

TOWN OF DUE WEST
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of Town Council
Town of Due West
Due West, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Due West as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Town'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



The Honorable Mayor and Members of Town Council
Town of Due West
November 9, 2017

Opinion

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 Town of Due West, as of June 30, 2017, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Due West's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
November 9, 2017

Management's Discussion and Analysis

As management of the Town of Due West (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,676,177 (*net position*). Of this amount, \$240,557 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by (\$138,471).
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$673,096, an increase of \$61,270 from the prior year.
- As of the close of the current fiscal year, the Town's proprietary fund reported an ending net position of \$1,778,799. This was a decrease of (\$101,070) from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$596,528, or 102 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town'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 Town is improving or deteriorating.

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

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 Town, 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 Town can be divided into two categories: governmental funds and the proprietary fund.

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 *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 that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's 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 Town 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 other governmental fund. Only the general fund is considered to be a major fund.

The Town 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.

Proprietary fund. The Town maintains one proprietary fund. The *enterprise fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses the enterprise fund to account for its utility services provided to the Town's residents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 Town, assets exceeded liabilities by \$2,676,177 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Net position reserved for specific uses total \$535,210. The remaining balance of unrestricted net position \$240,557 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table presents a summary of the Town's net position as of June 30, 2017, with comparative data for fiscal year 2016:

	Town of Due West's Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 684,965	\$ 619,537	\$ 1,020,188	\$ 1,380,040	\$ 1,705,153	\$ 1,999,577
Capital assets	660,339	779,802	1,600,836	1,376,255	2,261,175	2,156,057
Total Assets	1,345,304	1,399,339	2,621,024	2,756,295	3,966,328	4,155,634
Deferred Outflows of Resources	79,833	36,881	99,127	38,432	178,960	75,313
Liabilities						
Long-term liabilities outstanding	113,820	147,032	146,684	354,100	260,504	501,132
Other liabilities	11,869	7,711	295,588	149,041	307,457	156,752
Net pension liability	395,259	337,451	498,539	410,982	893,798	748,433
Total Liabilities	520,948	492,194	940,811	914,123	1,461,759	1,406,317
Deferred Inflows of Resources	6,811	9,247	541	735	7,352	9,982
Net Position						
Invested in capital assets, net of related debt	561,989	644,294	1,338,421	1,051,405	1,900,410	1,695,699
Restricted	53,656	62,006	481,554	667,097	535,210	729,103
Unrestricted	281,733	228,479	(41,176)	161,367	240,557	389,846
Total Net Position	\$ 897,378	\$ 934,779	\$ 1,778,799	\$ 1,879,869	\$ 2,676,177	\$ 2,814,648

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The following table shows a recap of revenues and expenses for fiscal year 2017, with comparative data for fiscal year 2016:

Town of Due West's Statement of Activities

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for services	\$ 314,411	\$ 308,768	\$ 1,547,147	\$ 1,532,326	\$ 1,861,558	\$ 1,841,094
Capital Grants and contributions	-	3,737	-	212,800	-	216,537
General Revenues						
Taxes	103,771	106,895	-	-	103,771	106,895
Other	95,684	140,671	133,314	158,776	228,998	299,447
Total revenues	<u>513,866</u>	<u>560,071</u>	<u>1,680,461</u>	<u>1,903,902</u>	<u>2,194,327</u>	<u>2,463,973</u>
Expenses						
General Government	111,641	108,311	-	-	111,641	108,311
Public safety	558,605	540,582	-	-	558,605	540,582
Street and sanitation	26,280	25,883	-	-	26,280	25,883
Combined electric, water, and sewer utilities	-	-	1,636,272	1,539,948	1,636,272	1,539,948
Total expenses	<u>696,526</u>	<u>674,776</u>	<u>1,636,272</u>	<u>1,539,948</u>	<u>2,332,798</u>	<u>2,214,724</u>
(Increase) decrease in net position before transfers	(182,660)	(114,705)	44,189	363,954	(138,471)	249,249
Transfers	<u>145,259</u>	<u>142,406</u>	<u>(145,259)</u>	<u>(142,406)</u>	<u>-</u>	<u>-</u>
(Increase) decrease in net position	(37,401)	27,701	(101,070)	221,548	(138,471)	249,249
Net position beginning of year	<u>934,779</u>	<u>907,078</u>	<u>1,879,869</u>	<u>1,658,321</u>	<u>2,814,648</u>	<u>2,565,399</u>
Net position , end of year	<u>\$ 897,378</u>	<u>\$ 934,779</u>	<u>\$ 1,778,799</u>	<u>\$ 1,879,869</u>	<u>\$ 2,676,177</u>	<u>\$ 2,814,648</u>

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

The government's net position decreased by \$138,471 during the current fiscal year.

Governmental activities. Governmental activities decreased the Town's net position by \$182,660 prior to transfers in of \$145,259 from the proprietary fund. This is due to expense in excess of revenue.

