

City of Mullins, South Carolina

**BASIC FINANCIAL
STATEMENTS AND
SUPPLEMENTAL INFORMATION**

June 30, 2012

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
Mullins, South Carolina 29574

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mullins as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Mullins' management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Mullins as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 22, 2013 on our consideration of the City of Mullins' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 13 and 56 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mullins' financial statements as a whole. The accompanying combining and individual fund financial statements and schedules listed under the supplemental fund information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Kenneth Cobb & Company P.C.

August 22, 2013

City of Mullins, South Carolina Management's Discussion and Analysis

Management of the City of Mullins provides this Management's Discussion and Analysis for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City of Mullins is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the additional information that is furnished with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The assets of the city exceeded its liabilities at fiscal year ending June 30, 2012 by \$13.8 million (net assets). Of this amount \$36,954 was reported as "unrestricted net assets." Unrestricted net assets represented the amount available to be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$496,496. This increase was caused in part by \$195,814 in premium refunds received from the City's former health insurance provider and by \$401,838 in grant monies received by the water and sewer fund.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,142,541, an increase of \$163,086 in comparison with the prior year. Approximately 48% of this total or \$548,427 is unrestricted fund balance.
- The City's total debt decreased by \$299,839 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to City of Mullins's basic financial statements. The basic financial statements included three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining and individual fund financial statements) in addition to the basic financial statements themselves. These components are described below.

City of Mullins, South Carolina Management's Discussion and Analysis

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business.

The statement of net assets presents all of the government's assets and liabilities, with differences between the two reported as "net assets." Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each department of the City.

Both of the government-wide financial statements distinguish functions of the City 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 include general government, public safety, public works, sanitation and recreation. The business-type activities of the City include water and sewer operations.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

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

Governmental Funds

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

City of Mullins, South Carolina Management's Discussion and Analysis

Because the focus of governmental funds is more narrow 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 near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the pages immediately following each governmental fund financial statement.

The City has two major governmental fund for presentation purposes: the general fund and the debt service fund. The City's other non-major governmental fund details are shown in the supplemental section of the financial statements.

The City adopts an annual appropriated budget for its general fund. A Budgetary comparison statement has been provided herein to demonstrate compliance with the budgets.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and the fund financial statements. The notes to the financial statements can be found immediately following the proprietary fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information including a budgetary comparison schedule for the General Fund. This section also includes the Police fines and assessment recap required by the state of South Carolina, as well as schedules and the letters required by Governmental Auditing Standards.

City of Mullins, South Carolina
Management's Discussion and Analysis

Other Supplementary Information

Combining and Individual Fund Financial Statement and Schedules

The combined and individual fund financial statements are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets totaled \$ 13.8 million at the close of the fiscal year.

The largest portion of the City's net assets \$ 13 million reflects its investment in fixed assets such as land, buildings, equipment and infrastructure (road, bridges and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The City uses these fixed assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its fixed 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 fixed assets themselves cannot be used to liquidate these liabilities.

City of Mullins' Net Assets
(amounts in thousands of dollars)
June 30, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 1,256	\$ 1,122	\$ 624	\$ 581	\$ 1,880	\$ 1,703
Capital Assets	4,339	4,292	11,136	10,948	15,475	15,240
Other Assets	<u>15</u>	<u>7</u>	<u>20</u>	<u>20</u>	<u>35</u>	<u>27</u>
Total Assets	<u>5,610</u>	<u>5,421</u>	<u>11,780</u>	<u>11,549</u>	<u>17,390</u>	<u>16,970</u>
Long Term						
Liabilities	1,304	1,136	2,041	2,256	3,345	3,392
Other Liabilities	<u>143</u>	<u>169</u>	<u>117</u>	<u>121</u>	<u>260</u>	<u>290</u>
Total Liabilities	<u>1,447</u>	<u>1,305</u>	<u>2,158</u>	<u>2,377</u>	<u>3,605</u>	<u>3,682</u>
Invested in Fixed Assets Net of Related Debt	3,819	3,684	9,143	8,742	12,962	12,426
Restricted	594	653	192	211	786	864
Unrestricted	<u>(250)</u>	<u>(221)</u>	<u>287</u>	<u>219</u>	<u>37</u>	<u>(2)</u>
Total Net Assets	<u>\$ 4,163</u>	<u>\$ 4,116</u>	<u>\$ 9,622</u>	<u>\$ 9,172</u>	<u>\$ 13,785</u>	<u>\$ 13,288</u>

