HARPER, POSTON & MOREE, P.A.
Certified Public Accountants
"SINCE 1977"

Robert D. Harper, Jr. CPA
Stacey C. Moree CPA
P. O. Box 1550
106 Wall Street, Litchfield
Pawleys Island, SC 29585
Tel (843) 237-9125
Fax (843) 237-1621
E-mail: HPM@sc.rr.com

Robin B. Poston CPA
P. O. Box 576
307 Church Street
Georgetown, SC 29442
Tel (843) 527-3413
Fax (843) 546-7277
E-mail: HPM2@sc.rr.com

INDEPENDENT AUDITOR'S REPORT

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

Report of 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 for the City of Loris, South Carolina as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ♦ SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

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 Loris, as of December 31, 2013, and respective changes in the financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 12 and 49 through 50 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 the 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 Loris, South Carolina's basic financial statements. The individual fund statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and supplemental schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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 individual fund financial statements and supplemental schedules 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 July 11, 2014 on our consideration of the City of Loris' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Loris, South Carolina's internal control over financial reporting and compliance.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
July 11, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Loris, we offer readers of the City of Loris's financial statements this narrative overview and analysis of the financial activities of the City of Loris for the year ended December 31, 2013.

Financial Highlights

- The assets of the City of Loris exceeded its liabilities as of December 31, 2013 by $7,980,667 (net position). Of this amount, $2,672,605 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the year, the City of Loris's governmental funds reported combined ending fund balance of $2,539,720. Approximately 70% of this amount, $1,786,358 is available for spending at the government's discretion (unassigned fund balance.)
- The net position of the water and sewer fund increased from $2,250,975 to $2,320,510 during the year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $1,786,358, or 73% of total general fund expenditures.
- The City of Loris's total debt decreased $148,142 during the current fiscal year. This was primarily due to a capital lease for equipment and repayment of general obligation bonds, RDA bonds, revenue bonds and capital leases.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City of Loris's assets and liabilities, with the difference between the two 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 Loris is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 Loris 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 Loris include general government, public safety, street & sanitation, culture and recreation, community development, and maintenance. The business-type activities of the City of Loris include water and sewer services.

The government-wide financial statements can be found on pages 13-14 of this report.

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 Loris, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Loris 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 balances 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.

Because the focus of governmental funds is narrower than 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 statements. 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 Loris maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the grant and hospitality tax fund, both of which are considered to be major funds.

The City of Loris 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 fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds. The City of Loris currently maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Loris uses an enterprise fund to account for its water and sewer operation.

Proprietary funds provide the same type of information as the government-wide financial statement only in more detail. The proprietary fund financial statements provide information for the water and sewer fund which is considered to be a major fund of the City of Loris.

The basic proprietary fund financial statements can be found on pages 20-24 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 statement because the resources of those funds are not available to support the City of Loris'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 25 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to 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 26-48 of this report.

Government-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 Loris, assets exceeded liabilities by $7,980,667 at the close of the most recent year.

By far the largest portion of the City of Loris's net position (51 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Loris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Loris's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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City of Loris's Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business - Type Activities 2013	Business - Type Activities 2012	Total 2013	Total 2012
Assets and Deferred Outflows of Resources:						
Current and Other Assets	$ 2,799,694	$ 2,322,284	$ 1,342,743	$ 1,441,861	$ 4,142,437	$ 3,764,145
Capital Assets, Net	4,450,131	4,613,667	2,018,132	2,075,314	6,468,263	6,688,981
Deferred Outflows of Resources	0	0	16,077	19,292	16,077	19,292
Total Assets and Deferred Outflows of Resources	$ 7,249,825	$ 6,935,951	$ 3,376,952	$ 3,536,467	$ 10,626,777	$ 10,472,418
Liabilities and Deferred Inflows of Resources:						
Long-term Liabilities Outstanding	$ 1,527,302	$ 1,506,602	$ 926,890	$ 1,093,765	$ 2,454,192	$ 2,600,367
Other Liabilities	52,834	98,382	129,552	191,727	182,386	290,109
Deferred Inflows of Resources	9,522	9,257	0	0	9,522	9,257
Total Liabilities and Deferred Inflows of Resources	$ 1,589,658	$ 1,614,241	$ 1,056,442	$ 1,285,492	$ 2,646,100	$ 2,899,733
Net Position:						
Net Investment in Capital Assets	$ 2,990,393	$ 3,166,951	$ 1,104,171	$ 1,000,189	$ 4,094,564	$ 4,167,140
Restricted	746,275	598,844	467,223	459,731	1,213,498	1,058,575
Unrestricted	1,923,489	1,555,915	749,116	791,055	2,672,605	2,346,970
Total Net Position	$ 5,660,157	$ 5,321,710	$ 2,320,510	$ 2,250,975	$ 7,980,667	$ 7,572,685

The balance of unrestricted net position $2,672,605 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City of Loris reported positive balances in the governmental activities and an unrestricted deficit in net position in the business-type activities.

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City of Loris's Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business - Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Program Revenues:						
Charges for Services	$ 1,150,575	$ 1,176,119	$ 1,498,308	$ 1,497,281	$ 2,648,883	$ 2,673,400
Operating Grants Contributions	160,463	83,412	0	144,352	160,463	227,764
Capital Grant Contribution	0	382,046	0	0	0	382,046
General Revenues:						
Taxes	1,035,982	1,025,258	0	0	1,035,982	1,025,258
Franchise Fees	137,607	132,712	0	0	137,607	132,712
Hospitality Tax	59,182	59,137	0	0	59,182	59,137
State Shared Taxes	134,549	129,210	0	0	134,549	129,210
Other	123,840	83,474	59,514	21,791	183,354	105,265
Special Item	125,880	0	0	0	125,880	0
Total Revenues	$ 2,928,078	$ 3,071,368	$ 1,557,822	$ 1,663,424	$ 4,485,900	$ 4,734,792
Expenses:						
General Government	$ 669,003	$ 643,679	$ 0	$ 0	$ 669,003	$ 643,679
Public Safety	937,464	921,192	0	0	937,464	921,192
Streets & Sanitation	764,067	844,744	0	0	764,067	844,744
Culture & Recreation	169,271	147,387	0	0	169,271	147,387
Interest & Other Charges	49,826	39,692	0	0	49,826	39,692
Water & Sewer Services	0	0	1,488,287	1,507,504	1,488,287	1,507,504
Total Expenses	$ 2,589,631	$ 2,596,694	$ 1,488,287	$ 1,507,504	$ 4,077,918	$ 4,104,198
Increase in Net Position	$ 338,447	$ 474,674	$ 69,535	$ 155,920	$ 407,982	$ 630,594
Net Position, Beginning of Year (As Restated)	$ 5,321,710	$ 4,847,036	$ 2,250,975	$ 2,095,055	$ 7,572,685	$ 6,942,091
Net Position, End of Year	$ 5,660,157	$ 5,321,710	$ 2,320,510	$ 2,250,975	$ 7,980,667	$ 7,572,685

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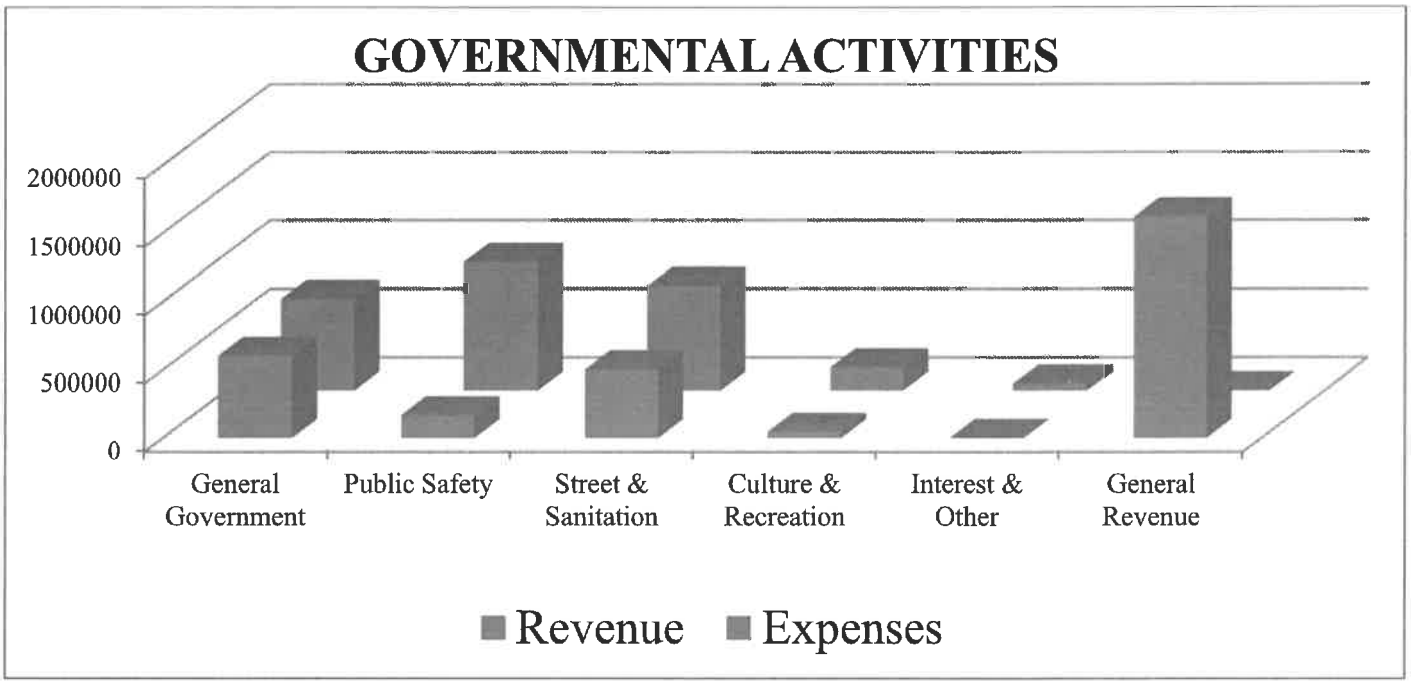
GOVERNMENTAL ACTIVITIES
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1500000
1000000
500000
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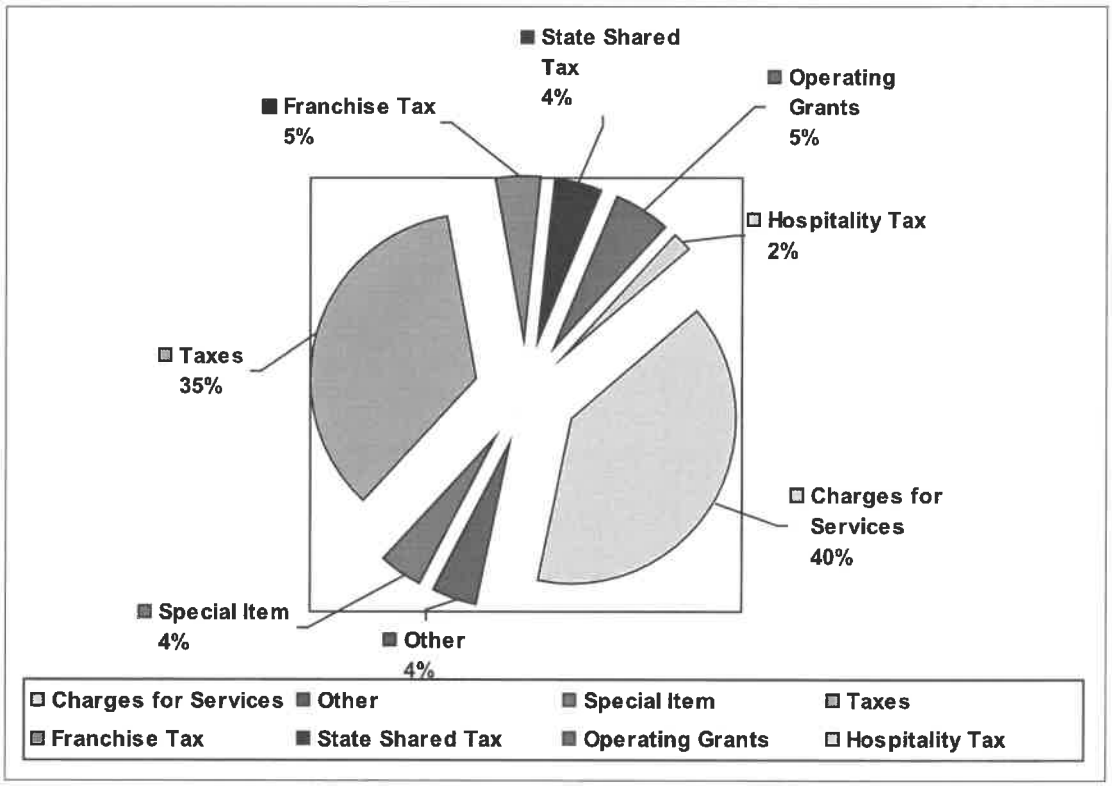
General Government
Public Safety
Street & Sanitation
Culture & Recreation
Interest & Other
General Revenue
Revenue
Expenses


State Shared Tax 4%
Franchise Tax 5%
Operating Grants 5%
Hospitality Tax 2%
Taxes 35%
Charges for Services 40%
Special Item 4%
Other 4%
Charges for Services
Other
Special Item
Taxes
Franchise Tax
State Shared Tax
Operating Grants
Hospitality Tax