Business-type activities. Business-type activities increased the Town's net position by \$44,189 prior to a transfer out of \$145,259 to the general fund. The Town experienced slight increases in utility expense and revenue from the prior year.

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the total fund balance of \$661,494 consists of \$22,912 nonspendable, \$42,054 restricted, and \$596,528 unassigned.

The fund balance of the Town's general fund increased by \$65,346 during the current fiscal year. Expenditures exceeded revenues by \$79,913; however, the transfer of PILOT revenues in the amount of \$145,259 from the utility fund resulted in a net increase in the fund balance.

Capital Asset Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$561,989 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, machinery, and equipment. The total decrease of \$82,305 in net capital assets is the net of asset additions of \$19,000, depreciation expense of \$138,463, and debt reduction of \$37,158.

Capital asset additions during the current fiscal year included the addition of assets in the police and administration departments of the Town.

The Town's investment in capital assets for its business-type activities as of June 30, 2017, amounts to \$1,338,421 (net of accumulated depreciation and related debt). The net increase in capital assets of \$287,016 is the net of asset additions of \$354,178, depreciation expense of \$129,597 and debt reduction of \$62,435.

Additional information on the Town's capital assets can be found in the notes of this report.

Long-term debt. The long-term debt of the Town consists of accumulated vacation days payable, and a note payable on a fire truck. The activity in long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in the region compare favorably to national indices.

This was considered in preparing the Town's budget for the 2018 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town'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 Town of Due West, Post Office Box 278, Due West, South Carolina 29639.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF DUE WEST
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 524,220	\$ 56,517	\$ 580,737
Certificates of deposit	48,754	282,826	331,580
Receivables (net of allowance for uncollectibles)			
Utility billings	-	202,497	202,497
Other	5,489	-	5,489
Internal balances	11,984	(11,984)	-
Due from other governments	29,552	-	29,552
Prepays	22,912	8,778	31,690
Restricted assets			
Cash	42,054	468,471	510,525
Savings accounts	-	13,083	13,083
Capital assets (net of accumulated depreciation)			
Land	5,000	39,200	44,200
Buildings and system	54,496	1,167,261	1,221,757
Improvements other than buildings	-	11,046	11,046
Machinery and equipment	600,843	383,329	984,172
Total assets	<u>1,345,304</u>	<u>2,621,024</u>	<u>3,966,328</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	79,833	99,127	178,960
Total deferred outflows of resources	<u>79,833</u>	<u>99,127</u>	<u>178,960</u>
LIABILITIES			
Accounts payable and other current liabilities	11,404	102,673	114,077
Customer deposits	-	44,011	44,011
Unearned revenue	465	-	465
Noncurrent liabilities			
Due within one year	38,784	63,678	102,462
Due in more than one year	75,036	231,910	306,946
Net pension liability	395,259	498,539	893,798
Total liabilities	<u>520,948</u>	<u>940,811</u>	<u>1,461,759</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	6,811	541	7,352
Total deferred inflows of resources	<u>6,811</u>	<u>541</u>	<u>7,352</u>
NET POSITION			
Invested in capital assets, net of related debt	561,989	1,338,421	1,900,410
Restricted for victims' assistance	25,260	-	25,260
Restricted for Town Park	16,794	-	16,794
Restricted for Firemen's Fund	11,602	-	11,602
Restricted other	-	481,554	481,554
Unrestricted	281,733	(41,176)	240,557
Total net position	<u>\$ 897,378</u>	<u>\$ 1,778,799</u>	<u>\$ 2,676,177</u>

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

TOWN OF DUE WEST

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 111,641	\$ 262,067	\$ -	\$ -	\$ 150,426	\$ -	\$ 150,426
Police	392,778	25,918	-	-	(366,860)	-	(366,860)
Fire	165,827	-	-	-	(165,827)	-	(165,827)
Street and sanitation	26,280	26,426	-	-	146	-	146
Total governmental activities	696,526	314,411	-	-	(382,115)	-	(382,115)
Business-type activities							
Utility system	1,636,272	1,547,147	-	-	-	(89,125)	(89,125)
Total business-type activities	1,636,272	1,547,147	-	-	-	(89,125)	(89,125)
Total primary government	\$ 2,332,798	\$ 1,861,558	\$ -	\$ -	(382,115)	(89,125)	(471,240)
General revenues							
Local taxes	103,771				103,771	-	103,771
State-shared revenues	37,990				37,990	-	37,990
Unrestricted investment earnings	685			685		2,066	2,751
Other revenues	57,009				57,009	131,248	188,257
Transfers	145,259				145,259	(145,259)	-
Total general revenues and transfers	344,714				344,714	(11,945)	332,769
Change in net position	(37,401)				(37,401)	(101,070)	(138,471)
Net position, beginning of year	934,779				934,779	1,879,869	2,814,648
Net position, end of year	\$ 897,378				\$ 897,378	\$ 1,778,799	\$ 2,676,177

