -	$ 19,982
Prepaid expenses	122,740	-	122,740
Assigned:			
Special projects	-	(306,318)	(306,318)
Unassigned	1,132,504	-	1,132,504
Total fund balances	$ 1,275,226	$ (306,318)	$ 968,908
Total liabilities, deferred outflows and inflows of resources and fund balances	$ 2,865,089	$ 403,866	

Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes receivable to full assessment value	82,571
GASB 68 adjustment	(60,686)
Health care account change from prior year	(45,533)
Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	17,460,642
GASB 68 prior period adjustment	(9,043,554)
Long-term liabilities are not due and payable in the current period	
Compensated absences	(490,078)
Capital leases	(195,133)
Net position of governmental funds	$ 8,677,137

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, 2015

	Governmental Fund Types			
	General	TIGGER Grant	Total Non-Major Funds	Total
Revenues				
Taxes	$ 1,937,897	$ -	$ 696,804	$ 2,634,701
Licenses and permits	2,281,065	-	-	2,281,065
Federal aid	-	3,020,042	2,136,554	5,156,596
State aid	358,851	-	495,521	854,372
County aid	650,000	-	60,000	710,000
Charges for services	979,261	-	-	979,261
Fines and forfeitures	149,993	-	-	149,993
Investment earnings (loss)	16,203	-	2	16,205
Other revenues	184,411	-	10,792	195,203
Total revenues	$ 6,557,681	$ 3,020,042	$ 3,399,673	$ 12,977,396
Expenditures				
Current operating				
General government	$ 2,046,934	$ -	$ 875,390	$ 2,922,324
Public safety	5,255,627	-	-	5,255,627
Public works	2,027,531	-	-	2,027,531
Culture and recreation	1,073,809	-	316,837	1,390,646
Capital outlay				
Public safety	196,965	-	-	196,965
Public works	51,242	-	-	51,242
Culture and recereation	35,653	-	-	35,653
Special revenue funds	-	3,143,039	2,972,025	6,115,064
Intergovernmental grants	-	-	25,721	25,721
Other expenditures	-	-	107,848	107,848
Total expenditures	$ 10,687,761	$ 3,143,039	$ 4,297,821	$ 18,128,621
Excess (deficiency) of revenues over (under) expenditures	$ (4,130,080)	$ (122,997)	$ (898,148)	$ (5,151,225)
Other financing sources				
Proceeds from sale of fixed assets	$ 10,007	$ -	$ -	$ 10,007
Contributions & donations	151,536	-	-	151,536
Interfund transfers, net	3,357,153	122,997	478,284	3,958,434
Total other financing sources	$ 3,518,696	$ 122,997	$ 478,284	$ 4,119,977
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ (611,384)	$ -	$ (419,864)	$ (1,031,248)
Fund balances, beginning	1,886,610	-	113,546	2,000,156
Fund balances, ending	$ 1,275,226	$ -	$ (306,318)	$ 968,908

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (1,031,248)
Changes in the City's proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities / GASB 68		(60,686)
Property taxes are recorded at assessed values for the government-wide financial statements - the change in the amount to adjust to full assessment.		82,571
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.		(33,726)
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	$ 4,662,888	
Depreciation	(1,467,595)	3,195,293
Change in accounting principal GASB 68 adjustment to beginning net position		(9,043,554)
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.		(8,086)
Change in net position of governmental activities		$ (6,899,436)

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, 2015

Revenues	Original & Final Budget	Actual	Budget Variance
Property taxes			
Real property	$ 1,475,000	$ 1,615,865	$ 140,865
Vehicles	135,000	191,296	56,296
Other	120,000	130,736	10,736
Total property taxes	$ 1,730,000	$ 1,937,897	$ 207,897
Licenses and permits			
Business licenses	$ 1,800,000	$ 1,970,458	$ 170,458
Franchise fees	74,525	90,573	16,048
Building permits	30,000	38,443	8,443
Miscellaneous permits	15,000	13,135	(1,865)
Natural gas authority	135,000	168,456	33,456
Total licenses and permits	$ 2,054,525	$ 2,281,065	$ 226,540
Intergovernmental			
County revenue sharing	$ 650,000	$ 650,000	$ -
State government shared revenue	175,132	177,350	2,218
SC housing authority	15,000	19,903	4,903
State grants	158,500	22,000	(136,500)
Intergovernmental revenues	129,222	139,598	10,376
Total intergovernmental	$ 1,127,854	$ 1,008,851	$ (119,003)

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2015

continued

Revenues	Original & Final Budget	Actual	Budget Variance
Charges for services			
Garbage fees	$ 967,058	$ 979,261	$ 12,203
Fines and forfeitures			
Municipal court fines	$ 140,000	$ 124,964	$ (15,036)
Victims assistance fines	25,000	25,029	29
Total fines and forfeitures	$ 165,000	$ 149,993	$ (15,007)
Investment earnings (loss)	$ 1,000	$ 16,203	$ 15,203
Other			
Recreation fees / sports	$ 58,000	$ 68,056	$ 10,056
Miscellaneous	50,500	116,355	65,855
Total other	$ 108,500	$ 184,411	$ 75,911
Total revenues	$ 6,153,937	$ 6,557,681	$ 403,744

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2015

continued

Expenditures	Original & Final Budget	Actual	Budget Variance
Current operating			
General government			
Municipal judge	$ 233,559	$ 237,917	$ (4,358)
Mayor and council	103,556	112,088	(8,532)
Finance / administration	1,183,804	1,321,933	(138,129)
Planning and development	432,201	374,996	57,205
Total general government	$ 1,953,120	$ 2,046,934	$ (93,814)
Public safety			
Police department	$ 3,352,063	$ 3,198,543	$ 153,520
Fire department	1,945,143	2,057,084	(111,941)
Total public safety	$ 5,297,206	$ 5,255,627	$ 41,579
Public works			
Street department	$ 1,079,289	$ 1,005,069	$ 74,220
Sanitation department	519,873	615,757	(95,884)
Motor pool	359,674	406,705	(47,031)
Total public works	$ 1,958,836	$ 2,027,531	$ (68,695)

continued

City of Seneca
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
For the Year Ended June 30, 2015

continued

Expenditures	Original & Final Budget	Actual	Budget Variance
Culture and recreation	$ 1,017,674	$ 1,073,809	$ (56,135)
Capital outlay			
Public safety	$ 62,000	$ 196,965	$ (134,965)
Public works	33,000	51,242	(18,242)
Culture and recreation	25,000	35,653	(10,653)
Total capital outlay	$ 120,000	$ 283,860	$ (163,860)
Total expenditures	$ 10,346,836	$ 10,687,761	$ (340,925)
Excess (deficiency) of revenues over (under) expenditures	$ (4,192,899)	$ (4,130,080)	$ 62,819
Other financing sources			
Proceeds from sale of fixed assets	$ 10,000	$ 10,007	$ 7
Contributions & donations	-	151,536	151,536
Interfund transfers, net	4,024,121	3,357,153	(666,968)
Total other financing sources	$ 4,034,121	$ 3,518,696	$ (515,425)
Excess (deficiency) of revenues over (under) expenditures and other financing sources	$ (158,778)	$ (611,384)	$ (452,606)
Fund balance, beginning	1,886,610	1,886,610	-
Fund balance, ending	$ 1,727,832	$ 1,275,226	$ (452,606)