Financial Analysis of the Government's Funds

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

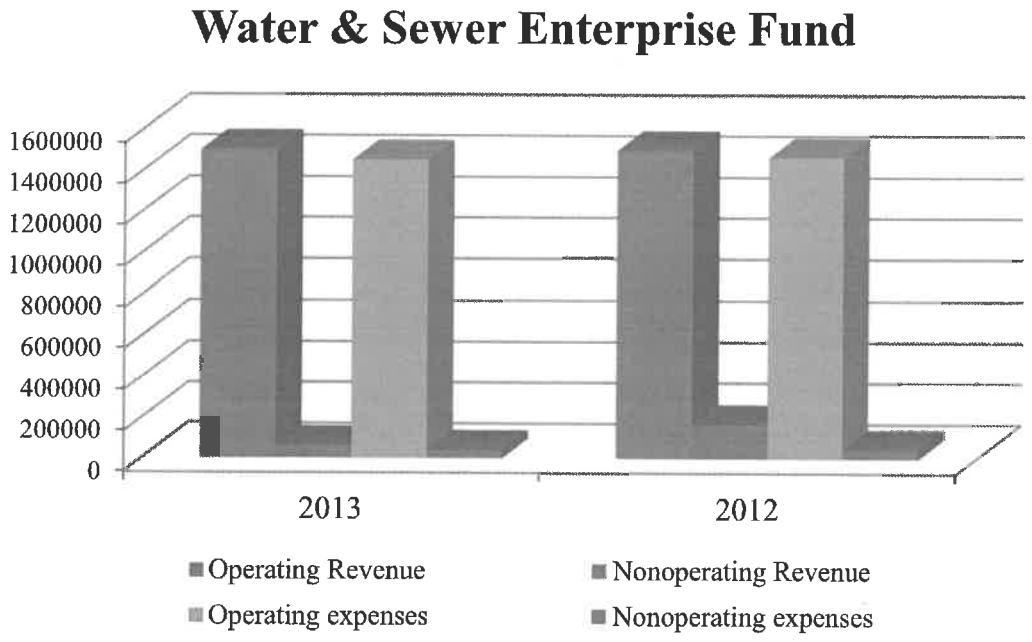
Governmental funds. The focus of the City of Loris's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Loris's financing requirements. In particular, unassigned fund balance may serve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

As of the end of the current fiscal year, the City of Loris's governmental funds reported combined ending fund balances of $2,539,720. Approximately 70% of this total amount ($1,786,358) constitutes unassigned fund balance, which is available for spending at the government's discretion. Fund balance in the amount of $735,693 is reserved to indicate that it is not available for new spending because it is restricted for certain purposes. Fund balance totaling $13,656 is committed fund balance because the governing body has committed resources to certain expenditures. Nonexpendable fund balance totaling $4,013 represents resources expended but not used as of year end, such as inventory.

The general fund is the chief operating fund of the City of Loris. At the end of the current fiscal year, unassigned fund balance for the general fund was $1,786,358 while total fund balance reached $1,917,051. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 73 percent of total general fund expenditures, while total fund balance represents 78 percent of that same amount.

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

Total net position of the water and sewer fund at year end amounted to $2,320,510. Other factors concerning the finances of the water and sewer fund have already been addressed in the discussion of the City of Loris's business-type activities.



Capital Asset and Debt Administration

Capital Assets. The City of Loris's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to $6,468,263 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; and plant, machinery and equipment. Governmental Activity additions totaled $177,282 and the current year depreciation was $330,586. The business-type activity additions totaled $50,854 and the current year depreciation was $108,036.

City of Loris's Capital Assets (net of depreciation)

	Governmental Activities 2013	Business - Type Activities 2013	Total
Land	$ 104,812	$ 14,700	$ 119,512
Buildings	2,609,754	0	2,609,754
Improvements	1,242,054	0	1,242,054
Water & Sewer System	0	1,971,737	1,971,737
Machinery & Equipment	166,355	1,674	168,029
Furniture & Fixtures	32,258	0	32,258
Motor Vehicles	294,898	30,021	324,919
Total	$ 4,450,131	$ 2,018,132	$ 6,468,263

Long-term Debt. At the end of the current year, the City of Loris had total bonded debt outstanding of $2,075,319. Of this amount, $1,161,358 comprises debt backed by the full faith and credit of the government and $913,961 is revenue bonds. The governmental funds had capital leases outstanding of $298,380 as of December 31, 2013.

City of Loris's Outstanding Debt

	Governmental Activities 2013	Business - Type Activities 2013	Total
Capital Leases	$ 298,380	$ 0	$ 298,380
RDA Bonds	1,161,358	0	1,161,358
Revenue Bonds	0	913,961	913,961
Total	$ 1,459,738	$ 913,961	$ 2,373,699

The City of Loris's total debt was decreased by $128,850 primarily because of the new capital lease for equipment of $120,000 , repayment bonds and capital lease payments.

The City of Loris has recorded liabilities in the government-wide statements for compensated absences totaling $67,564 and $12,929 in the governmental-type activities and business-type activities respectively. State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for the City of Loris is $629,904 which is in excess of the City of Loris's outstanding general obligation debt. The rural development bonds totaling $1,135,504 are not subject to the 8 percent debt limitation as they were approved by referendum.

General Fund Budgetary Highlights

The original general fund budget, as presented in this report, includes the original appropriations authorized by City Council just prior to the start of the year. In addition, amendments are enacted by Council, at their discretion, to appropriate additional funds from accumulated fund balances or from new revenues that were previously unbudgeted.

The City Council did not authorize any budgetary amendments during the current year.

Total General fund revenues exceeded budgetary estimates for the year by approximately $231,683. This positive variance is accounted for by collections in excess of projections in the following categories:

- Tax collections exceed budgetary estimates by $51,498.
- Licenses and permits - approximately $48,612 above budget estimates.
- Charges for Services - Budgeted revenues exceed actual revenue by $20,837 because more Fire Impact fees were budgeted than received.
- Other revenue budgetary estimates exceeded collections by $39,307 primarily due to insurance refunds and property damage refunds.
- Special Item – Proceeds from the sale of donated property of $125,880 was received.
- Intergovernmental revenue collections exceeded budgeted revenue by $91,560.

Actual expenditures exceeded budget estimates by approximately $46,034. This primarily resulted from capital expenditures that were not budgeted.

Budgetary comparisons for the general fund revenue sources and functional expenditures can be found on pages 49-50 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when developing the 2014 budget. Some of the factors considered were the national and local economy, population growth rates in Loris, and trend data regarding growth in property tax base. Analysis of these factors resulted in projections for the new year that reflect steady but moderate growth.

The new budget calls for no significant tax increase or water and sewer fee increases in 2014.

Request for Information

This financial report is designed to provide a general overview of the City of Loris'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 financial information should be addressed to the City of Loris, 4101 Walnut Street, Loris, SC 29569.

FINANCIAL STATEMENTS

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	$ 1,112,607	$ 307,627	$ 1,420,234
Accounts Receivable (Net of Allowance for Uncollectibles)	5,380	145,517	150,897
Court Fines Receivable (Net of Allowance for Uncollectibles)	51,850	0	51,850
Taxes Receivable (Net of Allowance for Uncollectibles)	486,404	0	486,404
Notes Receivable - Grand Strand Water and Sewer Authority	0	619,243	619,243
Due From Horry County	309,007	0	309,007
Due From State	34,789	0	34,789
Other Receivables	259	1,718	1,977
Franchise Fees Receivable	114,655	0	114,655
Internal Balances	304,196	(304,196)	0
Inventories	4,013	10,820	14,833
Temporarily Restricted Assets:			
Cash and Investments	376,534	562,014	938,548
Capital Assets (Net of Accumulated Depreciation):			
Land	104,812	14,700	119,512
Buildings and Improvements	3,851,808	0	3,851,808
Machinery and Equipment	166,355	1,674	168,029
Vehicles	294,898	30,021	324,919
Furniture and Fixtures	32,258	0	32,258
Water & Wastewater System	0	1,971,737	1,971,737
TOTAL ASSETS	$ 7,249,825	$ 3,360,875	$ 10,610,700
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Loss on Refunding Bond	0	16,077	16,077
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 0	$ 16,077	$ 16,077
LIABILITIES			
Accounts Payable	25,539	18,821	44,360
Due to State	1,884	0	1,884
Accrued Interest Payable	2,112	12,981	15,093
Accrued Salaries and Related Fringes	16,283	2,959	19,242
Due to Others	7,016	0	7,016
Customer Water Deposits	0	94,791	94,791
Noncurrent Liabilities:			
Due Within One Year	83,139	174,026	257,165
Due In More Than One Year	1,444,163	752,864	2,197,027
TOTAL LIABILITIES	$ 1,580,136	$ 1,056,442	$ 2,636,578
DEFERRED INFLOWS OF RESOURCES			
Deferred Court Fines	9,532	0	9,532
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 9,532	$ 0	$ 9,532
NET POSITION			
Net Investment in Capital Assets	2,990,393	1,104,171	4,094,564
Restricted For:			
Debt Service	61,041	306,000	367,041
Contingencies and Capital Improvements	283,003	161,223	444,226
Public Safety	56,805	0	56,805
Tourism and Promotion	345,426	0	345,426
Unrestricted	1,923,489	749,116	2,672,605
TOTAL NET POSITION	$ 5,660,157	$ 2,320,510	$ 7,980,667

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSES) AND CHANGES IN NET POSITION: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	TOTAL REPORTING UNIT
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
General Government	$ 669,003	$ 600,623	$ 0	$ 0	$ (68,380)	$ 0	$ (68,380)	$ (68,380)
Public Safety	937,464	135,538	29,610	0	(772,316)	0	(772,316)	(772,316)
Street & Sanitation	764,067	384,821	116,453	0	(262,793)	0	(262,793)	(262,793)
Cultural & Recreation	169,271	29,593	14,400	0	(125,278)	0	(125,278)	(125,278)
Interest and Other Charges	49,826	0	0	0	(49,826)	0	(49,826)	(49,826)
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,589,631	$ 1,150,575	$ 160,463	$ 0	$ (1,278,593)	$ 0	$ (1,278,593)	$ (1,278,593)
BUSINESS-TYPE ACTIVITIES								
Water & Sewer Activities	1,488,287	1,498,308	0	0	0	10,021	10,021	10,021
TOTAL BUSINESS-TYPE ACTIVITIES	$ 1,488,287	$ 1,498,308	$ 0	$ 0	$ 0	$ 10,021	$ 10,021	$ 10,021
TOTAL PRIMARY GOVERNMENT	$ 4,077,918	$ 2,648,883	$ 160,463	$ 0	$ (1,278,593)	$ 10,021	$ (1,268,572)	$ (1,268,572)
GENERAL REVENUES:								
Property Taxes Levied for General Purpose					$ 950,113	$ 0	$ 950,113	$ 950,113
Property Taxes Levied for Debt Service					85,869	0	85,869	85,869
Franchise Tax					137,607	0	137,607	137,607
State Shared Taxes					134,549	0	134,549	134,549
Other Revenue					122,744	57,731	180,475	180,475
Interest					1,096	1,783	2,879	2,879
Hospitality Tax					59,182	0	59,182	59,182
SPECIAL ITEM:								
Real Property Donation (Note 20)					125,880	0	125,880	125,880
TOTAL GENERAL REVENUES AND SPECIAL ITEMS					$ 1,617,040	$ 59,514	$ 1,676,554	$ 1,676,554
CHANGE IN NET POSITION					$ 338,447	$ 69,535	$ 407,982	$ 407,982
NET POSITION, Beginning of Year (As Restated)					5,321,710	2,250,975	7,572,685	7,572,685
NET POSITION, End of Year					$ 5,660,157	$ 2,320,510	$ 7,980,667	$ 7,980,667

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	GENERAL FUND	GRANT & HOSPITALITY FUND	DEBT SERVICE FUND	TOTAL
ASSETS				
Cash & Investments	$ 765,548	$ 347,059	$ 0	$ 1,112,607
Cash Restricted	139,989	226,784	9,761	376,534
Taxes Receivable, Net of Allowance	451,209	0	35,195	486,404
Franchise Fees Receivable	114,655	0	0	114,655
Accounts Receivable, Net of Allowance	613	4,767	0	5,380
Court Fines Receivable, Net of Allowance	51,850	0	0	51,850
Due from Horry County Treasurer	286,876	0	22,131	309,007
Due from Other Governmental Agencies	34,789	0	0	34,789
Due from Other Funds	316,861	0	0	316,861
Inventory	4,013	0	0	4,013
Other Receivables	40	219	0	259
TOTAL ASSETS	$ 2,166,443	$ 578,829	$ 67,087	$ 2,812,359
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable & Employee Benefits Payable	$ 41,822	$ 0	$ 0	$ 41,822
Due to Other Funds	0	6,619	6,046	12,665
Due to State	1,884	0	0	1,884
Confiscations	7,016	0	0	7,016
TOTAL LIABILITIES	$ 50,722	$ 6,619	$ 6,046	$ 63,387
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax	137,157	0	10,582	147,739
Deferred Court Fines	61,382	0	0	61,382
Deferred Business Licenses	131	0	0	131
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 198,670	$ 0	$ 10,582	$ 209,252
FUND BALANCE				
Nonspendable:				
Inventory	4,013	0	0	4,013
Restricted for:				
Public Safety	56,805	0	0	56,805
Capital Projects	69,875	213,128	0	283,003
Tourism and Promotion	0	345,426	0	345,426
Debt Service	0	0	50,459	50,459
Committed for:				
Capital Projects	0	13,656	0	13,656
Unassigned	1,786,358	0	0	1,786,358
TOTAL FUND BALANCE	$ 1,917,051	$ 572,210	$ 50,459	$ 2,539,720
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 2,166,443	$ 578,829	$ 67,087	$ 2,812,359

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because :