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

FUND FINANCIAL STATEMENTS

TOWN OF DUE WEST

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 512,618	\$ 11,602	\$ 524,220
Certificates of deposit	48,754	-	48,754
Receivables	5,489	-	5,489
Prepays	22,912	-	22,912
Due from utility system	11,984	-	11,984
Due from other governments	29,552	-	29,552
Restricted assets			
Cash	42,054	-	42,054
Total assets	<u>\$ 673,363</u>	<u>\$ 11,602</u>	<u>\$ 684,965</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 11,404	\$ -	\$ 11,404
Unearned revenue	465	-	465
Total liabilities	<u>11,869</u>	<u>-</u>	<u>11,869</u>
Fund Balances			
Nonspendable	22,912	-	22,912
Restricted	42,054	11,602	53,656
Unassigned	596,528	-	596,528
Total fund balances	<u>661,494</u>	<u>11,602</u>	<u>673,096</u>
Total liabilities and fund balances	<u>\$ 673,363</u>	<u>\$ 11,602</u>	<u>\$ 684,965</u>

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

TOWN OF DUE WEST

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund Balance - Governmental Funds	\$	673,096
Amounts reported for Governmental Activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds.		
Cost of capital assets	2,376,026	
Accumulated depreciation	<u>(1,715,687)</u>	660,339
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
		(395,259)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	79,833	
Deferred inflows of resources related to pensions	<u>(6,811)</u>	73,022
Long-term liabilities, including bonds payable and capital lease obligations, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at yearend consist of:		
Compensated absences payable	(15,470)	
Note payable	(87,752)	
Capital lease obligations	<u>(10,598)</u>	<u>(113,820)</u>
Total Net Position - Governmental Activities	\$	<u>897,378</u>

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

TOWN OF DUE WEST

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local option sales tax - rollback	\$ 75,716	\$ -	\$ 75,716
Local option sales tax - new	28,055	-	28,055
Licenses and permits	262,067	-	262,067
Accomodations tax	10,405	-	10,405
State-shared revenue	27,585	-	27,585
Fines	25,918	-	25,918
Interest	685	-	685
Other	4,314	6,192	10,506
Garbage collection	26,426	-	26,426
School resource officer	40,191	-	40,191
Victims' assistance reimbursement	1,534	-	1,534
Civic events	2,043	-	2,043
Fall Festival	2,735	-	2,735
Total revenues	<u>507,674</u>	<u>6,192</u>	<u>513,866</u>
EXPENDITURES			
Current			
Police	357,726	-	357,726
Fire	72,627	10,268	82,895
Street and sanitation	26,280	-	26,280
Administrative	69,299	-	69,299
Capital outlay	19,000	-	19,000
Debt service			
Principal	37,158	-	37,158
Interest	5,497	-	5,497
Total expenditures	<u>587,587</u>	<u>10,268</u>	<u>597,855</u>
Excess of Revenues			
Over (Under) Expenditures	<u>(79,913)</u>	<u>(4,076)</u>	<u>(83,989)</u>
OTHER FINANCING SOURCES			
Transfers in from Utility Fund	145,259	-	145,259
Total other financing sources	<u>145,259</u>	<u>-</u>	<u>145,259</u>
Net change in fund balances	65,346	(4,076)	61,270
FUND BALANCE, beginning of year	<u>596,148</u>	<u>15,678</u>	<u>611,826</u>
FUND BALANCE, end of year	<u>\$ 661,494</u>	<u>\$ 11,602</u>	<u>\$ 673,096</u>

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

TOWN OF DUE WEST

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$ 61,270
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(119,463)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	33,212
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year for its participation in the State Retirement Plan are not reported in the governmental funds but are reported in the Statement of Activities.	<u>(12,420)</u>
Change in net position of governmental activities	<u>\$ (37,401)</u>

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

TOWN OF DUE WEST

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Local option sales tax - rollback	\$ 81,000	\$ 81,000	\$ 75,716	\$ (5,284)
Local option sales tax - new	28,000	28,000	28,055	55
Licenses and permits	269,000	269,000	262,067	(6,933)
Accomodations tax	9,000	9,000	10,405	1,405
State-shared revenue	27,625	27,625	27,585	(40)
Fines and forfeitures	26,200	26,200	25,918	(282)
Interest	300	300	685	385
Other	4,000	4,000	4,314	314
Garbage collection	26,280	26,280	26,426	146
School resource officer	34,000	34,000	40,191	6,191
Victims' assistance reimbursement	-	-	1,534	1,534
Grants	40,000	40,000	-	(40,000)
Civic events	-	-	2,043	2,043
Fall festival	3,000	3,000	2,735	(265)
Total revenues	548,405	548,405	507,674	(40,731)
EXPENDITURES				
Current				
Police	389,183	389,183	357,726	31,457
Fire	69,073	69,073	72,627	(3,554)
Street and sanitation	89,209	89,209	26,280	62,929
Administrative	95,130	95,130	69,299	25,831
Capital outlay	20,000	20,000	19,000	1,000
Debt service				
Principal	31,750	31,750	37,158	(5,408)
Interest	-	-	5,497	(5,497)
Total expenditures	694,345	694,345	587,587	106,758
Excess of revenues over (under) expenditures	(145,940)	(145,940)	(79,913)	66,027
OTHER FINANCING SOURCES				
Transfers in from Utility Fund	145,940	145,940	145,259	(681)
Total other financing sources	145,940	145,940	145,259	(681)
Net change in fund balance	-	-	65,346	65,346
Fund balance, beginning of year	596,148	596,148	596,148	-
Fund balance, end of year	\$ 596,148	\$ 596,148	\$ 661,494	\$ 65,346