**City of Mullins, South Carolina
Management's Discussion and Analysis**

At the end of the current fiscal year, the City is able to report positive balances in two of the three categories of net assets, both for the government as a whole, as well as for its separate governmental and business type activities. The governmental unrestricted net assets continues to be in the negative.

Changes in Net Assets

The City's net assets increased by \$ 496,496. Approximately 30% of the City's total revenue came from taxes, while 13% resulted from grants (including state and federal aid). Charges for various goods and services provided 50% of the total revenues. The City's expenses cover a range of services. The largest expenses were for police and water and sewer.

City of Mullins Changes in Net Assets
(amounts in thousands of dollars)
June 30 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES:						
Program Revenues:						
Charges for services	\$ 1,942	\$ 1,976	\$ 1,419	\$ 1,471	\$ 3,361	\$ 3,447
Program Revenues:						
Operating grants & Contributions	490	311	0	0	490	311
Capital grants & Contributions	0	11	402	46	402	57
General Revenues:						
Taxes	1,985	1,951	0	0	1,985	1,951
Investment Earnings	3	5	1	2	4	7
Other	<u>348</u>	<u>72</u>	<u>80</u>	<u>17</u>	<u>428</u>	<u>89</u>
Total Revenues	<u>4,768</u>	<u>4,326</u>	<u>1,902</u>	<u>1,536</u>	<u>6,670</u>	<u>5,862</u>
EXPENSES:						
General Government	1,012	1,063	0	0	1,012	1,063
Beautification	90	74	0	0	90	74
Street & Sanitation	1,031	952	0	0	1,031	952
Police	1,255	1,354	0	0	1,255	1,354
Fire	503	658	0	0	503	658
Museum	41	41	0	0	41	41
Recreation	247	283	0	0	247	283
Maintenance	62	62	0	0	62	62
Accommodation Tax	10	13	0	0	10	13
Grants	348	169	0	0	348	169

City of Mullins, South Carolina
Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Interest and Other Charges	\$ 28	\$ 33	\$ 0	\$ 0	\$ 28	\$ 33
Water & Sewer	<u>0</u>	<u>0</u>	<u>1,451</u>	<u>1,521</u>	<u>1,451</u>	<u>1,521</u>
TOTAL EXPENSES:	<u>4,627</u>	<u>4,702</u>	<u>1,451</u>	<u>1,521</u>	<u>6,078</u>	<u>6,223</u>
Excess(deficiency) before special items and transfers	141	(376)	451	15	592	(361)
Special Items						
Loss on sale of assets	0	0	(2)	0	(2)	0
Transfers to other Governmental Entity	<u>(94)</u>	<u>(102)</u>	<u>0</u>	<u>0</u>	<u>(94)</u>	<u>(102)</u>
Changes in Net Assets	47	(478)	449	15	496	(463)
Net Assets, Beginning of Year	4,116	4,648	9,172	9,157	13,288	13,805
Prior period adjustment	<u>0</u>	<u>(54)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(54)</u>
Net Assets, End of Year	<u>\$ 4,163</u>	<u>\$ 4,116</u>	<u>\$ 9,621</u>	<u>\$ 9,172</u>	<u>\$ 13,784</u>	<u>\$ 13,288</u>

Governmental activities increased the City's net assets by \$ 47,051.