See Notes to Financial Statements

City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2015

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Assets			
Current assets			
Cash	$ 2,303,934	$ 58,938	$ 2,362,872
Restricted cash	3,315,734	-	3,315,734
Investments	4,176,779	-	4,176,779
Receivables:			
Accounts receivable	3,940,703	-	3,940,703
Other receivables	-	339,616	339,616
Prepaid expenses	110,079	-	110,079
Due from other funds	955,890	536,000	1,491,890
Inventory	422,226	-	422,226
Total current assets	$ 15,225,345	$ 934,554	$ 16,159,899
Noncurrent assets			
Land	$ 1,030,989	$ 240,588	$ 1,271,577
Buildings	294,687	2,223,202	2,517,889
Improvements	64,185,898	2,956,699	67,142,597
Equipment	6,112,851	-	6,112,851
Vehicles	2,665,889	-	2,665,889
Construction in progress	14,222,437	2,084	14,224,521
Less, accumulated depreciation	(36,081,463)	(285,857)	(36,367,320)
Total noncurrent assets	$ 52,431,288	$ 5,136,716	$ 57,568,004
Total assets	$ 67,656,633	$ 6,071,270	$ 73,727,903
Deferred outflow of resources			
Deferred bond gain, net	$ 730,128	$ -	$ 730,128
Deferred pension charges	476,392	-	476,392
Total deferred outflow of resources	$ 1,206,520	$ -	$ 1,206,520

continued

City of Seneca
Statement of Net Position
Proprietary Funds
June 30, 2015

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Liabilities			
Current liabilities			
Accounts payable	$ 1,477,269	$ 21,651	$ 1,498,920
Accrued expenses	1,527,372	1,789	1,529,161
Compensated absences	263,044	-	263,044
Capital lease payable, current	52,988	-	52,988
State revolving fund loan, current	-	-	-
Bonds payable, current	818,848	-	818,848
Customer deposits	811,112	30,000	841,112
Due to other funds	-	492,365	492,365
Total current liabilities	$ 4,950,633	$ 545,805	$ 5,496,438
Long-term liabilities			
Capital lease payable,	$ 108,389	$ -	$ 108,389
State revolving fund loans	10,084,447	-	10,084,447
Bonds payable,	13,155,000	-	13,155,000
Notes payable,	-	5,220,000	5,220,000
Net pension liability	5,618,833	-	5,618,833
Total long-term liabilities	$ 28,966,669	$ 5,220,000	$ 34,186,669
Total liabilities	$ 33,917,302	$ 5,765,805	$ 39,683,107
Deferred inflow of resources			
Deferred pension credits	$ 473,708	$ -	$ 473,708
Net position			
Invested in capital assets, net of related debt	$ 28,211,666	$ -	$ 28,211,666
Restricted for:			
Capital construction	1,233,664	-	1,233,664
Debt service	828,531	-	828,531
Generation savings	1,181,253	-	1,181,253
Health care	72,286	-	72,286
Other	-	305,465	305,465
Unrestricted	2,944,743	-	2,944,743
Total net position	$ 34,472,143	$ 305,465	$ 34,777,608

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, 2015

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Operating revenues			
Charges for services			
Electric	$ 18,786,450	$ -	$ 18,786,450
Water	6,683,657	-	6,683,657
Sewer	3,200,875	-	3,200,875
Lease Income	-	1,009,449	1,009,449
Other	166,083	18,101	184,184
Total operating revenues	$ 28,837,065	$ 1,027,550	$ 29,864,615
Operating expenses			
Light & Water administration	$ 1,461,774	$ -	$ 1,461,774
I & I department	141,660	-	141,660
Billing department	1,052,272	-	1,052,272
Engineering department	482,037	-	482,037
Electrical department	2,158,703	-	2,158,703
Water department	1,988,481	-	1,988,481
Sewer department	2,594,227	-	2,594,227
Water plant	1,371,250	-	1,371,250
Electrical generation / purchase	10,313,691	-	10,313,691
Depreciation	1,818,303	125,329	1,943,632
Facilities administration	-	321,121	321,121
Total operating expenses	$ 23,382,398	$ 446,450	$ 23,828,848
Operating income (loss)	$ 5,454,667	$ 581,100	$ 6,035,767
Non-operating revenues (expenses)			
Investment income (loss)	$ 66,833	$ -	$ 66,833
Interest expense	(407,077)	(188,370)	(595,447)
Other financing sources (uses)			
Interfund transfers in (out)	(3,766,434)	(142,000)	(3,908,434)
Net income (loss)	$ 1,347,989	$ 250,730	$ 1,598,719
Capital contribution	1,636,338	-	1,636,338
Net position, beginning	37,027,476	54,735	37,082,211
Change in accounting principle	(5,539,660)	-	(5,539,660)
Net position, beginning as restated	31,487,816	54,735	31,542,551
Net position, ending	$ 34,472,143	$ 305,465	$ 34,777,608

See Notes to Financial Statements

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City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	$ 28,764,976	$ 1,027,550	$ 29,792,526
Payments to suppliers / goods and services	(16,190,226)	(321,121)	(16,511,347)
Payments to / for employees	(4,749,417)	-	(4,749,417)
Net cash provided (used) by operating activities	$ 7,825,333	$ 706,429	$ 8,531,762
Cash flows from non-capital financing activities:			
Interfund transfers	$ (3,766,434)	$ (460,519)	$ (4,226,953)
Advances to other funds	(895,234)	-	(895,234)
Total cash flows from non-capital financing activities	$ (4,661,668)	$ (460,519)	$ (5,122,187)
Cash flows from capital and related financing activities:			
Acquisition and construction of captial assets	$ (11,902,015)	$ (42,173)	$ (11,944,188)
Principal paid on capital debt	(849,961)	-	(849,961)
Interest paid on capital debt	(407,077)	(188,370)	(595,447)
Capital debt	8,715,074	-	8,715,074
Total cash flows from capital and related financing activities	$ (4,443,979)	$ (230,543)	$ (4,674,522)
Cash flows from investing activities:			
Purchases of investments	$ (463,803)	$ -	$ (463,803)
Interest income	66,833	-	66,833
Total cash flows from investing activities	$ (396,970)	$ -	$ (396,970)
Net increase (decrease) in cash	$ (1,677,284)	$ 15,367	$ (1,661,917)
Cash, beginning	7,296,952	43,571	7,340,523
Cash, ending	$ 5,619,668	$ 58,938	$ 5,678,606