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

TOWN OF DUE WEST
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

ASSETS	
Current Assets	
Cash	\$ 56,517
Restricted cash	435,749
Certificates of deposit	282,826
Receivables (net of allowance for uncollectibles)	202,497
Prepays	8,778
Total current assets	<u>986,367</u>
Noncurrent Assets	
Restricted	32,722
Cash	13,083
Savings accounts	
Capital assets (net of accumulated depreciation)	
Land	39,200
Buildings and system	1,167,261
Improvements other than buildings	11,046
Machinery and equipment	383,329
Total noncurrent assets	<u>1,646,641</u>
Total assets	<u>2,633,008</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	99,127
Total deferred outflows of resources	<u>99,127</u>
LIABILITIES	
Current Liabilities	
Accounts payable and other current liabilities	102,673
Due to General Fund	11,984
Customer deposits	44,011
Capital lease	63,678
Total current liabilities	<u>222,346</u>
Noncurrent Liabilities	
Compensated absences	33,173
Capital lease	198,737
Net pension liability	498,539
Total noncurrent liabilities	<u>730,449</u>
Total liabilities	<u>952,795</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	541
Total deferred inflows of resources	<u>541</u>
NET POSITION	
Invested in capital assets, net of related debt	1,338,421
Restricted	481,554
Unrestricted	(41,176)
Total net position	<u>\$ 1,778,799</u>

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

TOWN OF DUE WEST

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017**

OPERATING REVENUES

Electric revenue	\$ 1,403,299
Sewer revenue	104,987
Penalties and fees	6,665
Street light rental	32,196
Total operating revenues	<u>1,547,147</u>

OPERATING EXPENSES

Utility system	1,500,210
Depreciation	129,597
Total operating expenses	<u>1,629,807</u>

Operating income (loss) (82,660)

NONOPERATING REVENUES (EXPENSES)

Interest income	2,066
Duke Energy true up	15,407
Duke energy reserve	115,841
Interest expense	(6,465)
Total nonoperating revenues (expenses)	<u>126,849</u>

Income before operating transfers 44,189

OPERATING TRANSFERS (OUT) (145,259)

Change in net position (101,070)

Net position, beginning of year 1,879,869

Net position, end of year \$ 1,778,799

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

TOWN OF DUE WEST

STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,607,754
Payments to suppliers	(1,213,079)
Payments to employees	(210,394)
Net cash provided by operating activities	<u>184,281</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out, net	(145,259)
Duke Energy true up	15,407
Duke Energy reserve	115,841
Net cash provided by noncapital financing activities	<u>(14,011)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	(354,178)
Payments on capital lease	(62,435)
Interest and other fees paid	(6,465)
Net cash provided by capital and related financing activities	<u>(423,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	2,066
Short-term investments, net	(1,409)
Net cash used by investing activities	<u>657</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(252,151)
CASH AND CASH EQUIVALENTS, beginning of year	<u>790,222</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 538,071</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (82,660)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities (noncash items)	
Depreciation expense	129,597
Changes in assets and liabilities	
Decrease in accounts receivable	104,618
Decrease in prepaid expense	267
Decrease in accounts payable and other current liabilities	(3,714)
Increase in estimated liability for compensated absences	3,923
Increase in due to General Fund	4,225
Increase in customer deposit payable from restricted assets	1,357
Increase/decrease in deferred inflows/outflows- net pension liability	(60,889)
Increase in net pension liability	87,557
Total adjustments	<u>266,941</u>
Net cash provided by operating activities	<u>\$ 184,281</u>

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

TOWN OF DUE WEST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The Town of Due West is a municipal corporation governed by an elected mayor and council. The Town of Due West provides the following services: public safety (police and fire) and sanitation, as well as electric and sewer utility services. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used to determine whether or not an organization is included in the financial statements are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and financing relationships. Based upon the application of these criteria, there are no component units that should be included along with the Town of Due West as part of the reporting entity.

The accounting policies of the Town of Due West conform to accounting principles generally accepted in the United States of America as applicable to governments.

The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

Government-wide statements: The statement of net position and the statement of activities display information about the primary government (the "Town"). These statements include the financial activities of the overall government. The effect of Interfund activity has been removed from these statements. These statements distinguish between the primary *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations, if any, that have been made in the funds, have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental fund:

General Fund. This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports one major proprietary fund. This Fund accounts for the activities of the Town's sewer and electric services.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after yearend.