Business-type activities increased the City's net assets by \$ 449,445.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Government funds

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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$ 1,142,541. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved fund balance of \$ 548,427 represents 12% of total governmental fund expenditures.

City of Mullins, South Carolina Management's Discussion and Analysis

The fund balance of the City's general fund increased \$ 222,157 during the current fiscal year. This is a 36% increase to the prior year fund balance.

Proprietary fund

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

Unrestricted net assets of the Water and Sewer fund at the end of the year amounted to \$286,695. The water and sewer fund had a increase in net assets for the year of \$ 449,445.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original approved budget was not amended for the fiscal year ended June 30, 2012.

FIXED ASSET AND DEBT ADMINISTRATION

Fixed Assets

The City's investment in fixed assets for its governmental and business-type activities as of June 30, 2012, amount to \$ 24.6 million, less accumulated depreciation of \$ 9.1 million, leaving a net book value of \$ 15.5 million. This investment in fixed assets includes land, buildings, improvements, equipment and infrastructure. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, drainage systems and similar items.

The total increase in the City's investment in fixed assets for the current fiscal year was \$235,701 in terms of net book values. However, actual expenditures to purchase or construct capital assets were \$ 770,875 for the year. Depreciation charges for the year totaled \$ 518,174 and the net book value of assets sold or junked totaled \$17,000. Additional information on the City's capital assets can be found in Note 2C of the notes to the financial statements of this report.

Debt Activity

The City of Mullins' total debt decreased by \$ 299,839 during the current year. Additional information on the City's long-term debt obligations can be found in Note 2D of the notes to the financial statements of this report.

City of Mullins, South Carolina
Management's Discussion and Analysis

NEXT YEAR'S BUDGET AND RATES

The City has approved balanced budgets for the General Fund (\$ 4,283,252) and the Water & Sewer Fund (\$ 1,803,650) for the fiscal year ending June 30, 2013. The following are some of the factors considered in preparing this budget:

- Tax millage rates did not change
- Sanitation rates did not change
- Water and sewer rates were increased to help cover the anticipated infrastructure needs in case Grand Strand Water & Sewer Authority did not purchase the water and sewer system from the City.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of City of Mullins finances for all of City of Mullins citizens, taxpayers, customers and investor and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: City of Mullins, P.O. Drawer 408, Mullins, S.C. 29574.

City of Mullins, South Carolina
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$827,896.49	\$235,337.19	\$1,063,233.68
Cash and investments - restricted	145,722.96	191,819.05	337,542.01
Receivables			
Taxes (net of allowance)	35,058.45	0.00	35,058.45
Due from other governmental agencies	297,845.60	4,051.70	301,897.30
Due from (to) other funds	(50,591.49)	50,591.49	0.00
Note Receivable	200.00	0.00	200.00
Accounts (net of allowance)	0.00	142,061.84	142,061.84
Other	2,175.00	0.00	2,175.00
Inventory	12,191.65	3,322.66	15,514.31
Land	938,796.50	547,357.13	1,486,153.63
Construction in Progress	157,058.91	433,424.66	590,483.57
Depreciable fixed assets (net)	3,243,675.07	10,155,311.26	13,398,986.33
Deferred bond issue costs (net)	0.00	17,148.21	17,148.21
TOTAL ASSETS	5,610,029.14	11,780,425.19	17,390,454.33
LIABILITIES			
Accounts payable	53,208.44	25,404.92	78,613.36
Accrued salaries and fringe	35,328.50	9,250.15	44,578.65
Court bonds outstanding	5,061.33	0.00	5,061.33
Other payables	34,359.57	7,226.66	41,586.23
Interest payable	14,511.77	35,675.99	50,187.76
Long term liabilities			
Due within one year	201,569.35	220,263.92	421,833.27
Due in more than one year	460,990.55	1,821,187.28	2,282,177.83
OPEB obligation	641,918.00	0.00	641,918.00
Customer deposits	0.00	39,789.38	39,789.38
TOTAL LIABILITIES	1,446,947.51	2,158,798.30	3,605,745.81
NET ASSETS			
Invested in fixed assets, net of related debt	3,818,708.56	9,143,113.18	12,961,821.74
Restricted for:			
Special Revenue	303,791.27	0.00	303,791.27
Local Option Rollback	87,791.10	0.00	87,791.10
Accommodations Tax	37,090.60	0.00	37,090.60
Debt Service	0.00	139,746.26	139,746.26
Capital Improvements	165,441.05	37,743.76	203,184.81
Grant match	0.00	14,329.03	14,329.03
Unrestricted	(249,740.95)	286,694.66	36,953.71
TOTAL NET ASSETS	\$4,163,081.63	\$9,621,626.89	\$13,784,708.52