Ending fund balances - governmental funds balance sheet	$	2,539,720
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,450,131
Other long-term assets, such as property taxes and court fines are not available to pay for current period expenditures and, therefore, are deferred in the funds.		199,720
Long-term liabilities, including bonds payable (net of premiums and discounts), capital leases, compensated absences, and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,529,414)
Net position of governmental activities	$	5,660,157

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	GENERAL FUND	GRANT & HOSPITALITY TAX FUND	DEBT SERVICE FUND	TOTAL
REVENUE				
Property Taxes	$ 984,694	$ 0	$ 79,259	$ 1,063,953
Licenses and Permits	738,362	0	0	738,362
Fines and Forfeitures	27,832	0	0	27,832
Intergovernmental	394,981	0	0	394,981
Charges for Services	483,306	0	0	483,306
Interest	756	325	15	1,096
Other Revenue	50,557	0	0	50,557
Hospitality Tax and Penalty	0	59,655	0	59,655
TOTAL REVENUES	$ 2,680,488	$ 59,980	$ 79,274	$ 2,819,742
EXPENDITURES				
Current				
General Government	471,493	579	0	472,072
Public Safety	810,149	4,877	0	815,026
Street and Sanitation	744,487	0	0	744,487
Cultural & Recreation	155,180	4,544	0	159,724
Capital Outlay				
General Government	4,601	0	0	4,601
Public Safety	142,775	0	0	142,775
Street and Sanitation	1,475	0	0	1,475
Recreation	25,256	0	0	25,256
Debt Service				
Principal	89,411	0	17,567	106,978
Interest	9,722	0	40,981	50,703
TOTAL EXPENDITURES	$ 2,454,549	$ 10,000	$ 58,548	$ 2,523,097
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 225,939	$ 49,980	$ 20,726	$ 296,645

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	GENERAL FUND	GRANT & HOSPITALITY TAX FUND	DEBT SERVICE FUND	TOTAL
OTHER FINANCING SOURCES (USES)				
Lease Purchase Proceeds	$ 120,000	$ 0	$ 0	$ 120,000
TOTAL OTHER FINANCING SOURCES (USES)	$ 120,000	$ 0	$ 0	$ 120,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES, AND OTHER FINANCING SOURCES (USES)	$ 345,939	$ 49,980	$ 20,726	$ 416,645
SPECIAL ITEMS				
Proceeds from Sale of Donated Property	125,880	0	0	125,880
Net Change in Fund Balances	471,819	49,980	20,726	542,525
FUND BALANCE, Beginning of Year	1,445,232	522,230	29,733	1,997,195
FUND BALANCE, End of Year	$ 1,917,051	$ 572,210	$ 50,459	$ 2,539,720

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	542,525
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 amount is the amount by which capital outlay ($174,107) was exceeded by depreciation expense ($330,586) in the current period. This amount also includes a loss on disposal of capital assets that had a remaining book value of $10,232.		(166,711)
Revenues in the statement of activities, such as property taxes and police fines that will not be collected for several months after year end and do not provide for current financial resources, are not reported as revenues in the funds.		(20,719)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(13,022)
Capital assets donated.		3,175
Some expenses reported in the statement of activities, such as compensated absences, accrued interest, and amortization of bond premiums, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(6,801)
Change in net position of governmental activities	$	338,447

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Business-Type Activities
ASSETS	**Waterworks and Sewer Fund 2013**
CURRENT ASSETS	
Cash	$ 307,627
Accounts Receivable (Net of Allowance for Doubtful Accounts)	145,517
Other Receivables	1,718
Note Receivable GSWSA - Current	124,092
Inventory	10,820
TOTAL CURRENT ASSETS	$ 589,774
RESTRICTED ASSETS	
Cash in Banks and Temporary Investments	
Customer Deposits	94,791
Waterworks and Sewer System Revenue Bonds-2003	
Series Bond and Interest Redemption Fund	82,973
Reserve Fund	223,027
Depreciation Fund	1,165
Contingent Fund	11,208
Water Impact Fees	31,910
Sewer Impact Fees	116,940
TOTAL RESTRICTED ASSETS	$ 562,014
CAPITAL ASSETS	
Land and Improvements	14,700
Water and Sewer System	4,763,039
Departmental Equipment	344,217
Less Accumulated Depreciation	(3,103,824)
TOTAL CAPITAL ASSETS	$ 2,018,132
OTHER ASSETS	
Note Receivable GSWSA - Longterm	495,151
TOTAL OTHER ASSETS	$ 495,151
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding Bond	16,077
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 16,077
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,681,148

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Business-Type Activities Waterworks and Sewer Fund 2013
LIABILITIES	
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	
Accounts Payable	$ 18,821
Accrued Salaries & Benefits	2,959
Accrued Vacation Payable	3,232
Due to Other Funds	304,196
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	$ 329,208
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	
Customer Deposits	94,791
Accrued Interest Payable	12,981
Bonds Payable (within one year)	170,794
Accrued Vacation Payable	9,697
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	$ 288,263
LONG-TERM DEBT	
Waterworks and Sewer System Refunding Revenue Bonds - 2003	913,961
Less Current Portion of Long-Term Debt	(170,794)
TOTAL LONG-TERM DEBT	$ 743,167
TOTAL LIABILITIES	$ 1,360,638
NET POSITION	
Net Investment in Capital Assets	1,104,171
Restricted for Debt Service	306,000
Restricted for Contingencies and Capital Improvements	161,223
Unrestricted	749,116
TOTAL NET POSITION	$ 2,320,510

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities Waterworks and Sewer Fund 2013
OPERATING REVENUE	
Water Charges	$ 674,358
Sewer Charges	772,696
Penalties and Reconnection Fees	40,556
Water Tap Fees	5,075
Sewer Tap Fees	1,100
Lift Station	3,796
Miscellaneous	727
TOTAL OPERATING REVENUE	$ 1,498,308
OPERATING EXPENSES	
Water Department	625,610
Sewer Department	715,963
Non-Departmental	
Depreciation	108,036
TOTAL OPERATING EXPENSES	$ 1,449,609
OPERATING INCOME (LOSS)	$ 48,699
NON-OPERATING REVENUE (EXPENSES)	
Interest Income	1,783
Water & Sewer Impact Fees	4,150
GSWSA Installment Interest	34,305
Interest Expense	(38,678)
Antenna Rent	19,276
TOTAL NON-OPERATING REVENUE (EXPENSES)	$ 20,836
NET INCOME (LOSS)	$ 69,535
NET POSITION, Beginning of Year (As Restated)	2,250,975
NET POSITION, End of Year	$ 2,320,510

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business -Type Activities Waterworks and Sewer Fund 2013
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 1,501,335
Cash Payments to Suppliers for Goods and Services	(1,133,384)
Cash Payments to and for Employees Benefit	(261,557)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 106,394
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Non-Operating Proceeds	23,426
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	$ 23,426
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Note Receivable Principal Receipts	110,046
Interest Paid	(37,752)
Property, Plant and Equipment Additions	(50,854)
Principal Payment on Bonds	(161,164)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (139,724)
CASH FLOWS FROM INVESTING ACTIVITIES	
Use of Money and Property	36,088
NET CASH PROVIDED BY INVESTING ACTIVITIES	$ 36,088
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 26,184
CASH AND CASH EQUIVALENTS, Beginning of Year	843,457
CASH AND CASH EQUIVALENTS, End of Year	$ 869,641

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business -Type Activities Waterworks and Sewer Fund 2013
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Amortization of Deferred Loss on Refunding	$ 3,215
RECONCILIATION OF OPERATING INCOME TO NET CASH	
Unrestricted Cash and Temporary Investments, Beginning of Year	$ 290,160
Restricted Cash and Temporary Investments, Beginning of Year	553,297
CASH AND CASH EQUIVALENTS, Beginning of Year	$ 843,457
Unrestricted Cash and Temporary Investments, End of Year	307,627
Restricted Cash and Temporary Investments, End of Year	562,014
CASH AND CASH EQUIVALENTS, End of Year	$ 869,641
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	$ 48,699
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Depreciation	108,036
Decrease in Accounts Receivable - Water, Sewer, & Sanitation, Net	2,898
Decrease in Miscellaneous Receivables and Other Assets	129
Decrease in Inventory	8,959
Increase in Due to Other Funds	3,270
Decrease in Accounts Payable and Accrued Expenses (net of accrued interest)	(66,822)
Increase in Customer Deposits	1,225
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	$ 106,394

The Accompanying Notes are an Integral Part of this Statement

CITY OF LORIS, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	AGENCY FUNDS
ASSETS	
Cash in Banks	$ 85,422
TOTAL ASSETS	$ 85,422
LIABILITIES	
Due to Fireman's Association	$ 85,422
TOTAL LIABILITIES	$ 85,422
NET POSITION	$ 0

The Accompanying Notes are an Integral Part of this Statement

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government and Operations

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

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

The City Administrator is appointed by Council. As such, he administers the daily operations of the City through appointed department heads.

The accounting policies of the City of Loris conform to generally accepted accounting principles as applicable to local governmental units. The following is a summary of the more significant of such policies.

Principles Determining Scope of Reporting Entity

The financial statements of the City of Loris consist only of the funds of the City. There are no separate governmental units or agencies combined to form the reporting entity since the City has no oversight responsibility for any other governmental entity as no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. A component unit is included in the reporting entity if it is both fiscally dependent on the primary government and there is potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based on this criteria, the City has determined it has no component units and is not a component unit of any other organization. Therefore, the City reports as primary entity.

Government-Wide and Fund Financial Statements

The financial statement presentation for the City follows the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments*. The financial statement presentation provides a comprehensive entity-wide perspective of the City's net position, revenues, expenses and changes in net position and cash flows that replaces the fund-group perspective previously required.

The City implemented the provisions of GASB Statement No. 65, *Items Previously reported as Assets and Liabilities* during the current year. This statement defines which assets and liabilities are to be reported as deferred outflows and inflows of resources and identifies items previously reported as assets and liabilities that GASB has determined should be recognized as revenues, expenses or expenditures when incurred and not reported in the statement of net position or balance sheet. The implementation of this statement resulted in the reclassification of beginning net position of both governmental and business-type activities for a prior period adjustment of deferred bond issuance costs and the retroactive restatement of prior period amounts.

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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. Indirect expense allocations that have been made in the funds have been eliminated from the statement of activities. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

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 fund 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 imposed by the provider have been met.

Property taxes, franchise taxes, licenses, court fines, hospitality taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the City. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Grant and Hospitality Tax Fund: The Grant and Hospitality Tax Fund is a special revenue fund which accounts for the proceeds of various grant funds and hospitality tax revenue.

Debt Service Fund: The Debt Service Fund is a governmental fund which accounts for proceeds restricted for debt payments.

The City reports the following major proprietary funds:

Waterworks and Sewer System Fund: An enterprise fund used to account for all financial resources associated with furnishing water and sewer service to domestic and industrial users. The activity reflected in this fund encompasses all activity properly described as enterprise operations of the City.

Additionally, the City reports the following fund type:

Fireman's Fund: To account for assets held by a governmental unit as an agent for individuals or other entities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

Estimates

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its subdivisions, savings and loan associations to the extent of federal insurance, certificates or deposit collaterally secured, and repurchase agreements secured by the foregoing obligations.

Investments for the government are reported at fair value.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables

All accounts and property tax receivables are shown at their gross value and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. This amount is determined by analyzing the percentage of receivables that was not collected in prior years.

Inventories

Inventories of the General Fund consist primarily of fuels and miscellaneous street department supplies, while inventories of the Waterworks and Sewer System Fund consist primarily of various repair and maintenance supplies. All inventories are accounted for on the "consumption" method and are valued at cost utilizing the first-in, first-out method. Inventory acquisitions are recorded initially in inventory accounts and charged to expenditures/expenses when used. The City reports a nonspendable fund balance in the General fund for current inventory levels to indicate that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City accrues a liability for compensated absences which meet the following criteria:

(1) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
(2) The obligation relates to rights that vest or accumulate.
(3) Payment of the compensation is probable.
(4) The amount can be reasonably estimated.

Vested or accumulated vacation leave is reported in the governmental funds only if it has matured, for example, as a result of employee resignation or termination. Amounts of vested or accumulated vacation leave that are not considered matured are reported on the government-wide financial statements. Vested or accumulated vacation leave of a proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees.

Restricted Assets

Certain assets of the governmental and proprietary funds are classified as restricted on the balance sheet because their use is limited to specific purposes for which the funds were received.

Capital Assets

During 1979, all capital assets whose basis could be verified were recorded on the books and records. It was judged impractical and immaterial to extend any procedures beyond those employed in order to attempt a more complete listing. Since January 1, 1979, those capital assets acquired for general City purposes have been recorded as expenditures of the General Fund or other affected funds. Hence, the capital assets as shown reflect historical costs or estimated historical costs for some items acquired before 1979. The capital assets as shown reflect assets acquired for general City purposes and at the time of purchase were recorded as expenditures of the General Fund or other affected fund.

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. Capital assets are defined by the government as assets with an initial, individual cost of more than $300 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the year of implementation. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. The infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City of Loris has elected the option of booking new infrastructure assets beginning with the year of GASB 34 implementation which was December 31, 2004 and omitted the booking of infrastructure assets purchased prior to that year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Asset	Years
Buildings & Improvements	30-50
Equipment	5-15
Vehicles	5
Infrastructure	20

Depreciation for capital assets that can be specifically identified with a function is included in the direct expenses for that function.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the deferred loss on refunding bonds as deferred outflows of resources, as this will be amortized as interest expense over the life of the bond.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of items that qualify for reporting in this category. *Unavailable revenues* are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available. *Imposed nonexchange revenues* collected in advance of a legally enforceable claim are reported in both the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) when an enforceable claim exists. The availability criterion must also be met for recognition in the governmental funds.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Cash Equivalents

For the purposes of the Statement of Cash Flows, as presented in the City's Waterworks and Sewer System Fund, cash equivalents are considered to be all highly liquid investments, including restricted assets, with an original maturity date of three months or less.