continued

City of Seneca
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

continued

	Light & Water Fund	Seneca Facilities Corp Fund	Total
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	$ 5,454,667	$ 581,100	$ 6,035,767
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,818,303	125,329	1,943,632
Changes in assets (increase), decrease:			
Accounts receivable	164,841	-	164,841
Other receivables	(42,739)	-	(42,739)
Prepaid expenses	10,044	-	10,044
Inventory	87,572	-	87,572
Changes in liabilities increase,(decrease):			
Accounts payable	(862,193)	4,830	(857,363)
Accrued expenses	1,148,142	1,789	1,149,931
Other	-	(24,130)	(24,130)
Compensated absences	(3,317)	-	(3,317)
Customer deposits	50,013	17,511	67,524
Total adjustments	$ 2,370,666	$ 125,329	$ 2,495,995
Net cash provided by operating activities	$ 7,825,333	$ 706,429	$ 8,531,762
Schedule of non-cash and related financing activities:			
Contribution of capital assets	$ -	$ 166,742	$ 166,742
Unrealized gain on investments	67,631	-	67,631
Long term debt additions	-	500,000	500,000
Due to/from current year escrow	-	268,000	268,000
Capital construction advance	-	339,616	339,616
Change in accounting principal	-5,539,660	-	-5,539,660

See Notes to Financial Statements

City of Seneca
Statement of Fiduciary Net Position
Agency Fund
June 30, 2015

		Firemens Fund
Assets		
Cash / investments	$	10,865
Liabilities		-
Net position		
Held in trust for firemen	$	10,865

See Notes to Financial Statements

City of Seneca
Statement of Changes in Fiduciary Net Position
Agency Fund
For the Year Ended June 30, 2015

		Firemens Fund
Additions		
Contributions	$	27,261
Investment earnings		20
Total additions	$	27,281
Reductions		
Benefits		27,864
Change in net position	$	(583)
Net position, beginning		11,448
Net position, ending	$	10,865

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 income. 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/change in accounting principle

The City of Seneca implemented for the fiscal year ended June 30, 2015, *GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" ("GASB 68") and GASB No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68" ("GASB 71" and collectively "Statements") for the fiscal year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is the GASB's intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension liability, deferred outflows of resources and deferred inflows of resources for its participation in the South Carolina Retirement System and the South Carolina Police Officers' Retirement System*

("Plans"), cost-sharing multiple employer defined benefit pensions plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the statement of net position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide financial statements to reflect the reporting of net pensions liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Due to the operation of an enterprise fund, the Net Pension Liability and Deferred Pension Charges and Credits are allocated between governmental activities and business type activities. The allocations are shown in the table below.

Activity Type	*Net Pension Liability*	*Deferred Pension Charges*	*Deferred Pension Credits*
Governmental	*$ 9,106,150*	*$ 896,696*	*$ 894,786*
Business	*5,618,833*	*476,392*	*473,708*
Total	*$ 14,724,983*	*$ 1,373,088*	*$ 1,368,494*

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.

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, 2015 is $6,654,017. The bank balance of the funds at June 30, 2015 is $6,662,814, of which $1,966,659 is category 1 (insured by Federal Deposit Insurance), and $4,696,155 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 Cityor 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, 2015.

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, 2015, $4,696,155 of the City's bank balance of $6,662,814 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 $5,195,661, 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, 2015:

Investment	***Carrying amount***	***Market value***
State Investment Pool	*$ 10,499*	*$ 10,499*
US Government Agencies	*5,185,162*	*5,185,162*
	$ 5,195,661	*$ 5,195,661*

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, 2015 was as follows:

Governmental Activities

Capital assets, not depreciated		***Beginning***		***Increases***		***Decreases***		***Ending***
Land	*$*	*1,035,039*	*$*	*-*	*$*	*-*	*$*	*1,035,039*
Construction in progress		*3,989,304*		*267,402*		*3,209,289*		*1,047,417*
Total not depreciated	*$*	*5,024,343*	*$*	*267,402*	*$*	*3,209,289*	*$*	*2,082,456*
Capital assets, depreciated								
Buildings	*$*	*7,828,260*	*$*	*555,756*	*$*	*-*	*$*	*8,384,016*
Improvements		*7,442,753*		*2,044,535*		*-*		*9,487,288*
Equipment		*1,163,665*		*-*		*-*		*1,163,665*
Vehicles		*5,288,779*		*5,004,483*		*-*		*10,293,262*
Total depreciated	*$*	*21,723,457*	*$*	*7,604,774*	*$*	*-*	*$*	*29,328,231*
Less accumulated depreciation for:		***Beginning***		***Increases***		***Decreases***		***Ending***
Buildings	*$*	*3,393,780*	*$*	*188,930*	*$*	*-*	*$*	*3,582,710*
Improvements		*3,807,454*		*554,168*		*-*		*4,361,622*
Equipment		*899,131*		*82,510*		*-*		*981,641*
Vehicles		*4,382,086*		*641,987*		*-*		*5,024,073*
Total depreciation	*$*	*12,482,451*	*$*	*1,467,595*	*$*	*-*	*$*	*13,950,046*
Total depreciable assets, net	*$*	*9,241,007*	*$*	*6,137,179*		*-*	*$*	*15,378,186*
Total governmental activities capital assets, net	***$***	***14,265,350***	***$***	***6,404,581***	***$***	***3,209,289***	***$***	***17,460,642***