The Accompanying Auditor's Report and Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF ACTIVITIES
For Fiscal Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$1,012,056.79	\$867,633.82	\$122,950.16	\$0.00	(\$21,472.81)		(\$21,472.81)
Beautification	89,520.14	0.00	0.00	0.00	(89,520.14)		(89,520.14)
Street and sanitation	1,030,359.09	812,548.79	0.00	0.00	(217,810.30)		(217,810.30)
Police	1,254,958.54	43,505.65	68,000.00	0.00	(1,143,452.89)		(1,143,452.89)
Fire	503,272.71	167,842.80	0.00	0.00	(335,429.91)		(335,429.91)
Museum	40,432.98	1,688.75	0.00	0.00	(38,744.23)		(38,744.23)
Recreation	246,879.42	48,281.16	0.00	0.00	(198,598.26)		(198,598.26)
Maintenance	62,270.60	0.00	0.00	0.00	(62,270.60)		(62,270.60)
Accommodations tax	10,437.45	0.00	25,314.27	0.00	14,876.82		14,876.82
Grants	348,158.44	0.00	273,683.52	0.00	(74,474.92)		(74,474.92)
Interest on long term debt	28,286.09	0.00	0.00	0.00	(28,286.09)		(28,286.09)
Total governmental activities	4,626,632.25	1,941,500.97	489,947.95	0.00	(2,195,183.33)		(2,195,183.33)
Business-type activities:							
Water and Sewer	1,450,617.43	1,419,555.74	0.00	401,838.22	0.00	\$370,776.53	370,776.53
Total primary government	\$6,077,249.68	\$3,361,056.71	\$489,947.95	\$401,838.22	(2,195,183.33)	370,776.53	(1,824,406.80)
General revenues:							
Property taxes					1,826,060.49	0.00	1,826,060.49
Hospitality taxes					159,109.73	0.00	159,109.73
Unrestricted investment earnings					2,879.33	1,200.58	4,079.91
Miscellaneous					347,833.95	79,888.34	427,722.29
Gain (Loss) on sale of assets					350.90	(2,420.59)	(2,069.69)
Transfers							
Transfer to other governmental entity					(94,000.00)	0.00	(94,000.00)
Total general revenues and transfers					2,242,234.40	78,668.33	2,320,902.73
Change in net assets					47,051.07	449,444.86	496,495.93
Net assets, beginning of year					4,116,030.56	9,172,182.03	13,288,212.59
Net assets, end of year					\$4,163,081.63	\$9,621,626.89	\$13,784,708.52