Non-exchange Transactions

The City has implemented the provisions of GASB Statement No. 33 titled, "Accounting and Financial Reporting for Non-exchange transactions." The standards established by GASB Statement No. 33 provide accounting and reporting for the following four categories of Non-exchange transactions: 1) Derived Tax revenues, 2) Imposed Non-exchange revenues, 3) Government Mandated Non-exchange transactions, 4) Voluntary Non-exchange transactions. Non-exchange transactions involve financial or

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-exchange Transactions (Continued)

capital resources in which the government either gives value to another party without directly receiving equal value in exchange or receives value without giving equal value.

Assets from Derived Tax Revenues are recognized when the underlying exchange has occurred or when the resources are received, whichever first. Revenues are recognized when the underlying exchange has occurred and resources are available to the government.

Assets from Imposed Non-exchange Revenues are recognized when an enforceable legal claim has arisen or when sources are received, whichever comes first. Revenues are recognized when resources are required to be used or the first period that use is permitted. Resources must also be available to the government.

Assets, liabilities, revenues, and expenditures from Government Mandated and Voluntary Non-exchange transactions are generally recognized when all eligibility requirements have been met. Resources received before the eligibility requirements are fulfilled are reported as deferred revenue.

Eligibility requirements can include one or more of the following:

1) The recipient has the characteristics specified by the provider.

2) Time requirements specified by the provider have been met.

3) The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.

4) The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

Net Position/Fund Balances

The City's net position in the government-wide financial statements and proprietary fund financial statements are classified as follows:

Net Investment in Capital Assets: This represents the City's total investment in capital assets, net of outstanding debt obligations and deferred inflow of resources related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted expendable net position include resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

Unrestricted Net Position: Unrestricted Net Position represent resources derived from ad valorem taxes, earnings on investments, state and local grants, fees, and shared revenue.

In the governmental fund financial statements, equity is classified as fund balance.

The following classifications describe the relative strength of the spending constraints placed in the purposes for which resources can be used:

Nonspendable Fund Balance – Consists of amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance – Consists of amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Balances (Continued)

Committed Fund Balance – Consists of amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance – Consists of amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance – Consists of amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for a specific purpose. When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The following is a list of classifications of fund balance of Governmental funds and net position of Water and Sewer funds and a brief description of each:

Nonspendable Fund Balance:	
Inventory	$ 4,013
Restricted for Public Safety:	
Victim's Services	$ 46,332
Narcotic's Enforcement	10,473
	$ 56,805
Restricted for Capital Projects:	
Fire Impact Fees	$ 69,875
Public Safety Building	213,128
	$283,003
Restricted for Debt Service:	
Debt Service Reserves	$306,000
Debt Service Fund	50,459
	$356,459
Restricted for Contingencies and Capital Improvements:	
Debt Service Depreciation Fund	$ 1,165
Debt Service Contingent Fund	11,208
Water and Sewer Impact Fees	148,850
	$161,223
Restricted for Tourism and Promotion:	
Hospitality Taxes	$345,426
Committed to Capital Projects:	
Donations Downtown Improvement	$ 13,656

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of December 31, 2013, $1,435,133 of the City's bank balances of $2,559,106 (with a carrying value of $2,443,804) were exposed to custodial credit risk of which $1,435,133 was collateralized by assets held by the financial institutions which were not in the City's name.

Reconciliation of Cash and Investments to Fund Financial Statements

Cash and Investments

Cash and Investments:		
Governmental Funds	$	1,112,607
Water & Sewer Fund		307,627
Fireman's Fund		85,422
Restricted Assets:		
Governmental Funds		376,534
Water & Sewer Fund		562,014
Total Cash and Investments	$	2,444,204
Petty Cash	$	400
Deposits Carrying Value		2,443,804
Total Cash and Investments	$	2,444,204

NOTE 3 - RECEIVABLES

Receivables at December 31, 2013 consist of the following:

	Governmental - Type Activities	Business Type Activities	Total
Taxes Receivable, Net	$ 486,404	$ 0	$ 486,404
Accounts Receivable, Net	5,380	145,517	150,897
Franchise Fee Receivable	114,655	0	114,655
Due From Horry County	309,007	0	309,007
Due From Other Governmental Agencies	34,789	0	34,789
Court Fines Receivable, Net	51,850	0	51,850
Other Receivables	259	1,718	1,977
Total Receivables	$ 1,002,344	$ 147,235	$ 1,149,579

Accounts Receivable: Accounts Receivable as stated in the statement of net position at December 31, 2013, for the Enterprise Fund are for water, sewer, and sanitation charges outstanding in the Waterworks and Sewer System Fund. They arose from the normal operations of furnishing services to users. Gross accounts receivable of $150,018 were reduced by an allowance for uncollectible amounts of $4,501, leaving a net balance of $145,517 at December 31, 2013. Sanitation charges are transferred to and recognized as revenue in the General Fund as billed. Therefore, the sanitation charges included in the total accounts receivable, as disclosed on the statement of net position, are due to the Enterprise Fund.

NOTE 3 – RECEIVABLES (CONTINUED)

Property Tax Receivable: Property taxes receivable as disclosed in the financial statements are presented net of an amount estimated to be uncollectible. Gross property taxes receivable was $589,634 and allowances for uncollectible amounts were $103,230, leaving an estimated collectible amount of $486,404. Of that amount, $147,739 has been reported as deferred inflows of resources because it did not meet the revenue recognition criteria of being "available" at December 31, 2013.

Accounts Receivable: Accounts receivable in the statement of net position for the governmental type activities include business licenses receivable of $613 and hospitality taxes receivable of $4,767. Court fines receivable are reported net of allowance for uncollectible fines of $45,258. A deferred inflow of $51,981 has been recorded in the governmental funds because the revenue did not meet the revenue recognition criteria of "available" at December 31, 2013.

NOTE 4 – NOTE RECEIVABLE GSWSA

The City of Loris during the current period, recorded the sale of the Loris Wastewater Treatment Plant to Grand Strand Water and Sewer Authority (GSWSA). The sale took place in 2001. The effects on the financial statements are insignificant because the net value of the asset sold was equal to the amount of the note receivable outstanding. The GSWSA treats this as a capital lease for accounting purposes. The monthly payment is $12,029 at an interest rate of 3.6% with a final maturity date of August 6, 2019. The City's future minimum lease payments of the net present value of these payments at December 31, 2013 are as follows:

2014	$	144,352
2015		144,352
2016		144,352
2017		144,352
2018		144,352
2019		96,234
Total Minimum Lease Payments	$	817,994
Less Amounts Representing Interest		(198,751)
Present Value of Lease Payments	$	619,243

NOTE 5 - PROPERTY TAXES

The City of Loris assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process.

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the Horry County Auditor, and the assessment for City tax purposes is the same as that levied by the County Auditor. Taxes are payable between September 30 and January 15 following their assessment. Unpaid amounts after January 15 are considered to be delinquent and are subject to penalties for late payment.

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

NOTE 5 - PROPERTY TAXES (CONTINUED)

City property tax revenues are recognized as in accordance with GASB Statement No. 33's provisions for imposed Non-exchange transactions.

NOTE 6 - INTERGOVERNMENTAL REVENUE

The City of Loris recognized revenue from other governmental agencies as follows:

		General Fund
South Carolina State Treasurer		
State Shared Revenues		
Local Government State Aid	$	51,685
Inventory Tax		30,402
Homestead Exemption Tax		49,326
Motor Carrier Fees		969
Accommodations Tax		45
Manufacturer's Reimbursement		2,122
Road Tax Revenue		42,433
Firefighter's Grant		8,863
PRT State Grant		14,400
Santee Cooper Underground Line		74,020
Horry County		
Fire Contract		99,849
Recreation Contribution		120
Horry County School District		20,747
	$	394,981

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NOTE 7 - CAPITAL ASSETS

Capital asset classification and changes therein during the year ended December 31, 2013 consisted of the following:

Governmental Activities

Capital Assets, Not Being Depreciated	Balance 12/31/12	Additions	Disposals	Balance 12/31/13
Land	$ 104,812	$ 0	$ 0	$ 104,812
Total, Not Being Depreciated	$ 104,812	$ 0	$ 0	$ 104,812
Capital Assets, Being Depreciated				
Buildings	$ 3,067,536	$ 18,000	$ 0	$ 3,085,536
Improvements	2,429,468	0	0	2,429,468
Vehicles	932,501	120,484	168,244	884,741
Equipment	773,840	38,798	41,582	771,056
Furniture and Fixtures	186,008	0	886	185,122
Total, Being Depreciated	$ 7,389,353	$ 177,282	$ 210,712	$ 7,355,923
Less Accumulated Depreciation for:				
Buildings	$ (414,103)	$ (61,679)	$ 0	$ (475,782)
Improvements	(1,061,984)	(125,430)	0	(1,187,414)
Vehicles	(661,504)	(90,477)	162,138	(589,843)
Equipment	(596,120)	(46,037)	37,456	(604,701)
Furniture and Fixtures	(146,787)	(6,963)	886	(152,864)
Total Accumulated Depreciation	$ (2,880,498)	$ (330,586)	$ 200,480	$ (3,010,604)
Total, Being Depreciated, Net	$ 4,508,855	$ (153,304)	$ 10,232	$ 4,345,319
Total Governmental Activities	$ 4,613,667	$ (153,304)	$ 10,232	$ 4,450,131

Assets having a book value of $10,232 have been disposed of as they were no longer useful.

Depreciation expense of governmental activities totaled $330,586.

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NOTE 7 - CAPITAL ASSETS (CONTINUED)

Business-Type Activities

Capital Assets Not Being Depreciated	Balance 12/31/12 (As Restated)	Additions	Disposals	Balance 12/31/13
Land	$ 14,700	$ 0	$ 0	$ 14,700
Total, Not Being Depreciated	$ 14,700	$ 0	$ 0	$ 14,700
Capital Assets Being Depreciated				
Water and Sewer Distribution System	$ 4,747,887	$ 15,152	$ 0	$ 4,763,039
Vehicles	48,606	35,302	12,767	71,141
Equipment	315,936	400	43,260	273,076
Total Being Depreciated	$ 5,112,429	$ 50,854	$ 56,027	$ 5,107,256
Less Accumulated Depreciation:				
Water and Sewer Distribution System	$ (2,697,551)	$ (93,751)	$ 0	$ (2,791,302)
Vehicles	(45,046)	(8,841)	12,767	(41,120)
Equipment	(309,218)	(5,444)	43,260	(271,402)
Total Accumulated Depreciation	$ (3,051,815)	$ (108,036)	$ 56,027	$ (3,103,824)
Total Being Depreciated, Net	$ 2,060,614	$ (57,182)	$ 0	$ 2,003,432
Total Business-Type Activities	$ 2,075,314	$ (57,182)	$ 0	$ 2,018,132

Depreciation expense for the business-type activities totaled $108,036.

Depreciation expense was charged to the following functions:

Governmental Activities:	
General Government	$ 189,380
Public Safety	114,953
Street and Sanitation	17,740
Cultural and Recreation	8,513
Total Depreciation Expense - Governmental Activities	$ 330,586
Business-Type Activities:	
Water and Sewer Fund	$ 108,036
Total Depreciation Expense - Business-Type Activities	$ 108,036

Total Assets purchased under capital leases are as follows:

	Governmental Activities
Asset Cost	$ 379,287
Accumulated Depreciation	(126,326)
Totals	$ 252,961

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables result from the pooling of cash. The balances reflect current operations of funds which routinely require the reimbursement of grant funds. Individual fund interfund receivable and payable balances at December 31, 2013 are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	$ 316,861	$ 0
Enterprise Fund - Water and Sewer Fund	0	304,196
Grant and Hospitality Tax Fund	0	6,619
Debt Service Fund	0	6,046
Totals	$ 316,861	$ 316,861

NOTE 9 - RESTRICTED ASSETS

The City has recorded cash as restricted in the governmental-type activities and the business-type activities as follows:

Governmental-Type Activities	Restricted Cash
Fire Impact Fees	$ 69,875
City Court Bonds	12,919
Narcotics Confiscation Funds	2,661
Narcotics Enforcement Funds	7,812
Victims Service Funds	46,332
Auditorium Improvement Fund	390
Capital Construction	226,784
Debt Service Fund	9,761
	$ 376,534
Business-Type Activities	
Customer Deposits	$ 94,791
Waterworks and Sewer System Bond and Interest	82,973
Reserve Fund	223,027
Depreciation Fund	1,165
Contingency Fund	11,208
Water Impact Fees	31,910
Sewer Impact Fees	116,940
	$ 562,014

NOTE 10 - CAPITAL LEASES

The City's governmental activities have four (4) lease purchase agreements outstanding at December 31, 2013. These capital leases qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The business type activities did not have any capital leases outstanding as of December 31, 2013.

Future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 are as follows:

	Governmental Activities
2014	$ 54,701
2015	53,180
2016	40,461
2017	36,129
2018	36,129
2019-2022	107,208
Total Minimum Lease Payments	$ 327,808
Less Amounts Representing Interest	(29,428)
	$ 298,380

NOTE 11 - LONG-TERM DEBT

Long-term debt of the City consisted of the following at December 31, 2013:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 52,916	$ 0	$ (52,916)	$ 0	$ 0
RDA G.O. Bonds	1,178,925	0	(17,567)	1,161,358	17,936
Total Bonds Payable	$ 1,231,841	$ 0	$ (70,483)	$ 1,161,358	$ 17,936
Capital Leases	214,875	120,000	(36,495)	298,380	48,312
Compensated Absences	59,886	67,564	(59,886)	67,564	16,891
Totals	$ 1,506,602	$ 187,564	$ (166,864)	$ 1,527,302	$ 83,139

Rural Development Administration (RDA) bonds totaling $1,135,504 were approved by referendum and are not subject to the 8% total assessed valuation limit of $629,904.