Business-Type Activities

Capital assets, not depreciated		***Beginning***		***Increases***		***Decreases***		***Ending***
Land	*$*	*1,231,489*	*$*	*40,088*	*$*	*-*	*$*	*1,271,577*
Construction in progress		*3,043,921*		*11,192,365*		*11,765*		*14,224,521*
Total not depreciated	*$*	*4,275,410*	*$*	*11,232,453*	*$*	*11,765*	*$*	*15,496,098*
Capital assets, depreciated								
Buildings	*$*	*2,517,889*	*$*	*-*	*$*	*-*	*$*	*2,517,889*
Improvements		*65,146,442*		*1,996,155*		*-*		*67,142,597*
Equipment		*6,062,851*		*50,000*		*-*		*6,112,851*
Vehicles		*2,457,766*		*208,123*		*-*		*2,665,889*
Total depreciated	*$*	*76,184,948*	*$*	*2,254,278*	*$*	*-*	*$*	*76,184,948*
Less accumulated depreciation for:		***Beginning***		***Increases***		***Decreases***		***Ending***
Buildings	*$*	*260,289*	*$*	*62,947*	*$*	*-*	*$*	*323,236*
Improvements		*27,302,698*		*1,537,587*		*-*		*28,840,285*
Equipment		*4,887,054*		*163,394*		*-*		*5,050,448*
Vehicles		*1,973,647*		*179,704*		*-*		*2,153,351*
Total depreciation	*$*	*34,423,688*	*$*	*1,943,632*	*$*	*-*	*$*	*36,367,320*
Total depreciable assets, net	*$*	*41,761,260*	*$*	*310,646*	*$*	*-*	*$*	*42,071,906*
Total business-type activities capital assets, net	***$***	***46,036,670***	***$***	***11,543,099***	***$***	***11,765***	***$***	***57,568,004***

Included in business-type activities construction in progress is capitalized interest in the amount of $ 230,087.

Depreciation expense of the primary government as follows:

Governmental activities		
General government	*$*	*482,821*
Public safety		*216,138*
Public works		*571,307*
Culture & recreation		*197,329*
Total depreciation expense – governmental activities	*$*	*1,467,595*
Business-type activities		
Electric	*$*	*345,725*
Water		*868,201*
Sewer		*268,447*
Administration		*461,259*
Total depreciation expense – business-type activities	*$*	*1,943,632*

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, 2015 represent uncollected tax levies less allowance for doubtful accounts as follows:

	Receivable	Allowance
General fund	$ 91,258	$ 2,738

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		Business Activity	Nonmajor	Total
Taxes	$ 91,258	$ -	$ -	$ -	$ 91,258
Accounts / notes	207,157	-	3,940,703	69,257	4,217,117
Intergovernmental	270,725	-	1,491,890	582,497	2,345,112
Other	-	-	339,616	-	339,616
Gross receivables	$ 569,140	$ -	$ 5,772,209	$ 651,754	$ 6,993,103
Less allowance	3,432	-	-	-	3,432
Net receivables	$ 565,708	$	$ 5,772,209	$ 651,754	$ 6,989,671

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	$ 3,922,234	$ 615,081	$ 3,307,153
Light & water fund	-	3,766,434	(3,766,434)
Seneca facilities corp fund	-	142,000	(142,000)
Nonmajor governmental funds	715,081	113,800	601,281
Total transfers	$ 4,637,315	$ 4,637,315	$ -

As of June 30, 2015, interfund receivables and payables that resulted from interfund transactions were as follows:

Fund	Due from other funds	Due to other funds
General fund	$ 5,015	$ 536,000
Light & water fund	955,890	-
Seneca facilities corp fund	536,000	492,365
Nonmajor governmental funds	-	468,540
Totals	$ 1,496,905	$ 1,496,905

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, 2015 are as follows:

Purpose	Interest Rate	Balance	Current Portion
2012 Combined Utility System	2.28%	8,150,000	725,000
2013 Combined Utility System	2.73%	5,840,000	-
Total		$ 13,990,000	$ 725,000

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 2012 bond debt service for future periods.

Date	Principal	Rate	Interest	Debt svc	Calendar yr debt svc
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	$ 8,040,000		$ 951,102	$ 8,991,102	

The following table provides the Series 2013 bond debt service for future periods.

Date	Principal	Rate	Interest	Debt svc	Calendar yr debt svc
08/01/15	$ -	2.73	79,716	79,716	159,432
02/01/16			79,716	79,716	
08/01/16	380,000	2.73	79,716	459,716	539,432
02/01/17			74,529	74,529	
08/01/17	390,000	2.73	74,529	464,529	539,058
02/01/18			69,205	69,205	
08/01/18	400,000	2.73	69,205	469,205	538,410
02/01/19			63,745	63,745	
08/01/19	415,000	2.73	63,745	478,745	542,490
02/01/20			58,081	58,081	
08/01/20	425,000	2.73	58,081	483,081	541,162
02/01/21			52,280	52,280	
08/01/21	435,000	2.73	52,280	487,280	539,560
02/01/22			46,342	46,342	
08/01/22	445,000	2.73	46,342	491,342	537,684
02/01/23			40,267	40,267	
08/01/23	460,000	2.73	40,267	500,267	540,534
02/01/24			33,989	33,989	
08/01/24	470,000	2.73	33,989	503,989	537,978
02/01/25			27,573	27,573	

08/01/25	*485,000*	*2.73*	*27,573*	*512,573*	*540,146*
02/01/26			*20,953*	*20,953*	
08/01/26	*500,000*	*2.73*	*20,953*	*520,953*	*541,906*
02/01/27			*14,128*	*14,128*	
08/01/27	*510,000*	*2.73*	*14,128*	*524,128*	*538,256*
02/01/28			*7,166*	*7,166*	
08/01/28	*525,000*	*2.73*	*7,166*	*532,166*	*539,332*
Totals	*$ 5,840,000*		*$ 1,255,664*	*$ 7,095,664*	

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. 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
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	$ 896,137	$ 4,916,137	

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
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	$ 116,475	$ 1,316,475	

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

2007 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
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	*$ 1,463,221*	*$ 237,540*	*$ 1,700,761*	

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	*$*	*747,207*
Hook truck		*85,225*
Brush tractor		*82,462*
Total governmental activities	*$*	*914,894*
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, 2015.

Fiscal year ending		***Lease payments***
06/30/2016	*$*	*223,481*
06/30/2017		*73,271*
06/30/2018		*73,269*
Total minimum lease payments	*$*	*370,021*
Less interest portion		*(13,176)*
Present value of future minimum lease payments	*$*	*356,845*

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Due within one year
Governmental activities:					
Capital leases	$ 348,799	$ -	$ (153,666)	$ 195,133	$ 160,255
Business-type activities:					
Revenue bonds payable	$ 14,575,000	$ -	$ (695,000)	$ 13,880,000	$ 725,000
Deferred amount on refunding	(809,778)	-	79,650	(730,128)	-
Total bonds payable	$ 13,765,222	$ -	$ (615,350)	$ 13,149,872	$ 725,000
NMTC loans	$ 5,220,000	$ -	$ -	$ 5,220,000	$ -
SRF loan	1,554,986	8,715,074	(91,766)	10,178,295	93,848
Total loans	$ 6,774,986	$ 8,715,074	$ (91,766)	$ 15,398,295	$ 93,848
Capital lease	$ 213,578	$ -	$ (52,200)	$ 161,378	$ 52,988
Business-type activity long-term liabilities	$ 20,753,786	$ 8,715,074	$ (759,316)	$ 28,709,545	$ 871,836

2014 State Revolving Fund Loan

On March 10, 2014 the City entered into a loan agreement with the South Carolina Water Quality Revolving Fund Authority in the amount of $11,528,750 for water system improvements and meter replacements. The loan bears interest at 1.64% per annum over 20 years. Payments began November 1, 2015 and continue 20 years. Quarterly principal and interest payments in the amount of $169,310 are due February 1st, May 1st, August 1st, and November 1st of each year.