Sales taxes, franchise fees and licenses are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds under general long-term debt are reported as other financing sources.

Proprietary Fund Financial Statements

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest income, result from nonexchange transactions or ancillary activities.

Assets, liabilities, and net position or equity

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are stated at cost, which approximates market value.

Receivables and Payables

Outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items.

Restricted Assets

Restricted cash includes all fines, assessments, and surcharges retained by the Town for the purpose of victims’ assistance required to be maintained in a separate account by the State of South Carolina.

Customer deposits of the enterprise fund are classified as restricted assets on the balance sheet.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the 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 \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	5
Machinery and equipment	5-10

Compensated Absences

It is the Town’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and salary-related payments including pension costs and employer’s share of medicare and social security taxes are accrued when incurred and reported as a fund liability. Vacation and salary-related payments that are expected to be liquidated with expendable available financial resources are reported as a current liability. Amounts not expected to be liquidated with expendable available financial resources are reported as a noncurrent liability.

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 assets.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt – consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, capital leases or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – consists of net position with constraints placed on the use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are classified as unrestricted.

Fund Equity

The Town reports fund balance classifications in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”). GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds.

The Town classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Town Council, which is the highest level of decision making authority, before the end of the reporting period.

Assigned – includes amounts that are intended to be used for specific purposes as established by the Town Council or Town Mayor.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balance to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Below are the fund balance classifications for the governmental funds at June 30, 2017:

	General Fund	Other Governmental Fund	Total Governmental Fund
Fund Balances			
Nonspendable			
Prepaid Items	\$ 22,912	\$ -	\$ 22,912
Restricted			
Public Safety	25,260	-	25,260
Firemen's Fund	-	11,602	11,602
Town Park	16,794	-	16,794
Unassigned			
Other	596,528	-	596,528
Total Fund Balances	<u>\$ 661,494</u>	<u>\$ 11,602</u>	<u>\$ 673,096</u>

Statement of Cash Flows

For purposes of the statement of cash flows, the Town’s proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal yearend.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in any of the funds.

Due from Other Governments

Amounts due from other Governments at June 30, 2017 consist of the following:

Due from State of South Carolina - General Fund:	
LOST - New revenue	\$ 3,206
LOST - Rollback	3,743
Accommodations tax	10,143
State shared revenue	5,411
School Resource Officer reimbursement from School District	7,019
Total General Fund	<u>\$ 29,522</u>

Deposits and Investments

The State of South Carolina General Statutes permit the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash is maintained in demand deposits or savings accounts, certificates of deposits, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Town.

As of June 30, 2017, the Town had deposits as follows:

Deposits with financial institutions	<u>\$ 1,457,194</u>
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Interest rate risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting its investments to demand deposits and investments with maturities ranging from six to twenty-four months.

Concentration of credit risk. The Town's investment policy currently does not involve investment in any individual issuers.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. As of June 30, 2017, all deposits are either insured or fully collateralized.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

Capital assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets, not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets, being depreciated				
Buildings	207,920	-	-	207,920
Streetscape, machinery and equipment	2,144,106	19,000	-	2,163,106
Total capital assets, being depreciated	<u>2,352,026</u>	<u>19,000</u>	<u>-</u>	<u>2,371,026</u>
Less accumulated depreciation for				
Buildings	(145,951)	(7,473)	-	(153,424)
Streetscape, machinery and equipment	(1,431,273)	(130,990)	-	(1,562,263)
Total accumulated depreciation	<u>(1,577,224)</u>	<u>(138,463)</u>	<u>-</u>	<u>(1,715,687)</u>
Total capital assets, being depreciated, net	<u>774,802</u>	<u>(119,463)</u>	<u>-</u>	<u>655,339</u>
Governmental activities capital assets, net	<u>\$ 779,802</u>	<u>\$ (119,463)</u>	<u>\$ -</u>	<u>\$ 660,339</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 42,342
Police	18,686
Fire	77,435
Total depreciation expense - governmental activities	<u>\$ 138,463</u>