The Accompanying Auditor's Report and Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$827,896.49	\$0.00	\$827,896.49
Cash-restricted	0.00	145,722.96	145,722.96
Receivables			
Property taxes - net of allowance	35,058.45	0.00	35,058.45
Due from general fund	0.00	158,068.31	158,068.31
Due from other governmental units	297,845.60	0.00	297,845.60
Property lien	2,175.00	0.00	2,175.00
Note receivable	200.00	0.00	200.00
Inventory	12,191.65	0.00	12,191.65
TOTAL ASSETS	<u><u>\$1,175,367.19</u></u>	<u><u>\$303,791.27</u></u>	<u><u>\$1,479,158.46</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$53,208.44	\$0.00	\$53,208.44
Accrued salaries and fringe	35,328.50	0.00	35,328.50
Due to special revenue funds	158,068.31	0.00	158,068.31
Due to water & sewer fund	50,591.49	0.00	50,591.49
Court bonds outstanding	5,061.33	0.00	5,061.33
Other payables	34,359.57	0.00	34,359.57
TOTAL LIABILITIES	<u><u>336,617.64</u></u>	<u><u>0.00</u></u>	<u><u>336,617.64</u></u>
FUND BALANCES			
Restricted for:			
Hospitality fund	0.00	244,332.17	244,332.17
Committed to:			
Fireman's fund	0.00	6,450.58	6,450.58
Beautification	0.00	35,389.88	35,389.88
Tobacco Museum	0.00	17,444.74	17,444.74
Assigned to:			
Future downtown improvement	165,441.05	0.00	165,441.05
Local option rollback	87,791.10	0.00	87,791.10
Accommodations tax expenditures	37,090.60	0.00	37,090.60
Police department	0.00	173.90	173.90
Unassigned	548,426.80	0.00	548,426.80
TOTAL FUND BALANCES	<u><u>838,749.55</u></u>	<u><u>303,791.27</u></u>	<u><u>1,142,540.82</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$1,175,367.19</u></u>	<u><u>\$303,791.27</u></u>	<u><u>\$1,479,158.46</u></u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
 RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
 FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
 For Fiscal Year Ended June 30, 2012

Fund Balances - total governmental funds	\$1,142,540.82
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.</p>	
Add - fixed assets	7,231,032.93
Add - construction in progress	157,058.91
Deduct - accumulated depreciation	(3,048,561.36)
<p>Interest on long term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
Deduct - accrued interest expense	(14,511.77)
<p>Long-term liabilities, including note and lease payables, OPEB obligation, and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.</p>	
Deduct - note/lease payables	(520,821.92)
Deduct - OPEB obligation	(641,918.00)
Deduct - compensated absences	(141,737.98)
	(1,313,527.88)
Net assets of governmental activities	\$4,163,081.63

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$1,826,060.49	\$0.00	\$159,109.73	\$1,985,170.22
Licenses and franchise fees	788,552.06	0.00	0.00	788,552.06
Sanitation charges	812,548.79	0.00	0.00	812,548.79
Police fines	43,505.65	0.00	0.00	43,505.65
State aid	148,264.43	0.00	0.00	148,264.43
Recreation receipts	48,281.16	0.00	0.00	48,281.16
Lease agreements	79,081.76	0.00	0.00	79,081.76
Interest income	2,543.74	0.00	335.59	2,879.33
Miscellaneous	246,274.42	0.00	34,313.16	280,587.58
Grants	0.00	0.00	273,683.52	273,683.52
Fire department	167,842.80	0.00	0.00	167,842.80
School Resource Officer	68,000.00	0.00	0.00	68,000.00
Museum	1,688.75	0.00	0.00	1,688.75
TOTAL REVENUES	4,232,644.05	0.00	467,442.00	4,700,086.05
EXPENDITURES				
Department				
General government	655,965.28	0.00	0.00	655,965.28
Beautification	90,535.31	0.00	0.00	90,535.31
Street and sanitation	1,009,932.13	0.00	0.00	1,009,932.13
Police	1,220,434.37	0.00	0.00	1,220,434.37
Fire	439,207.34	0.00	0.00	439,207.34
Recreation	219,111.32	0.00	0.00	219,111.32
Maintenance	61,589.46	0.00	0.00	61,589.46
Museum	40,374.06	0.00	0.00	40,374.06
Accommodation tax	10,437.45	0.00	0.00	10,437.45
Grant expenditures	0.00	0.00	348,158.44	348,158.44
Capital outlay	160,591.31	0.00	144,508.91	305,100.22
Debt service				
Principal retirement	0.00	87,133.27	0.00	87,133.27
Interest	0.00	33,599.78	0.00	33,599.78
TOTAL EXPENDITURES	3,908,178.03	120,733.05	492,667.35	4,521,578.43
Excess (deficiency) of revenues over expenditures	324,466.02	(120,733.05)	(25,225.35)	178,507.62