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, 2015 is as follows:

	Light & water fund	Seneca facilities corp fund	Total enterprise funds
Operating revenues	$ 28,837,065	$ 1,027,550	$ 29,864,615
Depreciation	1,818,303	125,329	1,943,632
Operating income (loss)	5,454,667	581,100	6,035,767
Net income	1,347,989	250,730	1,598,719
Contributed capital	1,636,338	-	1,636,338
Net position	34,472,143	305,465	34,777,608

13. Fund balance

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions ("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

Plan Description

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

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

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

Plan Membership

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

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

member of the system with an effective date of membership on or after July 1, 2012, is a class Three member.

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

Plan Benefits

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

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

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

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

	SCRS Rates			*PORS Rates*		
	2013	*2014*	*2015*	*2013*	*2014*	*2015*
Employer Rate:						
*Retirement**	*10.45%*	*10.45%*	*10.75%*	*11.90%*	*12.44%*	*13.01%*
Incidental Death Benefit	*0.15%*	*.0.15%*	*0.15%*	*0.20%*	*0.20%*	*0.20%*
Accidental Death Contributions	*0.00%*	*0.00%*	*0.20%*	*0.20%*	*0.20%*	*0.20%*
	10.60%	*10.60%*	*10.90%*	*12.30%*	*12.84%*	*13.41%*
Employee Rate	*7.00%*	*7.5%*	*8.00%*	*7.00%*	*7.84%*	*8.41%*

SCRS Three-Year Trend Information

Year Ending	Total Payroll	Covered Payroll	Employer Contribution	Actual % Contributed
6-30-13	5,559,845	5,559,845	588,284	10.600%
6-30-14	5,630,795	5,630,795	596,864	10.600%
6-30-15	5,530,013	5,530,013	602,771	10.900%

PORS Three-Year Trend Information

Year Ending	Total Payroll	Covered Payroll	Employer Contribution	Actual % Contributed
6-30-13	2,467,746	2,467,746	303,533	12.300%
6-30-14	2,542,444	2,542,444	326,450	12.840%
6-30-15	2,682,713	2,682,713	359,752	13.410%

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projecting forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	$42,955,205,796	$25,738,521,026	$17,216,684,770	59.92%
PORS	$ 5,899,529,434	$ 3,985,101,996	$ 1,914,427,438	67.55%

At June 30, 2015, the City reported a liability of $14,724,983 for its proportionate share of the net pension liabilities for the SCRS plan $9,106,150 and PORS plan $5,618,833. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the plans used to calculate the net pension liabilities were

determined based on the most recent actuarial valuation report of July 1, 2013 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the City's SCRS proportion was 0.062022 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the City's PORS proportion was 0.21139 percent, which was equal to its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense on its government-wide financial statements of $1,102,465, consisting of $748,416 for SCRS and $354,049 for the PORS. At June 30, 2015, the City reported deferred outflows or resources and deferred inflows of resources related to pension from the following sources:

Description	*Deferred Outflows of Resources*	*Deferred Inflows of Resources*
SCRS		
Differences between expected and actual experience	*$ 302,573*	*$ -*
Net Difference between projected and actual earnings on pension plan investments	*-*	*900,244*
City's contributions subsequent to the measurement date	*594,123*	*-*
Total SCRS	*896,696*	*900,244*
PORS		
Differences between expected and actual experience	*476,392*	*-*
Net Difference between projected and actual earnings on pension plan investments	*-*	*468,250*
City's contributions subsequent to the measurement date	*-*	*-*
Total PORS	*476,392*	*468,250*
Total SCRS and PORS	*$ 1,373,088*	*$ 1,368,494*

$602,771 and $359,752 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

YearEnded June 30,		SCRS		PORS		Total
2016	$	(131,472)		(89,045)		(220,517)
2017		(131,472)		(89,045)		(220,517)
2018		(131,472)		(89,045)		(220,517)
2019		(203,255)		(93,123)		(296,378)
Total	$	(597,671)	$	(360,258)	$	(957,929)

Actuarial Assumptions and Methods

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

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry age	Entry age
Actuarial assumptions:		
Investment Rate of Return	7.5%	7.5%
Salary increases	Levels off at 3.5%	Levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefits adjustments	Lesser of 1% or $500	Lesser of 1% or $500

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

Former job class	Males	Females
Educators and judges	RP-2000 Males (with white collar adjustment) multiplies by 110%	RP-2000 Females (with white collar adjustment) multiplies by 95%
General employees and members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public safety, firefighters, and members of the South Carolina National Guard	RP-2000 Males (with blue collar adjustment) multiplied by 115%	RP-2000 Females (with blue collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table below. For actuarial purposes, the 7.5% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30	0.01
Short Duration	3%	0.60	0.02
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10	0.08
High Yield	2%	3.5	0.07
Bank Loans	4%	2.80	0.11
Global Fixed Income	9%		
Global Fixed Income	3%	0.80	0.02
Emerging Markets Debt	6%	4.10	0.25
Global Public Equity	31%	7.80	2.42
Global Tactical Asset Allocation	10%	5.10	0.51

Alternatives	*32%*		
Hedge Funds (Low Beta)	*8%*	*4.00*	*0.32*
Private Debt	*7%*	*10.20*	*0.71*
Private Equity	*9%*	*10.20*	*0.92*
Real Estate (Broad Market)	*5%*	*5.90*	*0.29*
Commodities	*3%*	*5.10*	*0.15*
Total Expected Real Return	*100%*		*5.88*
Inflation for Actuarial Purposes			*2.75*
Total Expected Nominal Return			*8.63*

Discount Rate

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

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

System	*1% Decrease (6.5%)*	*Current Discount Rate (7.5%)*	*1% Increase (8.5%)*
City's proportionate share of the net pension liability of the SCRS	*$ 13,818,164*	*$ 10,678,132*	*$ 8,058,445*
City's proportionate share of the net pension liability of the PORS	*$ 5,655,369*	*$ 4,046,851*	*$ 2,715,935,*

Plans' Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the

Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Post-employment Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ('EIP"), a part of the State of South Carolina.