NOTE 11 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities:	Beginning Balance (As Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds:					
2003 Refunding Bond	$ 1,075,125	$ 0	$ (161,164)	$ 913,961	$ 170,794
Total Revenue Bonds Payable	$ 1,075,125	$ 0	$ (161,164)	$ 913,961	$ 170,794
Compensated Absences	18,640	12,929	(18,640)	12,929	3,232
Totals	$ 1,093,765	$ 12,929	$ (179,804)	$ 926,890	$ 174,026

The beginning balance of long-term debt for business-type activities has been restated to report the deferred loss on refunding as a deferred outflow of resources resulting from the implementation of GASB Statement No. 65.

The general, special revenue, and enterprise funds generally liquidate other long-term liabilities, such as compensated absences.

On August 6, 2003, the City of Loris issued $2,290,000 Waterworks and Sewer System Revenue Bonds to refund the 1990A and 1990B revenue bonds and interest outstanding of $2,269,263. The payment of $2,269,263 was paid to United States Department of Agriculture - Rural Development. The economic gain of refunding the 1990A and 1990B bonds amount to $60,610. The excess of reacquisition price over carrying value of the refunded debt of $48,227 is being netted against the new debt and is being amortized over the life of the new bonds. Total debt service payments were reduced by $1,443,540 as a result of this refunding.

The City is required by bond ordinance to maintain the following special funds in conjunction with the 2003 Waterworks and Sewer System Refunding Revenue Bond:

1. 2003 Debt Service Fund - monthly installments are required so that the semi-annual payments of principal and interest can be met.

2. 2003 Debt Service Reserve Fund - an amount equal to one year's payments is to be maintained and on hand at the beginning of each fiscal year.

3. Depreciation Fund - monthly installments equal to one-twelfth (1/12) of the sum determined to be needed for that fiscal year are required.

4. Contingent Fund - monthly installments equal to one-twelfth (1/12) of the sum determined to be needed for that fiscal year are required.

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NOTE 11 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for obligations outstanding at December 31, 2013 are as follows:

General Obligation Bond Series 2012 (Issued 07/13/12)
Maturity Date July 11, 2052

Year	Interest Rate	Balance	Principal	Interest	Total Annual Payments
2014	3.50%	$ 1,121,832	$ 13,928	$ 39,268	$ 53,196
2015	3.50%	1,107,904	14,426	38,770	53,196
2016	3.50%	1,093,478	14,942	38,254	53,196
2017	3.50%	1,078,536	15,477	37,719	53,196
2018	3.50%	1,063,059	16,031	37,165	53,196
2019-2023	3.50%	1,047,028	89,178	176,802	265,980
2024-2028	3.50%	957,850	106,313	159,667	265,980
2029-2033	3.50%	851,537	126,741	139,239	265,980
2034-2038	3.50%	724,796	151,093	114,887	265,980
2039-2043	3.50%	573,703	180,126	85,854	265,980
2044-2048	3.50%	393,577	214,736	51,244	265,980
2049-2052	3.50%	178,841	178,841	11,778	190,619
Totals			$ 1,121,832	$ 930,647	$ 2,052,479

General Obligation Bond Series 2012 (Issued 07/13/12)
Maturity Date July 11, 2022

Year	Interest Rate	Balance	Principal	Interest	Total Annual Payments
2014	3.50%	$ 39,526	$ 4,008	$ 1,344	$ 5,352
2015	3.50%	35,518	4,154	1,198	5,352
2016	3.50%	31,364	4,304	1,048	5,352
2017	3.50%	27,060	4,460	892	5,352
2018	3.50%	22,600	4,622	730	5,352
2019-2022	3.50%	17,978	17,978	1,200	19,178
Totals			$ 39,526	$ 6,412	$ 45,938

NOTE 11 - LONG-TERM DEBT (CONTINUED)

2003 Waterworks and Sewer System Refunding Bond (Issued 08/06/03)
Maturity Date August 6, 2018

Year	Interest Rate	Balance	Principal	Interest February 25	Total Annual Payments
2014	3.60%	$ 913,961	$ 170,632	$ 28,284	$ 198,916
2015	3.60%	743,329	177,416	21,500	198,916
2016	3.60%	565,913	182,913	16,003	198,916
2017	3.60%	383,000	188,579	10,337	198,916
2018	3.60%	194,421	194,421	4,495	198,916
Totals			$ 913,961	$ 80,619	$ 994,580

The annual requirements to amortize all debt outstanding, including capital leases, as of December 31, 2013 are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	$ 65,778	$ 47,471	$ 113,249	$ 170,632	$ 28,284	$ 198,916
2015	66,048	45,680	111,728	177,416	21,500	198,916
2016	55,080	43,929	99,009	182,913	16,003	198,916
2017	52,194	42,483	94,677	188,579	10,337	198,916
2018	53,647	41,030	94,677	194,421	4,495	198,916
2019-23	209,141	183,225	392,366			
2024-28	106,313	159,667	265,980			
2029-33	126,741	139,239	265,980			
2034-38	151,093	114,887	265,980			
2039-43	180,126	85,854	265,980			
2044-48	214,736	51,244	265,980			
2049-52	178,841	11,778	190,619			
Totals	$ 1,459,738	$ 966,487	$ 2,426,225	$ 913,961	$ 80,619	$ 994,580

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NOTE 12 - LONG-TERM COMMITMENTS

On July 1, 1992, the City entered into a service contract with Grand Strand Water and Sewer Authority (GSWSA) whereby the City has agreed to purchase water treatment and distribution capacity in the "Bull Creek Project" constructed by GSWSA. The Bull Creek Project consists of a water treatment plant and water distribution system which treats and distributes surface water from Bull Creek, a tributary of the Great Pee Dee River. The City is required to pay a monthly service charge comprised of a capital charge and an operating expense charge that are designed to reflect the actual costs of furnishing the water capacity to the City.

Currently, annual costs to the City are as follows:

Capital Charge	$	130,409
Operating Expense Charge		208,653
Total	$	339,062

Capital charge is based on a minimum reserved treatment plant capacity of 350,000 gallons per day and reserved transmission system capacity of 1,000,000 gallons per day. Operating expense charge is based on projected metered water use of 350,000 gallons per day at a rate of $4.04 per thousand gallons. Actual charges are established annually on a prospective basis based upon GSWSA budget estimates. At the conclusion of each fiscal year GSWSA charges would be recalculated recognizing actual expenses and metered water use and previous charges would be adjusted accordingly. The contract remains in effect for as long as the project is in operation, or the bonds, or additional bonds, issued by GSWSA to finance the project are outstanding. It is currently estimated the contract will extend to the fiscal year ending December 31, 2022.

NOTE 13 - CONTINGENCIES

As of December 31, 2013, actions have been alleged against the City in which it has denied liability. Any liability would be covered by the Insurance Reserve Fund up to the policy limit. The outcome or the amount of recovery, if any, cannot be predicted with any certainty. Accordingly, no liability has been recorded.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

The City of Loris contributes to the South Carolina Retirement System (SCRS) and to the Police Officers Retirement System (PORS). Title 9-1-480 Code of Laws of South Carolina, 1976 (as amended), states that all eligible persons, except those specifically excluded, shall become members of SCRS or PORS as a condition of their employment. The responsibility for administration of the system is assigned by law to the State Budget & Control Board.

SCRS and PORS are both maintained as a cost-sharing multiple-employer Public Employees Retirement System (PERS).

Generally all full-time employees who are responsible for the preservation of the public order are members of the PORS and the remaining City employees are members of the SCRS.

South Carolina Retirement System (SCRS): Covered general City employees participate in the SCRS, a cost-sharing, multiple-employer, defined benefit pension plan. The SCRS provides retirement and disability benefits, with cost of living adjustments on an ad hoc basis, life insurance benefits, and survivor benefits. Members contributed 7.00% of their compensation for January 2013 through June 2013 and 7.50% of their compensation for July 2013 through December 2013. From January 1, 2013 until June 30, 2013 the employer contributed 10.60% of the total member compensation which includes .15% for group life insurance for covered employees for the year. From July 1, 2013 until December 31, 2013 the employer contributed 10.60% of the total member compensation which includes .15% for group term insurance. Member compensation includes TERI retirees.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Employees attaining the age of 65 or having 28 years of credited service are entitled to 1.82% of average final compensation. Other available benefits include group life insurance coverage after one year's membership, (immediate coverage if death is job related), disability coverage after five year's membership (immediate coverage if job related), vesting rights after five year's membership (with survivor allowance after 15 years creditable service or age 65). Benefit provisions are established under the authority of Title 9 of the SC Code of Laws.

The benefits at retirement are determined by the following formula: 1.82% of an employee's average final compensation multiplied by the number of years of credited service.

Police Officers Retirement System (PORS): Covered City employees (i.e. whose principle duties are the preservation of public order) are required to participate in the PORS, a cost-sharing, multiple-employer, defined benefit pension plan. The PORS provides both retirement and death benefits on an employee and employer contribution basis. Member employees contribute 7.00% of their compensation for January 2013 through June 2013 and 7.84% of their compensation for July 2013 through December 2013. For the period January 1, 2013 until June 30, 2013, the required employer contribution was 12.30% of the total member compensation which includes .20% for group life insurance for covered employees for the year and .20% of total member compensation for accidental death benefits. For the period July 1, 2013 until December 31, 2013, the required employer contribution was 12.84% of total member compensation which includes .20% for group life insurance for covered employees for the year and .20% of total member compensation for accidental death benefits. As a member of the PORS an employee can elect to retire after reaching age 55 with at least five years of credited service, or 25 years of service credit regardless of age. Another option available is when an employee has completed five years of credited service prior to age 55, they can retire yet defer their retirement allowance until they reach age 55. Other benefits include disability coverage after five year's membership (immediate coverage if job related), group life insurance coverage after one year of credited service (immediate coverage if job related), accidental death program allowing a monthly pension equal to 50% of the member's budgeted compensation at the time of death, and vesting rights after five year's membership. Benefit provisions are established under the authority of Title 9 of the SC Code of Laws.

The benefits at retirement are determined by the following formula: 2.14% of an employee's average final compensation multiplied by the number of years of credited service.

For the year ended December 31, 2013:

	Payroll Covered	Contributions		
		Employee	Employer	Total
SCRS	$ 702,906	$ 51,103	$ 74,508	$ 125,611
PORS	323,848	24,153	40,787	64,940
Totals	$ 1,026,754	$ 75,256	$ 115,295	$ 190,551

Three Year Trend Information:

Fiscal Year Ended	SCRS Annual Employer Contribution	PORS Annual Employer Contribution	Percentage Contributed For Current Year
12/31/13	$ 74,508	$ 40,787	100%
12/31/12	$ 73,846	$ 36,413	100%
12/31/11	$ 71,971	$ 34,276	100%

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

All contributions were equal to the required contributions for each year.

Ten-year historical trend information presenting the SCRS and PORS progress in accumulating sufficient assets to pay benefits when due is presented in the Component Unit Financial Report issued annually by the South Carolina Retirement Systems. A Comprehensive Annual Financial Report containing financial statements and required supplemental information for the South Carolina Retirement System and Police Officer Retirement System is issued and publicly available by writing the South Carolina Retirement System , P.O. Box 11960, Columbia, SC 29211-1960.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

NOTE 15 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred inflows of resources in the governmental fund represents current year taxes which do not meet the availability criteria for recognition of $147,739, deferred court fines of $61,382, and deferred business licenses of $131. Deferred outflows of resources in the business-type activities are the deferred loss on refunding bonds amortized over the life of the bonds. The deferred inflows of resources in the governmental activities are court bonds that are unearned at December 31, 2013.

NOTE 16 - FIRE IMPACT FEES

The City of Loris collected $69,012 in fire impact fees; expenditures were paid during the current year for equipment repairs and debt service expenses.

NOTE 17 - RISK MANAGEMENT

The City is exposed to various risks of loss and pays insurance premiums to certain state agencies and commercial insurers to cover risks that occur in normal operations. Management believes such coverage is sufficient to preclude any significant losses for the covered risk. There were no significant reductions in insurance coverage from the previous year and there have been no claims in excess of coverage during the last three years.

Several State funds accumulate assets and the State itself assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (Employment Security Commission);
2. Claims of covered employees for workers compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services);
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Retirement Systems).