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 39,200	\$ -	\$ -	\$ 39,200
Total capital assets, not being depreciated	<u>39,200</u>	<u>-</u>	<u>-</u>	<u>39,200</u>
Capital assets, being depreciated				
Buildings	477,435	-	-	477,435
Improvements other than buildings	29,453	-	-	29,453
Electric system	485,029	-	-	485,029
Sewer system	2,308,841	-	-	2,308,841
Water system	22,500	-	-	22,500
Machinery and equipment	409,412	354,178	-	763,590
Total capital assets, being depreciated	<u>3,732,670</u>	<u>354,178</u>	<u>-</u>	<u>4,086,848</u>
Less accumulated depreciation for				
Buildings	(111,835)	(11,936)	-	(123,771)
Improvements other than buildings	(17,444)	(963)	-	(18,407)
Electric system	(460,222)	(4,752)	-	(464,974)
Sewer system	(1,435,143)	(80,156)	-	(1,515,299)
Water system	(22,500)	-	-	(22,500)
Machinery and equipment	(348,471)	(31,790)	-	(380,261)
Total accumulated depreciation	<u>(2,395,615)</u>	<u>(129,597)</u>	<u>-</u>	<u>(2,525,212)</u>
Total capital assets, being depreciated, net	<u>1,337,055</u>	<u>224,581</u>	<u>-</u>	<u>1,561,636</u>
Business-type activities, capital assets, net	<u>\$ 1,376,255</u>	<u>\$ 224,581</u>	<u>\$ -</u>	<u>\$ 1,600,836</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Electric service	25 - 33 years
Sewer service	10 - 40 years
Water service	33 years
Service vehicles	3 - 10 years
Equipment	5 - 10 years

Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2017 is as follows:

Due to/from other funds:		
Receivable Fund	Payable Fund	Amount
General	Utility	<u>\$ 11,984</u>

Long-term debt

The following is a summary of the change in long-term debt owed by the Town during the year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 11,524	\$ 3,946	\$ -	\$ 15,470	\$ -
Capital leases	20,939	-	(10,341)	10,598	10,598
Note payable	114,569	-	(26,817)	87,752	28,185
Governmental activity Long-term liabilities	<u>\$ 147,032</u>	<u>\$ 3,946</u>	<u>\$ (37,158)</u>	<u>\$ 113,820</u>	<u>\$ 38,783</u>
Business-type activities					
Capital leases	\$ 324,850	\$ -	\$ (62,435)	\$ 262,415	\$ 63,678
Compensated absences	29,250	3,923	-	33,173	-
Business-type activity Long-term liabilities	<u>\$ 354,100</u>	<u>\$ 3,923</u>	<u>\$ (62,435)</u>	<u>\$ 295,588</u>	<u>\$ 63,678</u>

Note payable

A note payable at June 30, 2017 was comprised of the following:

Note payable to a bank for the purchase of a fire truck. Payable in annual payments of \$31,749, beginning November 2010 through November 2019, including interest of 4.1% per annum.	<u>Governmental Activities</u> <u>\$ 87,752</u>
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The annual requirements to amortize notes payable outstanding at June 30, 2017, are as follows:

Year Ending June 30,	General Long-term Debt		Total
	Principal	Interest	
2018	\$ 28,185	\$ 3,564	\$ 31,749
2019	29,340	2,409	31,749
2020	30,227	1,206	31,433
	<u>\$ 87,752</u>	<u>\$ 7,179</u>	<u>\$ 94,931</u>

Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of a police car for the governmental fund. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets	\$ 31,762
Less: accumulated depreciation	(10,587)
Total	<u>\$ 21,175</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30,	Governmental Activities
<u>2018</u>	<u>\$ 10,905</u>
Total minimum lease payments	10,905
Less amount representing interest	(307)
Present value of future minimum lease payments	<u>\$ 10,598</u>

The Town has entered into a lease agreement as lessee for financing the acquisition of generators for the proprietary fund. This lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Business-type Activities
Assets	\$ 324,850
Less: accumulated depreciation	(10,784)
Total	<u>\$ 314,066</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

June 30,	Activities
<u>2018</u>	<u>\$ 68,900</u>
2019	68,900
2020	68,899
2021	68,899
Total minimum lease payments	275,598
Less amount representing interest	(13,183)
Present value of future minimum lease payments	<u>\$ 262,415</u>

NOTE 4 - EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (Systems) and serves as co-trustee of the Systems in conducting that review.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.
- The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Sections 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

In addition to the plans described above, PEBA also administers three single-employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rate as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contributions (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

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

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

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

Required employee contribution rates (1) are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employee Class Two	8.66%	8.16%
Employee Class Three	8.66%	8.16%
State ORP		
Employee	8.66%	8.16%
PORS		
Employee Class Two	9.24%	8.74%
Employee Class Three	9.24%	8.74%

Required employer contribution rates (1) are as follows:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
SCRS		
Employer Class Two	11.41%	10.91%
Employer Class Three	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	11.41%	10.91%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer Class Two	13.84%	13.34%
Employer Class Three	13.84%	13.34%
Employer Incidental Death Benefit	0.20%	0.20%
Employer Accidental Death Benefit	0.20%	0.20%

- (1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
- (2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2016. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016, actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017, measurement date.