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by the State statute to contribute at a rate assessed each year by the Office of the State Budget and Control Board. The EIP sets the employer contribution rate based on a pay-as-you go basis. The School District has no liability beyond the payment of monthly contributions. The required employer contribution surcharge percentages were 5.00%, 4.92%, and 4.55% for the years ended June 30,2015, 2014, and 2013, respectively.

16. Restricted assets

The City recognizes unspent proceeds of enterprise fund revenue bonds, resources set aside for debt amortization and construction projects, 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. Construction funds represent revenue bond proceeds to be used for capital projects. Account balances at June 30, 2015 are as follows:

Construction funds	*$*	*1,233,664*
Debt service		*828,531*
Health care		*72,286*
Peak general savings fund		*1,181,253*
Total restricted assets	*$*	*3,315,734*

17. 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
General government	$ 2,046,934	$ 1,953,120	$ 93,814
Culture & recreation	1,073,809	1,017,674	56,135
Public works	2,027,531	1,958,836	68,695
Capital outlay	283,860	120,000	163,860

18. 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 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, 2014:

Funding	
Federal (FTA)	$ 449,024
State (SCDOT)	158,296
Local match (as needed)	368,070
Total funding	$ 975,390

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, 2016. 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 $ 3,143,039 in expenditures relating to this project during the year.

19. 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.

20. 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. During fiscal year ending June 30, 2014, the City made a lease payments 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 is required topay 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.

21. Construction commitments

The City has construction commitments totaling $ 13,945,414 at June 30, 2015. Costs of $ 11,878,702 have been incurred on these contracts as of June 30, 2015.

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 $ 221,052 based upon claims filed and premiums due. This amount is recorded as a liability and expense within the General Fund and Light & Water Fund. The following indicates claims versus premiums for the past three fiscal years:

Fiscal year ending June 30,	Beginning Liability	Current Year Claims and Changes in Estimate	Claim Payments	Ending Liability
2015	$ 86,734	$ 1,721,709	$ 1,587,391	$ 221,052
2014	163,320	1,071,247	1,147,833	86,734
2013	174,701	1,218,215	1,229,596	163,320
2012	211,316	1,189,850	1,226,465	174,701

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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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, 2015

	Current Year	Prior Periods	Total to Date	Project Authorization	Budget Balance
Revenues					
Federal aid	$ 3,020,042	$ 1,097,958	$ 4,118,000	$ 4,118,000	$ -
Expenditures					
Capital outlay	$ 3,143,039	$ 2,097,958	$ 5,240,997	$ 5,118,000	$ (122,997)
Other	-	10,048	10,048	-	(10,048)
Total expenditures	$ 3,143,039	$ 2,108,006	$ 5,251,045	$ 5,118,000	$ (133,045)
Excess (deficiency) of revenues over (under) expenditures	$ (122,997)	$ (1,010,048)	$ (1,133,045)	$ (1,000,000)	$ (133,045)
Other financing sources					
Transfers in	122,997	1,010,048	1,133,045	1,000,000	133,045
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
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	Community Development	Hospitality Tax	Accomodations Tax	CAT Grant PT-5N711-23	Livability Grant PT-3N709-H1	Total
Assets						
Cash	$ 6,477	$ 201,504	$ (19,130)	$ (292,795)	$ (143,952)	$ (247,896)
Receivables						
Notes / Accounts	41,929	-	27,328	-	-	69,257
Interest	8	-	-	-	-	8
Due from other governmental units	-	-	-	366,795	215,702	582,497
Total assets	$ 48,414	$ 201,504	$ 8,198	$ 74,000	$ 71,750	$ 403,866
Liabilities and fund balances						
Liabilities						
Accounts payable	$ -	$ 87,696	$ 8,198	$ 74,000	$ 71,750	$ 241,644
Due to other funds	-	468,540	-	-	-	468,540
Total liabilities	$ -	$ 556,236	$ 8,198	$ 74,000	$ 71,750	$ 710,184
Fund balances	48,414	(354,732)	-	-	-	(306,318)
Total liabilities and fund balances	$ 48,414	$ 201,504	$ 8,198	$ 74,000	$ 71,750	$ 403,866

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, 2015

	Community Development	Hospitality Tax	Accomodations Tax	CAT Grant PT-5N711-23	Livability Grant PT-3N709-H1	"C" Funds	Total
Revenues							
Taxes	$ -	$ 595,797	$ 101,007	$ -	$ -	$ -	$ 696,804
Federal aid	-	-	-	449,024	1,687,530	-	2,136,554
State aid	-	-	-	158,296	-	337,225	495,521
County aid	-	-	-	60,000	-	-	60,000
Investment earnings	2	-	-	-	-	-	2
Other revenue	-	3,292	-	7,500	-	-	10,792
Total revenues	$ 2	$ 599,089	$ 101,007	$ 674,820	$ 1,687,530	$ 337,225	$ 3,399,673
Expenditures							
Current operating							
General government							
Project administration	$ -	$ -	$ -	$ 875,390	$ -	$ -	$ 875,390
Culture and recreation	-	316,837	-	-	-	-	316,837
Capital outlay	-	555,756	-	100,000	1,979,044	337,225	2,972,025
Intergovernmental grants	-	25,721	-	-	-	-	25,721
Other	270	-	107,578	-	-	-	107,848
Total expenditures	$ 270	$ 898,314	$ 107,578	$ 975,390	$ 1,979,044	$ 337,225	$ 4,297,821
Excess (deficiency) of revenues over (under) expenditures	$ (268)	$ (299,225)	$ (6,571)	$ (300,570)	$ (291,514)	$ -	$ (898,148)
Other financing sources (uses)							
Transfers in (out)	$ -	$ (85,000)	$ (28,800)	$ 300,570	$ 291,514	$ -	$ 478,284
Net change in fund balances	$ (268)	$ (384,225)	$ (35,371)	$ -	$ -	$ -	$ (419,864)
Fund balances, beginning	48,682	29,493	35,371	-	-	-	113,546
Fund balances, ending	$ 48,414	$ (354,732)	$ -	$ -	$ -	$ -	$ (306,318)

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, 2015

	Budget	Actual	Variance
Revenues			
Investment earnings	$ -	$ 2	$ 2
Expenditures			
Other	$ -	$ 270	$ (270)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (268)	$ (268)
Fund balance, beginning	48,682	48,682	-
Fund balance, ending	$ 48,682	$ 48,414	$ (268)