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For Fiscal Year Ended June 30, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	\$3,905.00	\$0.00	\$0.00	\$3,905.00
Sale of scrap metal	55,497.85	0.00	19,025.52	74,523.37
Loan proceeds	0.00	150.00	0.00	150.00
Transfers to other funds	(121,833.05)	0.00	(67,351.34)	(189,184.39)
Transfers from other funds	54,121.52	120,583.05	14,479.82	189,184.39
Transfers to other govt. units	(94,000.00)	0.00	0.00	(94,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(102,308.68)</u>	<u>120,733.05</u>	<u>(33,846.00)</u>	<u>(15,421.63)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	222,157.34	0.00	(59,071.35)	163,085.99
Fund Balance - beginning of year	<u>616,592.21</u>	<u>0.00</u>	<u>362,862.62</u>	<u>979,454.83</u>
Fund Balance - end of year	<u><u>\$838,749.55</u></u>	<u><u>\$0.00</u></u>	<u><u>\$303,791.27</u></u>	<u><u>\$1,142,540.82</u></u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
RECONCILIATION OF THE NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
TO THE CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
For Fiscal Year Ended June 30, 2012

Total net change in fund balance-governmental funds	\$163,085.99
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Add - capital outlay	305,100.22
Deduct - depreciation expense	(246,893.44)
Proceeds from assets sold are reported on the fund financial statements. In the statement of activities these proceeds are used, along with the net book value, to calculate a gain or loss from the sale.	
Deduct - proceeds from assets sold	(11,182.00)
Add - gain on sale of asset (net book value - sale proceeds)	350.90
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and therefore, is not reflected in the statement of activities.	
Add - principal payments on long-term liabilities	87,133.27
Interest on long term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
Add - decrease in accrued interest payable	5,313.69
The issuance of long-term debt provides current financial resources to the governmental funds in the period issued, but it increases long term liabilities in the statement of net assets, and therefore, is not reflected in the statement of activities.	
Deduct - loan proceeds	(150.00)
The increase in the liability for compensated absences does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	
Deduct - increase in the accrual for compensated absences	(4,980.56)
The increase in the liability for the net OPEB obligation does not require the use of current financial resources and therefore, is not reported as an expenditure in the governmental funds.	
	<u>(250,727.00)</u>
Change in net assets of governmental activities	<u><u>\$47,051.07</u></u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

ASSETS	Business-type Activities <u>Total</u>
Cash and investments	\$235,337.19
Cash and investments - restricted	191,819.05
Accounts receivable	142,061.84
Due from general fund	50,591.49
Due from state government	4,051.70
Inventory	3,322.66
Land	547,357.13
Construction in progress	433,424.66
Property, plant, and equipment (net)	10,155,311.26
Deferred bond issue costs (net)	<u>17,148.21</u>
 TOTAL ASSETS	 <u>11,780,425.19</u>
LIABILITIES	
Accounts payable	25,404.92
Accrued salaries and fringe	9,250.15
Compensated absences payable	48,471.33
Other payables	7,226.66
Interest payable	35,675.99
Bonds payable - due within one year	220,263.92
Bonds payable - due in more than one year	1,772,715.95
Customer deposits	<u>39,789.38</u>
 TOTAL LIABILITIES	 <u>2,158,798.30</u>
NET ASSETS	
Invested in fixed assets, net of related debt	9,143,113.18
Restricted for construction projects	37,743.76
Restricted for debt service	139,746.26
Restricted for grant match	14,329.03
Unrestricted	<u>286,694.66</u>
 TOTAL NET ASSETS	 <u>\$9,621,626.89</u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For Fiscal Year Ended June 30, 2012