The June 30, 2016, total pension liability, net pension liability, and sensitivity information were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2016, actuarial valuations, as adopted by the PEBA Board and SFAA which utilized membership data as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2016, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following provides a summary of the actuarial assumptions and methods used in the July 1, 2016, valuations for SCRS and PORS:

	SCRS	PORS
Actuarial Cost Method	Entry age normal	Entry age normal
Investment rate of return ¹	7.5%	7.5%
Projected salary increases	3.5% to 12.5% (varies by service) ¹	4.0% to 10.0% (varies by service) ¹
Benefit adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually
¹ Includes inflation at 2.75%		

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2016 valuations for SCRS and PORS are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016, for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Position Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	\$ 23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	\$ 3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2016, actuarial valuations, was based upon the 30 year capital markets outlook at the end of the third quarter of 2016. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global public equity	34.0%	6.52%	2.22%
Private equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/ Risk parity	10.0%	3.90%	0.39%
HF (low beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed credit	5.0%	3.52%	0.17%
Emerging markets debt	5.0%	4.91%	0.25%
Private debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core fixed income	10.0%	1.72%	0.17%
Cash and short duration (net)	2.0%	0.71%	0.01%
Total expected real return	100.0%		5.10%
Inflation for Actuarial purposes			2.75%
Total expected nominal return			7.85%

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

At June 30, 2017, the Town reported a liability of \$893,798 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's portion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2017, the Town recognized pension expense of \$93,495. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,865	\$ -	\$ 5,168	\$ 541
Net difference between projected and actual earnings on pension plan investments	44,819	-	41,943	-
Changes in proportionate share and differences between Town contributions and proportionate share of total employer plan contributions	1,652	6,811	25,949	-
Town contributions subsequent to the measurement date	27,497	-	26,067	-
Total	<u>\$ 79,833</u>	<u>\$ 6,811</u>	<u>\$ 99,127</u>	<u>\$ 541</u>

\$53,564 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.116 years for SCRS and PORS.

Measurement Period Ending June 30,	Governmental Activities	Business-Type Activities
2018	\$ 11,060	\$ 17,619
2019	11,060	17,619
2020	11,060	17,619
2021	11,060	17,619
2022	1,285	2,043
Net Balance of Deferred Outflow/(Inflow) of Resources	<u>\$ 45,525</u>	<u>\$ 72,519</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.50 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
SCRS	\$ 621,914	\$ 498,539	\$ 395,834
PORS	\$ 518,021	\$ 395,259	\$ 284,935

Pension Plan Fiduciary Net Position

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

NOTE 5 – OTHER ITEMS

Other Post-Employment Benefits

At June 30, 2017, the Town does not provide employees with any post-employment benefits other than retirement.

Economic Dependency

The Utility System Enterprise Fund receives approximately forty-one percent of its operating revenue from one major customer, Erskine College.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Local Government Assurance Group (SCLGAG), which is a public entity risk pool currently operating as a common risk management and insurance program.

The Town pays a monthly premium to SCLGAG for its employee health, life and dental insurance coverage. The SCLGAG is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event. For claims in excess of \$40,000 but less than \$100,000, the "stop loss" insurance is pooled with other members.

The Town also carries commercial insurance through the State of South Carolina Insurance Reserve Fund for its general liability insurance and through the State Accident Fund for its workers' compensation insurance. The Town pays annual premiums for these coverages. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUE WEST

SCHEDULE OF PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	2017	2016	2015
<u>SCRS</u>			
Contractually required Contribution	\$ 26,067	\$ 24,656	\$ 21,507
Contributions in relation to the contractually required contribution	(26,067)	(24,656)	(21,507)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 228,460	\$ 225,990	\$ 200,069
Contributions as a percentage of covered-employee payroll	11.4%	10.9%	10.7%
	2017	2016	2015
<u>PORS</u>			
Contractually required Contribution	\$ 27,497	\$ 26,501	\$ 23,676
Contributions in relation to the contractually required contribution	(27,497)	(26,501)	(23,676)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 198,679	\$ 198,658	\$ 181,985
Contributions as a percentage of covered-employee payroll	13.8%	13.3%	13.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

TOWN OF DUE WEST

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM AND POLICE OFFICER RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	2017	2016	2015
<u>SCRS</u>			
Town's proportion of the net pension liability	0.002%	0.002%	0.002%
Town's proportionate share of the net pension liability	\$ 498,539	\$ 410,982	\$ 368,437
Town's covered-employee payroll	\$ 228,460	\$ 225,990	\$ 200,069
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	218.2%	181.9%	184.2%
Plan fiduciary net position as a percentage of the total pension liability	52.9%	57.0%	59.9%
	2017	2016	2015
<u>PORS</u>			
Town's proportion of the net pension liability	0.016%	0.015%	0.014%
Town's proportionate share of the net pension liability	\$ 395,259	\$ 337,451	\$ 307,093
Town's covered-employee payroll	\$ 198,679	\$ 198,658	\$ 181,985
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.90%	169.87%	168.7%
Plan fiduciary net position as a percentage of the total pension liability	60.4%	64.6%	67.5%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the government will present information for those years for which information is available.

TOWN DUE WEST

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2016, one year prior to the end of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to determine the contractually required contributions for the year ended June 30, 2017 reported in that schedule can be found in Note 4 of the basic financial statements.