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, 2015

	Budget	Actual	Variance
Revenues			
Hospitality Tax	$ 460,000	$ 533,691	$ 73,691
Local ATAX	30,000	62,106	32,106
Other revenue	-	3,292	3,292
Total revenues	$ 490,000	$ 599,089	$ 109,089
Expenditures			
Current operating			
Culture and recreation	$ 330,000	$ 316,837	$ 13,163
Capital outlay	-	555,756	(555,756)
Intergovernmental grants	15,000	25,721	(10,721)
Total expenditures	$ 345,000	$ 898,314	$ (553,314)
Excess (deficiency) of revenues over (under) expenditures	$ 145,000	$ (299,225)	$ (444,225)
Other financing sources (uses)			
Transfers out	(145,000)	(85,000)	60,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ (384,225)	$ (384,225)
Fund balance, beginning	29,493	29,493	-
Fund balance, ending	$ 29,493	$ (354,732)	$ (384,225)

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, 2015

	Budget	Actual	Variance
Revenues			
Taxes	$ 50,000	$ 101,007	$ 51,007
Expenditures			
Other	$ 23,750	$ 107,578	$ (83,828)
Excess (deficiency) of revenues over (under) expenditures	$ 26,250	$ (6,571)	$ (32,821)
Other financing sources (uses)			
Transfers out	(26,250)	(28,800)	(2,550)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	$ -	$ (35,371)	$ (35,371)
Fund balance, beginning	35,371	35,371	-
Fund balance, ending	$ 35,371	$ -	$ (35,371)

See Notes to Financial Statements

City of Seneca
CAT Operating Grant…PT-5N711-23
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance
Revenues			
Federal aid	$ 543,061	$ 449,024	$ (94,037)
State aid	171,869	158,296	(13,573)
County aid	60,000	60,000	-
Other revenue	-	7,500	7,500
Total revenues	$ 774,930	$ 674,820	$ (100,110)
Expenditures			
Current operating			
General government			
Project administration	$ 893,882	$ 875,390	$ 18,492
Capital outlay	-	100,000	(100,000)
Total expenditures	$ 893,882	$ 975,390	$ (81,508)
Excess (deficiency) of revenues over (under) expenditures	$ (118,952)	$ (300,570)	$ (181,618)
Other financing sources			
Transfers in	$ 118,952	$ 300,570	$ 181,618
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
Livability Grant….PT-3N709-H1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2015

	Current Year	Prior Periods	Total to Date	Project Authorization	Budget Balance
Revenues					
Federal aid	$ 1,687,530	$ 107,109	$ 1,794,639	$ 1,812,500	$ 17,861
Expenditures					
Capital outlay	$ 1,979,044	$ 133,886	$ 2,112,930	$ 2,265,625	$ 152,695
Excess (deficiency) of revenues over (under) expenditures	$ (291,514)	$ (26,777)	$ (318,291)	$ (453,125)	$ (134,834)
Other financing sources					
Transfers in	291,514	26,777	318,291	453,125	134,834
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
"C" Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance
Revenues			
State aid	$ 337,225	$ 337,225	$ -
Expenditures			
Public works / paving	$ 337,225	$ 337,225	$ -
Excess of revenues over (under) expenditures	$ -	$ -	$ -
Fund balance, beginning	-	-	-
Fund balance, ending	$ -	$ -	$ -

See Notes to Financial Statements

City of Seneca
Light & Water Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance
Operating revenues			
Charges for services			
Electric receipts	$ 18,165,344	$ 18,786,450	$ 621,106
Water receipts	6,806,824	6,683,657	(123,167)
Sewer receipts	3,096,390	3,200,875	104,485
Other revenues	150,000	166,083	16,083
Total operating revenues	$ 28,218,558	$ 28,837,065	$ 618,507
Operating expenses			
Light & water administration (505)	$ 1,337,318	$ 1,461,774	$ (124,456)
I & I department (506)	139,621	141,660	(2,039)
Billing department (507)	951,104	1,052,272	(101,168)
Engineering department (508)	472,708	482,037	(9,329)
Electrical department (509)	2,037,134	2,158,703	(121,569)
Water department (510)	2,057,190	1,988,481	68,709
Sewer department (511)	2,614,678	2,594,227	20,451
Water plant (512)	1,913,306	1,371,250	542,056
Electrical generation/purchase (513)	11,025,582	10,313,691	711,891
Depreciation	1,714,005	1,818,303	(104,298)
Total operating expenses	$ 24,262,646	$ 23,382,398	$ 880,248
Operating income (loss)	$ 3,955,912	$ 5,454,667	$ 1,498,755
Non-operating transactions			
Investment income (loss)	$ 1,500	$ 66,833	$ 65,333
Interest expense	-	(407,077)	(407,077)
Proceeds from sale of capital assets	3,000	-	(3,000)
Other financing sources (uses)			
Interfund transfers in (out)	(4,066,434)	(3,766,434)	300,000
Net income (loss)	$ (106,022)	$ 1,347,989	$ 1,454,011
Capital contribution	-	1,636,338	1,636,338
Net position, beginning	$ 37,027,476	$ 37,027,476	$ -
Change in accounting principle	-	(5,539,660)	(5,539,660)
Net position, beginning as restated	37,027,476	31,487,816	(5,539,660)
Net position, ending	$ 36,921,454	$ 34,472,143	$ (2,449,311)

See Notes to Financial Statements

City of Seneca
Seneca Facilities Corp Fund
Schedule of Revenues, Expenses, and Changes in Net Position
Budget to Actual
Fiscal Year Ended June 30, 2015

	Budget	Actual	Variance
Operating revenues			
Charges for services			
Lease income	$ 927,474	$ 1,009,449	$ 81,975
Other income	-	18,101	18,101
Total operating revenues	$ 927,474	$ 1,027,550	$ 100,076
Operating expenses			
Facilities operations	$ 214,085	$ 321,121	$ 107,036
Depreciation	105,000	125,329	20,329
Total operating expenses	$ 319,085	$ 446,450	$ 127,365
Operating income (loss)	$ 608,389	$ 581,100	$ (27,289)
Non-operating transactions			
Interest expense	$ 190,000	$ (188,370)	$ (378,370)
Other financing sources (uses)			
Interfund transfers in (out)	(418,389)	(142,000)	276,389
Net income (loss)	$ 380,000	$ 250,730	$ (129,270)
Net position, beginning	$ 54,735	$ 54,735	$ -
Net position, ending	$ 434,735	$ 305,465	$ (129,270)

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation
of Governmental Funds
Schedule by Type
June 30, 2015

Governmental funds capital assets		
Land	***$***	***1,035,039***
Buildings		***8,384,016***
Improvements		***9,487,288***
Equipment		***1,163,665***
Vehicles		***10,293,262***
Construction in progress		***1,047,418***
Total	***$***	***31,410,688***
Less, accumulated depreciation		***(13,950,046)***
Investment in capital assets	***$***	***17,460,642***

See Notes to Financial Statements

City of Seneca
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function & Activity
June 30, 2015