NOTE 18 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities reported in the statement of net position. One element of that reconciliation explains that "capital assets" used in the governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $4,450,131 are as follows:

Capital Assets	$ 7,460,735
Accumulated Depreciation	(3,010,604)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 4,450,131

Another element of that reconciliation is the "other long-term assets, such as property taxes, court fines, and ambulance fees are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the fund financial statements." The details of this $199,720 are as follows:

Property Taxes deferred in governmental fund statement	$ 147,739
Court Fines deferred in governmental fund statement	51,850
Deferred Business License	131
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$ 199,720

Another element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this ($1,529,414) are as follows:

Bonds Payable	$ (1,161,358)
Accrued Interest Payable	(2,112)
Capital Leases Payable	(298,380)
Compensated Absences	(67,564)
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	$ (1,529,414)

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NOTE 18 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The loss on disposal of capital assets with a remaining book value of $10,232 has also been included. The details of this ($166,711) difference are as follows:

Capital Outlay	$ 174,107
Depreciation Expense	(330,586)
Loss on Disposal of Capital Assets	(10,232)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (166,711)

Another element of that reconciliation explains that "revenues in the statement of activities, such as property taxes, and court fines that will not be collected for several months after year-end and do not provide for current financial resources, are not reported as revenues in the funds." The details of that element are as follows:

Court Fines	$ 7,857
Property Taxes	(27,971)
Business Licenses	(132)
Hospitality Taxes	(473)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (20,719)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governments report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this ($13,022) are as follows:

General Obligation Bond Proceeds	$ (120,000)
Principal Repayments:	
General Obligation Debt	70,483
Capital Lease	36,495
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (13,022)

NOTE 18 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds." The details of this ($6,801) difference are as follows:

Compensated Absences	$	(7,678)
Accrued Interest		877
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(6,801)

NOTE 19 – RESTATEMENT OF NET POSITION

Governmental Activities Net Position, As Originally Reported	$	5,322,510
GASB 65 Implementation – Deferred charges included in prior year for unamortized bond issuance costs		(800)
Governmental Activities Net Position, As Restated	$	5,321,710
Business-Type Activities Net Position, As Originally Reported	$	2,261,010
GASB 65 Implementation – Deferred charges included in prior year for unamortized bond issuance costs		(10,035)
Business-Type Activities Net Position, As Restated	$	2,250,975

NOTE 20 – SPECIAL ITEM

Property with an appraised value of $148,000 was donated to the City of Loris. The property was sold at a loss of $22,120 which includes closing cost and commission paid by the City resulting in net proceeds of $125,880, which is reported as a special item in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF LORIS, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	$ 933,196	$ 933,196	$ 984,694	$ 51,498
Licenses and Permits	689,750	689,750	738,362	48,612
Fines and Forfeitures	6,000	6,000	27,832	21,832
Intergovernmental Revenue	303,421	303,421	394,981	91,560
Charges for Current Services	504,143	504,143	483,306	(20,837)
Interest Earned	1,045	1,045	756	(289)
Other Revenues	11,250	11,250	50,557	39,307
TOTAL REVENUES	$ 2,448,805	$ 2,448,805	$ 2,680,488	$ 231,683
EXPENDITURES				
Current				
General Government	436,783	436,783	394,436	42,347
Police Department	572,238	572,238	557,791	14,447
Fire Department	170,301	170,301	252,358	(82,057)
Street and Sanitation Department	817,182	817,182	744,487	72,695
Recreation Department	134,526	134,526	155,180	(20,654)
Maintenance Department	65,956	65,956	77,057	(11,101)
Capital Outlay	44,500	44,500	174,107	(129,607)
Debt Service	167,029	167,029	99,133	67,896
TOTAL EXPENDITURES	$ 2,408,515	$ 2,408,515	$ 2,454,549	$ (46,034)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 40,290	$ 40,290	$ 225,939	$ 185,649
OTHER FINANCING SOURCES (USES)				
Lease Purchase Proceeds	0	0	120,000	120,000
Transfers To/From Other Funds	(40,290)	(40,290)	0	40,290
TOTAL OTHER FINANCING SOURCES (USES)	$ (40,290)	$ (40,290)	$ 120,000	$ 160,290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ 0	$ 0	$ 345,939	$ 345,939
SPECIAL ITEMS				
Proceeds From Sale of Donated Property	0	0	125,880	125,880
NET CHANGE IN FUND BALANCE	0	0	471,819	471,819
FUND BALANCE, Beginning of Year	1,445,232	1,445,232	1,445,232	0
FUND BALANCE, End of Year	$ 1,445,232	$ 1,445,232	$ 1,917,051	$ 471,819

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A: BUDGETARY PROCESS

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

1. Prior to November 1, the City Administrator submits to the City Council a proposed operating budget for the year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public Hearings are conducted to obtain taxpayer comment.

3. Prior to December 31, the budget is legally enacted through passage of an ordinance.

4. City Council is provided with monthly financial reports which include budget comparisons and variances.

5. The City Administrator is authorized to transfer budgeted amounts between departments within a fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council. Accordingly, the legal level of control is at the fund level.

6. The City employs formal budgetary integration as a management control device during the year and legally adopts a budget for the General Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles.

7. Appropriations lapse at the end of each fiscal year.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not used by the City of Loris and accordingly is not a part of the budgetary process.

B: PRESENTATION

The budgetary comparison schedule presents the general fund and each major special revenue fund for which an annual budget is legally adopted. A budget was not legally adopted for the Grant and Hospitality Tax Fund. As such, it has been excluded from the budgetary comparison presentation.

NOTE 2- EXPENDITURES EXCEEDED APPROPRIATIONS

Actual expenditures exceed budgeted appropriations in the amount of $46,034. The expenditures were approved and funded by revenues received that exceeded budgeted revenues, capital lease proceeds, and existing fund balance.

INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is the major operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	2013	2012
ASSETS		
Cash on Hand	$ 400	$ 300
Cash Unrestricted	765,148	354,351
Property Taxes Receivable (Net of Allowance for Uncollectible Amounts)	451,209	503,149
Franchise Fees Receivable	114,655	109,331
Accounts Receivable (Net of Allowance for Doubtful Accounts)	613	16,776
Receivable from Horry County Treasurer	286,876	288,810
Receivable from Other Governmental Agencies	34,789	27,599
Due from Other Funds	316,861	329,710
Court Fines Receivable (Net of Allowance for Uncollectible Amounts)	51,850	44,064
Other Receivables	40	4,207
Inventory	4,013	4,268
Cash in Banks - Restricted		
City Court Bonds	12,919	26,251
Confiscations	2,661	2,660
Fire Impact Fees	69,875	994
Narcotics Enforcement	7,812	7,809
Victims Services	46,332	45,207
Auditorium Improvement Account	390	390
TOTAL ASSETS	$ 2,166,443	$ 1,765,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 25,539	$ 67,724
Salaries Payable & Employee Benefits Payable	16,283	11,200
Due to State	1,884	9,453
Confiscations	7,016	7,016
TOTAL LIABILITIES	$ 50,722	$ 95,393
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax	$ 137,157	$ 171,738
Deferred Court Fines	61,382	53,250
Deferred Business Licenses	131	263
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 198,670	$ 225,251
FUND BALANCE		
Nonspendable:		
Inventory	$ 4,013	$ 4,268
Restricted For:		
Public Safety	56,805	55,676
Capital Projects	69,875	994
Unassigned	1,786,358	1,384,294
TOTAL FUND BALANCE	$ 1,917,051	$ 1,445,232
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 2,166,443	$ 1,765,876

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
REVENUES	**BUDGET**	**ACTUAL**	**VARIANCE FAVORABLE (UNFAVORABLE)**	**2012 ACTUAL**
Property taxes				
2012 Property Tax	$ 853,196	$ 507,161	$ (346,035)	$ 445,170
Prior Years Tax	112,000	480,859	368,859	560,439
Penalties	18,000	22,544	4,544	18,559
Refunds	(50,000)	(25,870)	24,130	(77,050)
Licenses and Permits				
Business Licenses	230,000	219,399	(10,601)	241,106
MASC Revenue	300,000	364,383	64,383	296,790
Brokers Tax	12,000	1	(11,999)	11,477
Business License Penalties	1,500	1,040	(460)	1,173
Franchise Fees	132,750	137,607	4,857	132,712
Building Permits	12,000	14,832	2,832	15,783
Planning/Zoning Revenue	500	250	(250)	325
Other Permits	1,000	850	(150)	1,020
Fines and Forfeitures				
Police Fines	40,000	56,272	16,272	60,750
Victim's Services Funds	6,000	4,508	(1,492)	4,861
Less Payments to State Agencies	(40,000)	(32,948)	7,052	(39,925)
Intergovernmental Revenue				
Local Government State Aid	52,000	51,685	(315)	52,904
Inventory Exemption Tax	30,401	30,402	1	30,402
Motor Carrier Fees	1,000	969	(31)	27
Homestead Exemption Tax	46,820	49,326	2,506	45,877
Accomodations Tax	0	45	45	0
Road Tax Revenue	45,000	42,433	(2,567)	52,735
Horry County School District	20,000	20,747	747	19,787
Horry County Contribution Recreation	8,000	120	(7,880)	960
Manufacturers Reim Dist	350	2,122	1,772	0
PRT Grant State	0	14,400	14,400	0
Santee Cooper Underground Line	0	74,020	74,020	0
Fire Fighters Grant	0	8,863	8,863	0
Fire Contracts	99,850	99,849	(1)	95,095
Charges for Services				
Solid Waste Services	405,636	384,821	(20,815)	408,739
Recreation Department Fees and Donations	25,000	29,473	4,473	65,170
Fire Impact Fees	73,507	69,012	(4,495)	2,829
Interest Earned	1,045	756	(289)	579
Other Revenue				
Rent	5,000	1,450	(3,550)	4,150
Prayer Breakfast Donation	200	9	(191)	10
Police Calender	550	794	244	0
Sales Tax Refund	0	0	0	2,909
Miscellaneous	5,000	9,817	4,817	9,432
Property Damage Recovery	0	5,060	5,060	18,015

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
REVENUES (CONTINUED)	**BUDGET**	**ACTUAL**	**VARIANCE FAVORABLE (UNFAVORABLE)**	**2012 ACTUAL**
Other Revenue (continued)				
SCLGAG Refund	$ 0	$ 6,989	$ 6,989	$ 44,928
Fire Reimbursement Furniture	0	0	0	9,930
Liquor Operating Permit	300	4,700	4,400	294
Sale of Scrap Metal	0	18,876	18,876	0
Donations	0	2,662	2,662	0
Election Filing Fees	200	200	0	0
TOTAL REVENUES	$ 2,448,805	$ 2,680,488	$ 231,683	$ 2,537,962
EXPENDITURES				
General Government				
Current				
Salaries				
Mayor and Council	$ 15,300	$ 15,300	$ 0	$ 15,300
Administration, City Court & Planning	177,116	175,756	1,360	159,978
FICA Expense	14,754	14,615	139	13,409
Retirement Expense	19,871	18,869	1,002	17,130
Health Insurance	22,863	21,256	1,607	19,334
Workers' Compensation	2,822	2,234	588	2,139
Unemployment Compensation	2,500	0	2,500	0
Safety Incentive	425	0	425	0
Office Supplies and Expense	12,555	9,954	2,601	12,250
Pest Control	200	225	(25)	100
Dues and Subscriptions	403	3,521	(3,118)	985
Administrative Services	35,075	0	35,075	0
Gas & Diesel Fuel	4,500	5,600	(1,100)	5,182
Election Expense	1,000	882	118	0
Transportation	270	328	(58)	537
Food, Lodging, & Registration	6,500	5,463	1,037	6,248
Utilities	13,000	15,896	(2,896)	12,174
Telephone and Postage	13,900	12,514	1,386	15,776
Fidelity Bonding	137	137	0	137
Insurance	21,292	15,475	5,817	21,266
Repairs and Maintenance -				
Vehicles and Equipment	10,300	6,909	3,391	10,585
Buildings	500	7,011	(6,511)	5,148
Supplies	7,300	6,154	1,146	7,587
Training and Schools	500	175	325	322
Donations and Flowers	1,100	704	396	1,077
Advertising	1,000	1,270	(270)	330
Rent	7,000	7,057	(57)	8,530
Professional Services	36,100	36,180	(80)	29,738
Juror Fees	300	0	300	0
Property Tax Expense	0	0	0	593
Sales Tax	2,500	757	1,743	0
Miscellaneous	100	10,194	(10,094)	1,511
Debt Set Off	2,100	0	2,100	0
Planning Midwest Operation	0	0	0	806

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
EXPENDITURES (CONTINUED)	**BUDGET**	**ACTUAL**	**VARIANCE FAVORABLE (UNFAVORABLE)**	**2012 ACTUAL**
General Government (continued)				
Current (continued)				
Victims Service Surcharge	$ 3,500	$ 0	$ 3,500	$ 0
Capital Outlay	21,500	4,601	16,899	89,244
Police Department				
Current				
Salaries	347,245	342,465	4,780	349,045
Overtime	8,000	11,546	(3,546)	17,965
FICA Expense	27,266	26,990	276	27,985
Retirement Expense	43,054	43,457	(403)	43,904
Health Insurance	56,480	59,264	(2,784)	58,470
Workers' Compensation	13,371	11,944	1,427	10,111
Safety Incentive	1,150	0	1,150	0
Office Supplies and Expense	2,200	791	1,409	871
Dues and Subscriptions	400	250	150	165
Gas, Oil and Servicing	18,500	21,142	(2,642)	22,892
Utilities	7,800	0	7,800	522
Telephone and Postage	8,000	6,747	1,253	12,651
Repairs and Maintenance -				
Vehicles and Equipment	10,000	8,620	1,380	13,162
Building	2,000	129	1,871	152
Uniforms	2,600	662	1,938	1,747
Training and Schools	700	0	700	0
Supplies	2,000	1,852	148	5,768
Insurance	15,022	14,332	690	13,519
Miscellaneous	500	1	499	2,937
Professional Services	1,300	3,182	(1,882)	4,063
Advertising	150	0	150	0
Equipment Rental	1,500	2,653	(1,153)	1,943
Food, Lodging, & Registration	500	75	425	0
Transportation	400	0	400	0
Juvenile Detention	1,600	1,339	261	954
Pest Control	500	350	150	270
Capital Outlay	12,000	0	12,000	109,239
Fire Department				
Current				
Fire Calls and Reporting	95,447	128,860	(33,413)	117,462
Workers' Compensation	6,994	5,769	1,225	6,023
Utilities	4,500	15,007	(10,507)	2,500
Office Supplies and Expense	100	221	(121)	247
Telephone and Postage	1,300	4,291	(2,991)	9,895
Gas, Oil and Servicing	6,000	8,794	(2,794)	8,222
FICA Expense	7,300	9,858	(2,558)	8,986
Retirement Expense	4,839	6,946	(2,107)	3,884
Pest Control	480	270	210	190
Custodial Services	10,000	0	10,000	0