SUPPLEMENTARY INFORMATION

TOWN OF DUE WEST
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
POLICE DEPARTMENT				
Salaries	\$ 204,736	\$ 204,736	\$ 199,294	\$ 5,452
Payroll taxes	15,663	15,663	14,694	969
Retirement	29,118	29,118	28,315	803
Health and life insurance	24,645	24,645	23,759	886
General insurance	17,000	17,000	18,409	(1,409)
Professional fees	3,900	3,900	3,883	17
Utilities	4,550	4,550	1,296	3,254
Vehicle operations	24,500	24,500	17,945	6,555
Telephone	4,000	4,000	3,418	582
Uniforms and cleaning	3,500	3,500	3,408	92
SC fine fees	12,500	12,500	12,716	(216)
Victims' assistance transfer	2,500	2,500	1,534	966
Victims' assistance	-	-	3,600	(3,600)
Supplies	2,500	2,500	2,555	(55)
Training	3,000	3,000	5,780	(2,780)
Jail detention	1,500	1,500	950	550
Software maintenance	2,196	2,196	2,818	(622)
Other expenditures	1,100	1,100	1,450	(350)
Municipal judge	9,469	9,469	8,630	839
Jury expenditures	500	500	765	(265)
Other court expenditures	2,400	2,400	1,186	1,214
Building improvements	1,500	1,500	1,333	167
Debt service	10,906	10,906	10,905	1
Capital outlay - equipment and improvements	3,500	3,500	-	3,500
Total police department	<u>385,183</u>	<u>385,183</u>	<u>368,633</u>	<u>16,550</u>
FIRE DEPARTMENT				
Salaries	5,304	5,304	5,200	104
Payroll taxes	406	406	402	4
Retirement	613	613	591	22
General insurance	8,500	8,500	8,371	129
Dues and subscriptions	1,000	1,000	1,031	(31)
Professional fees	1,000	1,000	-	1,000
Vehicle operations	14,000	14,000	15,345	(1,345)
OSHA physicals	3,000	3,000	3,675	(675)
Supplies and chemicals	1,500	1,500	1,495	5
Utilities	6,500	6,500	5,528	972
Miscellaneous	3,250	3,250	3,667	(417)
Other equipment and improvements	17,500	17,500	18,867	(1,367)
Capital outlay	20,000	20,000	19,000	1,000
Debt service	31,750	31,750	31,744	1
Pay per call- firefighter	6,500	6,500	8,454	(1,954)
Total fire department	<u>120,823</u>	<u>120,823</u>	<u>123,375</u>	<u>(2,552)</u>
STREET AND SANITATION				
Garbage collection	26,280	26,280	26,280	-
Sidewalk repairs	5,000	5,000	-	5,000
Building code enforcement	4,000	4,000	-	4,000
Park development expense	57,929	57,929	-	57,929
Total street and sanitation	<u>93,209</u>	<u>93,209</u>	<u>26,280</u>	<u>66,929</u>
ADMINISTRATIVE				
Salaries - mayor/council	6,000	6,000	6,000	-
Payroll taxes	460	460	459	1
Retirement	670	670	643	27
General insurance	9,200	9,200	6,832	2,368
Office supplies	900	900	841	59
Election	500	500	-	500
Town park	5,000	5,000	4,155	845
Zoning review	200	200	-	200
Advertising	900	900	521	379
PARD grant	20,000	20,000	-	20,000
Travel and business	2,800	2,800	2,447	353
Dues and subscriptions	2,000	2,000	1,798	202
Administrator	7,500	7,500	7,830	(330)
Civic events	4,000	4,000	2,975	1,025
Professional fees	10,000	10,000	11,206	(1,206)
MASC meeting	2,500	2,500	817	1,683
Fall festival	3,000	3,000	2,564	436
Due West Recreation Association	7,500	7,500	7,500	-
Other expenditures	8,000	8,000	12,711	(4,711)
Capital outlay	4,000	4,000	-	4,000
Total administrative	<u>95,130</u>	<u>95,130</u>	<u>69,299</u>	<u>25,831</u>
TOTAL DEPARTMENTAL EXPENDITURES	<u>\$ 694,345</u>	<u>\$ 694,345</u>	<u>\$ 587,587</u>	<u>\$ 106,758</u>

TOWN OF DUE WEST

SCHEDULE OF MUNICIPAL COURT FINES, ASSESSMENTS, AND SURCHARGES
YEAR ENDED JUNE 30, 2017

	<u>Collected by Municipality</u>	<u>Retained by Town Treasurer</u>	<u>Remitted to State Treasurer</u>	<u>Allocated to Victims' Assistance</u>
Assessments	\$ 8,251	\$ 1,069	\$ 7,182	\$ 1,069
Surcharges	5,349	465	4,884	465
Pullout	200	-	200	-
Discharge	450	-	450	-
Expenditures				(3,600)
Balance, beginning of year				<u>27,326</u>
Balance, end of year				<u>\$ 25,260</u>