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	$ 632,788	$ 1,805,119	$ 96,342	$ 5,580,113	$ -	$ 8,134,362
Fire department	16,709	1,430,900	-	205,438	1,754,885	-	3,407,932
Total public safety	$ 36,709	$ 2,063,688	$ 1,805,119	$ 301,780	$ 7,334,998	$ -	$ 11,542,294
Public works							
Street department	$ 2,000	$ 50,000	$ 4,775,970	$ 335,975	$ 570,328	$ 1,047,418	$ 6,781,691
Sanitation department	1,000	232,460	-	-	1,279,102	-	1,512,562
Motor pool	2,000	-	48,949	45,000	53,070	-	149,019
Total public works	$ 5,000	$ 282,460	$ 4,824,919	$ 380,975	$ 1,902,500	$ 1,047,418	$ 8,443,272
Recreation	$ 633,885	$ 3,684,700	$ 1,252,444	$ 157,003	$ 204,667	$ -	$ 5,932,699
Other	$ 148,161	$ 555,756	$ 1,124,167	$ -	$ 3,500	$ -	$ 1,831,584
Total governmental funds capital assets	$ 1,035,039	$ 8,384,016	$ 9,487,288	$ 1,163,665	$ 10,293,262	$ 1,047,418	$ 31,410,688
Less accumulated depreciation							(13,950,046)
Net governmental funds capital assets							$ 17,460,642

See Notes to Financial Statements

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City of Seneca
Victim Services
Supplementary Schedule of Fines and Assessments
Fiscal Year Ended June 30, 2015

Collections: (municipal court)		
Fines	***$***	***124,936***
Assessments		***135,728***
Surcharges		***65,158***
Total collections	***$***	***325,822***
Retainage: (municipal treasurer)		
Fines	***$***	***124,926***
Assessments		***15,012***
Surcharges		***10,017***
Total retainage	***$***	***149,955***
Amounts remitted:		
State treasurer - assessments	***$***	***175,848***
Amount of expenditures allocated to victim services by fund source:		
From assessments & surcharges	***$***	***25,029***
Funds carried forward designated as Victim right's funds	***$***	***-***

See Notes to Financial Statements

City of Seneca
Schedule of the City's Proportionate Share of the Net Pension Liability
South Carolina Retirement System
Last Ten Fiscal Years*

	Year Ended June 30, 2015
City's proportion of the net pension liability	***0.062022%***
City's proportion of the net pension liability	***$10,678,132***
City's covered-employee payroll	***$8,250,779***
District's proporionate share of the net pension liability as a percentage of its covered-employee payroll	***129.42%***
Plan fiduciary net position as a percentage of the total pension liability	***59.92%***

Notes to schedule:
Only the current fiscal year is present because ten year data is not yet available.

*****The amounts presented were determined as of the prior fiscal year ending June 30th.***

City of Seneca
Schedule of the City's Contributions
South Carolina Retirement System
Last Ten Fiscal Years

	Year Ended June 30, 2015
Contractually required contribution	***$ 602,771***
Contributions in relation to the contractually required contribution:	***602,771***
Contribution deficiency (Excess)	***$ -***
City of Seneca covered-employee payroll	***$ 8,250,779***
Contributions as a percentage of covered-employee payroll	***7.31%***

Notes to Schedule:
Only the current fiscal year is present because ten year data is not yet available.

City of Seneca
Schedule of the City's Proportionate Share of the Net Pension Liability
Police Officers' Retirement System
Last Ten Fiscal Years*

	Year Ended June 30, 2015
City's proportion of the net pension liability	***0.211390%***
City's proportion of the net pension liability	***$4,046,851***
City's covered-employee payroll	***$2,682,713***
City's proporionate share of the net pension liability as a percentage of its covered-employee payroll	***150.85%***
Plan fiduciary net position as a percentage of the total pension liability	***67.55%***

Notes to Schedule:
Only the current fiscal year is present because ten year data is not yet available.

***The amounts presented were determined as of the prior fiscal year ending June 30th.*

City of Seneca
Schedule of the City's Contributions
Police Officers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30, 2015
Contractually required contribution	***$ 359,752***
Contributions in relation to the contractually required contribution:	***359,752***
Contribution deficiency (Excess)	***$ -***
City of Seneca covered-employee payroll	***$ 2,682,713***
Contributions as a percentage of covered-employee payroll	***13.41%***

Notes to Schedule:
Only the current fiscal year is present because ten year data is not yet available.

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FEDERAL FINANCIAL ASSISTANCE SECTION

City of Seneca
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor /Program Title		Federal CFDA Number	Pass Through Grantor's Number	Total Expenditures
US Department of Transportation				
Passed Through SC Dept. of Transportation				
Livability Grant	***	20.500	PT-3N709-H1	$ 1,687,530
Formula Grants for Rural Areas	***	20.509	PT-5N711-23	449,024
TIGGER Earmark	***	20.523	PT-3N709-G2	3,020,042
Total US Department of Transportation				5,156,596
Department of Environmental Protection Agency				
Passed Through SC Water Quality Revolving Fund Authority				
Capitalization Grants for Drinking Water State Revolving Funds	***	66.468	3-059-13-3710002-03	7,818,164
Total Federal Assistance Expended				$ 12,974,760

*** Major Programs

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Seneca and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations".

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, 2015, 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 March 11, 2016.

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
March 11, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Mayor and Members of the City Council
City of Seneca, South Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Stancil Cooley Estep & Stamey, LLP

Seneca, South Carolina
March 11, 2016

CITY OF SENECA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

The auditor's report expresses an unmodified opinion on the financial statements of the City of Seneca.

No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the "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".

No instances of noncompliance material to the financial statements of the City of Seneca were disclosed during the audit.

No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133".

The auditor's report on compliance for the major federal award programs for the City of Seneca expresses an unmodified opinion on all major federal programs.

There are no audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133 reported in this Schedule.

The programs tested as major include:

- *Federal Transit Capital Investment Grants, Grant # PT-3N709-H1 - CFDA # 20.500*
- *Formula Grants for Rural Areas, Grant # PT-5N711-23 – CFDA # 20.509*
- *TIGGER Earmark, Grant # PT-3N709-G2 – CFDA #20.523*
- *Capitalization Grants for Drinking Water State Revolving Funds, Loan #3-059-13-3710002-03 – CFDA # 66.468*

The threshold for distinguishing Types A and B programs was $300,000.

The City of Seneca was not determined to be a low-risk auditee.

B. FINDINGS…..FINANCIAL STATEMENTS AUDIT…..NONE

C. FINDINGS AND QUESTIONED COSTS…..MAJOR FEDERAL AWARD PROGRAMS AUDIT…..NONE

CITY OF SENECA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

No prior year audit findings.