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

EXPENDITURES (CONTINUED)	2013 BUDGET	2013 ACTUAL	2013 VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Fire Department (continued)				
Current (continued)				
Insurance	$ 11,291	$ 10,768	$ 523	$ 11,105
Miscellaneous	0	49	(49)	4,283
Unemployment Compensation	200	0	200	0
Repairs and Maintenance -				
Vehicles and Equipment	12,000	45,395	(33,395)	31,352
Buildings	0	995	(995)	0
Operating Supplies	2,500	5,948	(3,448)	10,677
Rent	0	1,821	(1,821)	4,851
Training and Schools	400	211	189	61
Protective Clothing	6,000	1,381	4,619	2,860
Dues and Subscriptions	100	253	(153)	120
Food, Lodging & Registration	250	302	(52)	841
Professional Services	600	4,637	(4,037)	2,795
Transportation	0	512	(512)	0
Advertising	0	70	(70)	0
Capital Outlay	10,000	142,775	(132,775)	197,202
Street and Sanitation Department				
Current				
Salaries	175,805	160,234	15,571	145,352
Overtime	4,000	13,379	(9,379)	13,782
FICA Expense	13,785	13,261	524	12,208
Retirement Expense	19,133	18,108	1,025	15,456
Health Insurance	37,653	27,680	9,973	28,974
Workers' Compensation	15,063	11,589	3,474	10,039
Gas, Oil and Servicing	18,500	19,551	(1,051)	22,682
Electricity - Heating Fuel	78,000	91,325	(13,325)	84,854
Telephone and Postage	500	308	192	566
Repairs and Maintenance -				
Vehicles, Equipment and Roads	26,000	35,145	(9,145)	32,032
Leaf & Limb/Tipping	6,500	10,808	(4,308)	1,158
Const & Dem Debris Fee	2,000	0	2,000	1,661
Uniforms	3,400	3,445	(45)	3,202
Office Supplies	0	19	(19)	49
Professional Services	0	1,051	(1,051)	3,491
Equipment Rental	100	3,209	(3,109)	11
Supplies	11,100	19,147	(8,047)	15,180
Insurance	12,305	8,722	3,583	9,123
Sanitation Fees	330,000	307,216	22,784	371,586
Safety Incentive	700	0	700	0
Underground Line - Santee Cooper	59,663	0	59,663	55,780
Advertising	0	290	(290)	0
Local Match Streetscape	2,975	0	2,975	0
Capital Outlay	0	1,475	(1,475)	24,130
Recreation Department				
Current				
Salaries	55,736	55,349	387	44,127

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
EXPENDITURES (CONTINUED)	**BUDGET**	**ACTUAL**	**VARIANCE FAVORABLE (UNFAVORABLE)**	**2012 ACTUAL**
Recreation Department (continued)				
Overtime	$ 0	$ 3,798	$ (3,798)	$ 3,381
FICA Expense	4,270	4,558	(288)	3,663
Retirement Expense	4,155	4,478	(323)	3,613
Health Insurance	5,379	7,033	(1,654)	4,907
Workers' Compensation	2,222	1,889	333	1,544
Insurance	11,564	6,298	5,266	6,936
Office Supplies	100	87	13	46
Telephone	1,500	1,268	232	1,589
Advertising	0	45	(45)	0
Utilities	8,000	7,724	276	8,203
Pest Control	800	0	800	800
Gas, Oil and Servicing	1,500	3,021	(1,521)	1,912
Heating Fuel	1,750	0	1,750	0
Repairs and Maintenance -				
Vehicles and Equipment	1,200	5,024	(3,824)	3,045
Buildings	4,000	10,643	(6,643)	10,171
Professional Fees-Officiating	8,500	9,380	(880)	10,750
Supplies	20,000	30,425	(10,425)	23,997
Dues and Subscriptions	1,000	513	487	530
Miscellaneous	0	385	(385)	0
Safety Incentive	100	0	100	0
Water & Sewer	1,700	1,824	(124)	1,656
Equipment Rental	1,050	1,438	(388)	1,359
Capital Outlay	1,000	25,256	(24,256)	1,751
Maintenance Department				
Current				
Salaries	30,879	31,314	(435)	30,008
Overtime	1,500	1,686	(186)	2,213
FICA Expense	2,485	2,512	(27)	2,436
Retirement Expense	3,442	3,531	(89)	3,785
Health Insurance	5,379	5,429	(50)	5,323
Workers' Compensation	1,576	1,261	315	1,395
Insurance	2,709	1,936	773	1,576
Telephone	600	538	62	535
Utilities	2,000	2,102	(102)	2,102
Heating Fuel	500	913	(413)	538
Gas, Oil and Servicing	4,400	4,137	263	5,168
Repairs and Maintenance -				
Vehicles and Equipment	1,150	2,827	(1,677)	3,598
Buildings	0	1,110	(1,110)	0
Professional Services	0	113	(113)	0
Supplies	6,000	16,579	(10,579)	16,923
Uniforms	536	495	41	513
Safety Incentive	100	0	100	0
Rent	2,700	574	2,126	2,784

CITY OF LORIS, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE AMOUNTS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
EXPENDITURES (CONTINUED)	**BUDGET**	**ACTUAL**	**VARIANCE FAVORABLE (UNFAVORABLE)**	**2012 ACTUAL**
Nondepartmental				
Debt Service				
Principal	$ 156,853	$ 89,411	$ 67,442	$ 256,792
Interest	10,176	9,722	454	19,872
TOTAL EXPENDITURES	$ 2,408,515	$ 2,454,549	$ (46,034)	$ 2,920,164
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 40,290	$ 225,939	$ 185,649	$ (382,202)
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	$ 0	$ 120,000	$ 120,000	$ 171,739
Transfer To/From Other Funds	(40,290)	0	40,290	0
TOTAL OTHER FINANCING SOURCES (USES)	$ (40,290)	$ 120,000	$ 160,290	$ 171,739
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	$ 0	$ 345,939	$ 345,939	$ (210,463)
SPECIAL ITEM				
Proceeds From Sale of Donated Property	0	125,880	125,880	0
NET CHANGE IN FUND BALANCE	0	471,819	471,819	(210,463)
FUND BALANCE, Beginning of Year	1,445,232	1,445,232	0	1,655,695
FUND BALANCE, End of Year	$ 1,445,232	$ 1,917,051	$ 471,819	$ 1,445,232

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. The City of Loris has set up a Grant and Hospitality Tax Fund to account for grants received for specific purposes.

CITY OF LORIS, SOUTH CAROLINA
SPECIAL REVENUE FUND
GRANT AND HOSPITALITY TAX FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	2013	2012
ASSETS		
Cash	$ 347,059	$ 305,674
Cash - Restricted	226,784	218,000
Accounts Receivable	4,767	5,429
Other Receivable	219	219
TOTAL ASSETS	$ 578,829	$ 529,322
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Due to Other Funds	$ 6,619	$ 6,619
TOTAL LIABILITIES	$ 6,619	$ 6,619
DEFERRED INFLOWS OF RESOURCES		
Deferred Hospitality Tax	$ 0	$ 473
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 0	$ 473
FUND BALANCE		
Restricted for:		
Tourism and Promotion	$ 345,426	$ 300,524
Capital Projects	213,128	207,472
Committed to:		
Capital Projects	13,656	14,234
TOTAL FUND BALANCE	$ 572,210	$ 522,230
TOTAL LIABILITIES , DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 578,829	$ 529,322

CITY OF LORIS, SOUTH CAROLINA
SPECIAL REVENUE FUND
GRANT AND HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	2013	2012
REVENUES		
Community Development Block Grant	$ 0	$ 327,046
RDA Grant Proceeds	0	55,000
Hospitality Tax	59,620	58,588
Penalties - Hospitality Tax	35	76
Miscellaneous	0	30
Interest	325	592
TOTAL REVENUES	$ 59,980	$ 441,332
EXPENDITURES		
Main Street USA		
Supplies	579	1,163
Hospitality Tax Fund		
Supplies	1,276	2,444
Miscellaneous	26	33
Beautification	3,242	3,250
Public Safety Building Project CDBG		
Professional Services	0	2,735
Administrative Services	0	30,000
Construction Costs	0	297,046
Public Safety Building Project RDA		
Construction Costs	0	378,552
Professional Services	0	12,484
Miscellaneous	0	35
Maintenance and Repairs	4,877	0
Carter Building USDA Project #6		
Construction Costs	0	62,000
Debt Service		
Principal	0	1,028,070
Interest	0	12,938
TOTAL EXPENDITURES	$ 10,000	$ 1,830,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 49,980	$ (1,389,418)
OTHER FINANCING SOURCES (USES)		
RDA Bond Proceeds Public Safety Building	0	1,142,300
RDA Bond Proceeds Carter Building	0	45,000
TOTAL OTHER FINANCING SOURCES (USES)	$ 0	$ 1,187,300

CITY OF LORIS, SOUTH CAROLINA
SPECIAL REVENUE FUND
GRANT AND HOSPITALITY TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	2013	2012
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	$ 49,980	$ (202,118)
FUND BALANCE, Beginning of Year	522,230	724,348
FUND BALANCE, End of Year	$ 572,210	$ 522,230

DEBT SERVICE FUND

The Debt Service Fund is a governmental fund which accounts for proceeds restricted for debt payments.

CITY OF LORIS, SOUTH CAROLINA
DEBT SERVICE FUND
BALANCE SHEET
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	2013	2012
ASSETS		
Due From Horry County Treasurer	$ 22,131	$ 21,325
Property Taxes Receivable (Net of Allowance for Uncollectible Amounts)	35,195	29,679
Cash in Banks - Restricted		
Debt Service	9,761	4,866
TOTAL ASSETS	$ 67,087	$ 55,870
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Due to Other Funds	$ 6,046	$ 22,165
TOTAL LIABILITIES	$ 6,046	$ 22,165
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax	$ 10,582	$ 3,972
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 10,582	$ 3,972
FUND BALANCE		
Restricted for:		
Debt Service	$ 50,459	$ 29,733
TOTAL FUND BALANCE	$ 50,459	$ 29,733
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 67,087	$ 55,870

CITY OF LORIS, SOUTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012

	2013	2012
REVENUES		
Tax Revenue	$ 79,259	$ 51,898
Interest Income	15	0
TOTAL REVENUES	$ 79,274	$ 51,898
EXPENDITURES		
Debt Service		
Principal	17,567	6,796
Interest	40,981	15,369
TOTAL EXPENDITURES	$ 58,548	$ 22,165
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 20,726	$ 29,733
FUND BALANCE, Beginning of Year	29,733	0
FUND BALANCE, End of Year	$ 50,459	$ 29,733

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be financed or recovered primarily through user charges. For the City of Loris, the Waterworks and Sewer System Fund is used to account for all financial resources associated with furnishing water and sewer service to domestic and industrial users and the activity reflected in this fund encompasses all activity properly described as enterprise operations of the City. Though it is not required by generally accepted accounting principles, the City formally adopts and integrates budget amounts for the Waterworks and Sewer System Fund, and budget amounts are disclosed in these individual fund statements for analysis purposes.

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash	$ 307,627	$ 290,160
Accounts Receivable (Net of Allowance for Doubtful Accounts)	145,517	148,415
Miscellaneous Receivables	1,718	1,847
Note Receivable GSWSA - Current	124,092	110,046
Inventory	10,820	19,779
TOTAL CURRENT ASSETS	$ 589,774	$ 570,247
RESTRICTED ASSETS		
Cash in Bank and Temporary Investments		
Customer Deposits	94,791	93,566
Waterworks and Sewer System Revenue Bonds - 2003		
Series Bond and Interest Redemption Fund	82,973	82,694
Reserve Fund	223,027	222,139
Depreciation Fund	1,165	1,165
Contingent Fund	11,208	11,185
Water Impact Fees	31,910	28,320
Sewer Impact Fees	116,940	114,228
TOTAL RESTRICTED ASSETS	$ 562,014	$ 553,297
CAPITAL ASSETS		
Land and Improvements	14,700	14,700
Water and Sewer System	4,763,039	4,747,887
Departmental Equipment	344,217	364,542
Less: Accumulated Depreciation	(3,103,824)	(3,051,815)
TOTAL CAPITAL ASSETS	$ 2,018,132	$ 2,075,314
OTHER ASSETS		
Note Receivable GSWSA - Longterm	495,151	619,243
TOTAL OTHER ASSETS	$ 495,151	$ 619,243
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss of Refunding Bond	16,077	19,292
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 16,077	$ 19,292
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,681,148	$ 3,837,393

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

LIABILITIES

	2013	2012
CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)		
Accounts Payable	$ 18,821	$ 80,601
Accrued Salaries and Benefits	2,959	2,290
Accrued Vacation Payable	3,232	4,660
Due to Other Funds	304,196	300,926
TOTAL CURRENT LIABILITIES (PAYABLE FROM CURRENT ASSETS)	$ 329,208	$ 388,477
CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)		
Customer Deposits	94,791	93,566
Accrued Interest Payable	12,981	15,270
Bonds Payable (within one year)	170,794	163,601
Accrued Vacation Payable	9,697	13,980
TOTAL CURRENT LIABILITIES (PAYABLE FROM RESTRICTED ASSETS)	$ 288,263	$ 286,417
LONG-TERM DEBT		
Waterworks and Sewer System Refunding Revenue Bonds - 2003	913,961	1,075,125
Less: Current Portion of Long-Term Debt	(170,794)	(163,601)
TOTAL LONG-TERM DEBT	$ 743,167	$ 911,524
TOTAL LIABILITIES	$ 1,360,638	$ 1,586,418
NET POSITION		
Net Investment in Capital Assets	1,104,171	1,000,189
Restricted for Debt Service	306,000	304,833
Restricted for Contingencies and Capital Improvements	161,223	154,898
Unrestricted	749,116	791,055
TOTAL NET POSITION	$ 2,320,510	$ 2,250,975