	Business-type Activities <u>Total</u>
OPERATING REVENUES	
Water billings	\$646,500.60
Sewer billings	686,174.50
Penalties	37,496.52
Other income	<u>129,272.46</u>
TOTAL OPERATING REVENUES	<u>1,499,444.08</u>
OPERATING EXPENSES	
Department	
Water	495,490.02
Sewer	110,519.92
Waste treatment plant	430,218.83
Amortization	2,172.85
Bad debt	59,887.05
Depreciation	<u>271,279.67</u>
TOTAL OPERATING EXPENSES	<u>1,369,568.34</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>129,875.74</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	1,200.58
Interest expense	<u>(81,049.09)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(79,848.51)</u>
OTHER FINANCING SOURCES(USES)	
Grant proceeds	401,838.22
Loss from sale of fixed asset	<u>(2,420.59)</u>
TOTAL OTHER FINANCING SOURCES(USES)	<u>399,417.63</u>
NET INCOME (LOSS)	449,444.86
Net Assets - beginning of year	<u>9,172,182.03</u>
Net Assets - end of year	<u><u>\$9,621,626.89</u></u>

The Accompanying Auditor's Report and Notes Are An Integral Part of This Statement.

City of Mullins, South Carolina
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Fiscal Year Ended June 30, 2012

	Business-type Activities <u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$1,531,706.81
Cash payments to employees	(385,657.89)
Cash payments to suppliers for goods and services	<u>(707,593.82)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>438,455.10</u>
CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(465,774.83)
Proceeds from sale of equipment	3,750.00
Grant proceeds received	444,109.52
Principal paid on revenue bonds	(212,855.48)
Increase in due from general fund	(726.33)
Interest paid on bonds and notes payable	<u>(83,070.26)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(314,567.38)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES	
Interest earned	<u>1,200.58</u>
NET CASH FROM INVESTING ACTIVITIES	<u>1,200.58</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	125,088.30
CASH AND CASH EQUIVALENTS - beginning of year	<u>302,067.94</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$427,156.24</u></u>

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For Fiscal Year Ended June 30, 2012

	Business-type Activities <u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$129,875.74
Adjustments to reconcile net operating income to net cash and cash equivalents provided by operating activities:	
Depreciation	271,279.67
Amortization	2,172.85
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	40,585.23
(Increase) decrease in inventories	(2,003.87)
Increase (decrease) in accounts payable	9,663.48
Increase (decrease) in accrued salaries and fringe	(13,703.27)
Increase (decrease) in other payables	2,660.16
Increase (decrease) in customer deposits	(322.50)
Increase (decrease) in compensated absences payable	(1,752.39)
	(1,752.39)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$438,455.10

The Accompanying Auditor's Report And Notes Are An Integral Part Of This Statement.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mullins is a political subdivision of the State of South Carolina. The governing authority is the Mayor and the City Council. The Mayor and City Council are elected by the citizens of the City of Mullins.

The financial statements of the City of Mullins, South Carolina (the "City") have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting. The more significant of these accounting policies are described below.

A - REPORTING ENTITY

In evaluating how to define the government for financial reporting purposes, the City of Mullins meets the criterion of a Primary Government as defined in GASB Statement #14.

Based on application of the component unit criteria, the City's financial statements contain only the funds of the City. There were no separate governmental units or agencies that meet the criteria for inclusion in the reporting entity.

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*. Some of the significant changes in the financial statements include the following:

A Management's Discussion and Analysis (MD&A) providing an analysis of the City's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the City's activities.

A change in the fund financial statements to focus on the major funds.

B - BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities. The operations of each fund are accounted for with a separate set of self balancing accounts.

The City's funds are grouped into two broad categories for financial statement presentation purposes. Governmental funds include the general, special revenue, and debt service funds. Proprietary funds include the enterprise (water and sewer) fund.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - BASIS OF PRESENTATION AND ACCOUNTING (continued)

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payable and receivables. All internal balances in the Statement of Net Assets have been eliminated

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effects of interfund activity have been eliminated from these statements.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationships between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column.