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
OPERATING REVENUES				
Water Charges	$ 563,550	$ 674,358	$ 110,808	$ 675,837
Sewer Charges	630,000	772,696	142,696	774,036
Penalties and Reconnection Fees	27,950	40,556	12,606	44,363
Water Tap Fees	3,000	5,075	2,075	2,050
Sewer Tap Fees	1,000	1,100	100	650
Lift Station	0	3,796	3,796	0
Miscellaneous	600	727	127	345
TOTAL OPERATING REVENUES	$ 1,226,100	$ 1,498,308	$ 272,208	$ 1,497,281
OPERATING EXPENSES				
Water Department				
Personal Services				
Salaries and Wages	$ 168,951	$ 90,302	$ 78,649	$ 137,323
Overtime	6,000	6,401	(401)	8,710
FICA Expense	13,426	7,197	6,229	11,091
Retirement	18,604	10,555	8,049	15,163
Health Insurance	32,038	17,908	14,130	25,636
Workers' Compensation	8,221	3,572	4,649	6,382
Supplies, Maintenance and Repairs				
Office Supplies and Expense	11,600	670	10,930	1,771
Operating Supplies	22,000	23,110	(1,110)	25,141
Maintenance - Lines	8,000	10,844	(2,844)	26,998
Vehicle & Equipment Repairs	5,500	10,628	(5,128)	10,292
Insurance	8,059	5,498	2,561	7,672
Fidelity Bond	500	563	(63)	563
Professional Fees	13,000	22,946	(9,946)	18,634
Other Services and Charges				
Advertising	400	300	100	300
Dues and Subscriptions	600	729	(129)	290
Gas, Oil and Servicing	7,000	11,725	(4,725)	7,792
Utilities	4,000	2,239	1,761	10,164
Telephone and Postage	4,600	6,014	(1,414)	5,284
Rental of Equipment	5,000	1,264	3,736	6,028

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Operating Expenses (continued)				
Water Department (continued)				
Other Services and Charges (continued)				
Permits & Fees DHEC	$ 6,850	$ 8,274	$ (1,424)	$ 3,240
Uniforms	1,600	1,151	449	1,581
Training and Schools	500	0	500	0
Miscellaneous Expense	5,000	11,393	(6,393)	11,606
Safety Incentive	550	0	550	0
Food, Lodging & Registration	0	400	(400)	281
Maintenance, Water Tanks	32,895	32,865	30	32,865
Water Purchases - Consumption	100,000	208,653	(108,653)	123,891
Water Purchases - Fixed	87,000	130,409	(43,409)	106,797
System Pipe & Fittings	6,000	0	6,000	0
Streetscape Improvements	2,000	0	2,000	0
Sewer Department				
Personal Services				
Salaries and Wages	69,035	72,257	(3,222)	67,815
Overtime	4,000	11,980	(7,980)	12,345
FICA Expense	5,609	6,332	(723)	6,152
Retirement	7,770	9,116	(1,346)	8,008
Health Insurance	17,245	17,568	(323)	18,322
Workers' Compensation	4,664	3,327	1,337	3,506
Supplies, Maintenance and Repairs				
Office Supplies and Expense	1,600	613	987	1,771
Operating Supplies	8,000	9,753	(1,753)	12,287
Vehicle & Equipment Repairs	31,000	22,254	8,746	36,842
Maintenance - Lines	20,000	35	19,965	47,352
Insurance	5,211	5,825	(614)	4,939
Fidelity Bond	0	563	(563)	563
Professional Fees	8,500	4,952	3,548	8,479
Other Services and Charges				
Dues and Subscriptions	673	25	648	42
Gas, Oil and Servicing	8,000	14,040	(6,040)	9,347
Utilities	16,000	17,255	(1,255)	17,160
Telephone and Postage	3,900	4,018	(118)	4,225
Rental of Equipment	4,000	42,857	(38,857)	11,460
Uniforms	1,045	1,101	(56)	1,145

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED DECEMBER 31, 2012

	2013			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2012 ACTUAL
Operating Expenses (continued)				
Sewer Department (continued)				
Other Services and Charges (continued)				
Miscellaneous Expense	$ 100	$ 0	$ 100	$ 15
Safety Incentive	275	0	275	0
Permits & Fees DHEC	2,500	4,165	(1,665)	4,165
Food, Lodging, & Registration	600	270	330	0
Wastewater Treatment	340,000	464,694	(124,694)	435,587
System Pipe & Fittings	5,000	0	5,000	0
South Carolina Sales Tax	2,000	2,963	(963)	0
Non-Departmental Depreciation	161,680	108,036	53,644	145,845
TOTAL OPERATING EXPENSES	$ 1,308,301	$ 1,449,609	$ (141,308)	$ 1,462,867
OPERATING INCOME (LOSS)	$ (82,201)	$ 48,699	$ 130,900	$ 34,414
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	2,437	1,783	(654)	1,735
Interest Expense	(67,236)	(38,678)	28,558	(44,637)
Water Impact Fees	1,000	2,650	1,650	800
Sewer Impact Fees	1,000	1,500	500	750
GSWSA Installment Interest	127,500	34,305	(93,195)	144,352
Antenna Rent	17,500	19,276	1,776	18,506
TOTAL NON-OPERATING REVENUES (EXPENSES)	$ 82,201	$ 20,836	$ (61,365)	$ 121,506
CHANGE IN NET POSITION	0	69,535	69,535	155,920
NET POSITION, Beginning of Year (As Restated)	2,250,975	2,250,975	0	2,095,055
NET POSITION, End of Year	$ 2,250,975	$ 2,320,510	$ 69,535	$ 2,250,975

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	BUSINESS - TYPE ACTIVITIES ENTERPRISE FUND WATERWORKS AND SEWER FUND	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 1,501,335	$ 1,487,444
Cash Payments to Suppliers for Goods and Services	(1,133,384)	(970,252)
Cash Payments to and for Employees Benefit	(261,557)	(325,934)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 106,394	$ 191,258
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Non-Operating Proceeds	23,426	164,408
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	$ 23,426	$ 164,408
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Note Receivable Principal Receipts	110,046	0
Interest Paid	(37,752)	(43,627)
Property, Plant and Equipment Additions	(50,854)	(30,415)
Principal Payment on Bonds	(161,164)	(155,288)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (139,724)	$ (229,330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Use of Money and Property	36,088	1,735
NET CASH PROVIDED BY INVESTING ACTIVITIES	$ 36,088	$ 1,735
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 26,184	$ 128,071
CASH AND CASH EQUIVALENTS, Beginning of Year	843,457	715,386
CASH AND CASH EQUIVALENTS, End of Year	$ 869,641	$ 843,457

CITY OF LORIS, SOUTH CAROLINA
ENTERPRISE FUND
WATERWORKS AND SEWER SYSTEM FUND
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012

	BUSINESS - TYPE ACTIVITIES ENTERPRISE FUND WATERWORKS AND SEWER FUND	
	2013	**2012**
NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Amortization of Deferred Loss on Refunding	$ 3,215	$ 3,515
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Unrestricted Cash and Temporary Investments, Beginning of Year	290,160	161,354
Restricted Cash and Temporary Investments, Beginning of Year	553,297	554,032
CASH AND CASH EQUIVALENTS, Beginning of Year	$ 843,457	$ 715,386
Unrestricted Cash and Temporary Investments, End of Year	307,627	290,160
Restricted Cash and Temporary Investments, End of Year	562,014	553,297
CASH AND CASH EQUIVALENTS, End of Year	$ 869,641	$ 843,457
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	$ 48,699	$ 34,414
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	108,036	145,845
(Increase) Decrease in Accounts Receivable - Water, Sewer & Sanitation, Net	2,898	(9,837)
(Increase) Decrease in Miscellaneous Receivables and Other Assets	129	664
(Increase) Decrease in Inventory	8,959	1,236
Increase (Decrease) in Due to Other Funds	3,270	5,049
Increase (Decrease) in Accounts Payable & Accrued Expenses (net of accrued interest)	(66,822)	10,122
Increase (Decrease) in Customer Deposits	1,225	3,765
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	$ 106,394	$ 191,258

SUPPLEMENTAL SCHEDULES

CITY OF LORIS, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
FOR THE YEAR ENDED DECEMBER 31, 2013

COURT FINES - STATE SHARE		
DUS - DPS Pullout	$	1,018
DUI - Assessment		14
DUI Surcharge		116
DUI - DPS Pullout		16
DUI/DUAC Breathalyzer Test Conviction Fee		4
Drug Surcharge		843
Law Enforcement Surcharges		8,072
Municipal Criminal Justice Academy Surcharge		1,609
Municipal Court Fines		21,257
TOTAL STATE PORTION COURT FINES	$	32,949
DUE TO STATE		
Prior Year Balance Due to State		9,452
Current Year State Share		32,949
Current Year Remittance to State		(40,517)
BALANCE DUE TO STATE	$	1,884
City Share Assessments		2,663
City Share Surcharges		1,846
City Share Fines		23,255
TOTAL CITY SHARE	$	27,764
VICTIMS SERVICES		
Court Surcharges Allocated to Victim Services	$	4,509
Victims Services - Prior Year Carryforward		45,898
Victims Services - Current year		4,278
Undeposited Victims Service Fees		231
Interest Earned		23
Victims Services Expenses		(4,098)
VICTIMS SERVICES FUND AVAILABLE TO CARRYFORWARD	$	46,332

HARPER, POSTON & MOREE, P.A.
Certified Public Accountants
"SINCE 1977"

Robert D. Harper, Jr. CPA
Stacey C. Moree CPA
P. O. Box 1550
106 Wall Street, Litchfield
Pawleys Island, SC 29585
Tel (843) 237-9125
Fax (843) 237-1621
E-mail: HPM@sc.rr.com

Robin B. Poston CPA
P. O. Box 576
307 Church Street
Georgetown, SC 29442
Tel (843) 527-3413
Fax (843) 546-7277
E-mail: HPM2@sc.rr.com

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 Mayor and City Council
City of Loris, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loris, South Carolina as of and for the year ended December 31, 2013,and the related notes to the financial statements, which collectively comprise the City of Loris, South Carolina's basic financial statements and have issued our report thereon dated July 11, 2014.

Internal Control Over Financial Reporting

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

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

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

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been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, 2013-B1 and 2013-B2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as 2013-B3.

City of Loris, South Carolina Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance. The 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.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
July 11, 2014

CITY OF LORIS, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. We have expressed unmodified opinions on the basic financial statements of the City of Loris, South Carolina.

2. Two significant deficiencies, relating to the audit of the basic financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*. The significant deficiencies were not considered to be material weaknesses.

3. One instance of non-compliance related to the basic financial statements of the City of Loris, South Carolina was disclosed during the audit.

4. There were no major federal award programs for the year ended December 31, 2013; therefore, no control deficiencies were disclosed for major federal award programs.

5. There were no major federal award programs for the year ended December 31, 2013; therefore, no auditor's report on compliance for major federal award programs was issued.

6. There were no major federal award programs for the year ended December 31, 2013; therefore, no audit findings relative to major federal award programs which are disclosed in the following schedule.

7. The programs tested as major programs included:

   Program

   No federal award programs were required to be listed as major programs.

8. The City did not fall under the requirements of OMB Circular A-133; therefore, there was no threshold for distinguishing between Type A and B Programs.

9. Risk relative to major federal award programs was not assessed.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

Finding 2013-B1: Financial statements maintained on a cash basis until year end and data provided to adjust the cash basis to accrual basis at year end.

Condition: The City maintains its financial statements on a cash basis until year end and provides the data for adjustments to the accrual basis of accounting at year end.

Cause: Human error.

Criteria: Internal controls should be in place to provide financial statements prepared on the accrual basis of accounting as required by generally accepted accounting principles for governments.

Effect: Year end adjustments required to prepare financial statements on the accrual basis of accounting.

Recommendation: We recommend that the year end conversion from the cash basis to the accrual basis of accounting be prepared by management.

Response: Management concurs with this recommendation.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiencies:

Finding 2013-B2: Financial statement and note disclosure preparation.

Condition: The City does not have a staff that can prepare the year end financial statements and required note disclosures in house.

Cause: Limited staff.

Criteria: The City of Loris should have a staff that has the ability to prepare the year end financial statements and required note disclosures.

Effect: Significant deficiency in internal controls.

Recommendation: We recommend that the staff be provided training in financial statement preparation and note disclosure preparation.

Response: Management concurs with this recommendation.

Non-compliance:

Finding 2013-B3: Failure to file court fine reports to State in a timely manner.

Condition: Court reports were not filed with the State of South Carolina in a timely manner for the months January 2013 through June 2013.

Cause: Human error.

Criteria: The State of South Carolina requires that fine remittance reports be filed monthly.

Effect: Non-compliance with State law.

Recommendation: Procedures should require that the City prepare and submit the fine remittance reports monthly.

Response: Management concurs with this recommendation.

C. FINDINGS AND QUESTIONED COSTS

Not Required.

CITY OF LORIS, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

NO PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARD PROGRAMS.