The major funds of the financial reporting entity are described below:

General Fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - To account for the accumulation of resources for, and the payment of, general long-term debt, principal and interest.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - BASIS OF PRESENTATION AND ACCOUNTING (continued)

Enterprise Funds - 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 (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user chargers.

Non-Major Governmental Funds- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service.

GASB Statement No. 34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made. Property tax revenues are recognized in the year in which they are due and receivable, and collected, or expected to be collected within 60 days after year end, in accordance with NCGA Interpretation 3, Revenue Recognition - Property Taxes. Penalties, franchise taxes, accommodations tax, fines and forfeitures, miscellaneous revenues, and interest earned are recorded when received in cash because they are generally not measurable until actually received.

Expenditure Recognition. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

The proprietary funds are accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned, and its expenses are recognized when they are incurred.

This fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are generated from the sales of water and sewer services. The principal operating revenues of the water and sewer fund are charges to customers for sales of water and sewer services. The City also

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - BASIS OF PRESENTATION AND ACCOUNTING (continued)

recognizes as operating revenues, tap fees, origination fees, reconnect fees, impact fees and other miscellaneous operating items. Operating expenses of the water and sewer fund include the cost of providing water and sewer services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues - Non-exchange Transactions

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Taxes receivable are reported net of the reserve for uncollectible. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, and grants.

C - DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be demand deposit accounts and short-term securities purchased with a maturity of three months or less from the date of acquisition.

The City is authorized by state statute to invest in obligations of the United States and agencies thereof, general obligations of the State of South Carolina or any of its political units, savings and loan associations to the extent that the same are insured by an agency of the federal government, certificates of deposit where the certificates are collaterally secured by securities of the type described above, held by either a third party as agent or as custodian. The statutes provide that all authorized investments shall have maturities consistent with the time or times when the invested monies will be needed in cash.

D - INVENTORIES

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The cost is recorded as an expenditure at the time of purchase and significant inventories on hand at year end are recorded as assets.

E - USE OF RESTRICTED ASSETS/UNRESTRICTED NET ASSETS

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to apply restricted net assets first.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F - COMPENSATED ABSENCES

The City allows an employee to accumulate up to 45 vacation days and 90 sick leave days. These vacation and sick leave days are earned, as employed, on a daily basis. The 45 vacation days are payable upon an employee leaving the City's employment. There would be no restitution, upon leaving, for any unused sick leave days.

G - FIXED ASSETS

Fixed assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Fixed assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at estimated fair value at the date of donation. The City has adopted a prospective approach to reporting infrastructure assets effective July 1, 2004.

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. Interest cost are capitalized for all assets that require an acquisition period to get them ready for their intended use.

Fixed assets of the city are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Useful Life</u>
Land	Not Depreciated
Construction in Progress	Not Depreciated
Vehicles	5-15 years
Equipment	5-30 years
Infrastructure	50 years
Building and Improvements	25-100 years

H - 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. Bond premium or discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I - BUDGETS AND BUDGETARY ACCOUNTING

The appropriated budget as legally adopted by council is prepared on a basis consistent with generally accepted accounting principles. Encumbrances have not been recorded by the City of Mullins. The City Council approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the City Council, on a line by line basis, then provisions made. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

There were no budget amendments during the fiscal year.

J - PROPERTY TAXES

Property tax revenues are recognized when they become available. Available includes those real property taxes expected to be collected within sixty days after year end and collections by the County in June but not remitted to the city until July.

All taxes over ten years old are written-off in accordance with Section 65-2705 of the South Carolina Code of Laws of 1962 as amended. Taxes totaling \$389 were written-off this period in accordance with the law. The city taxes for each year shall be due and payable between September 30 and December 31 in each year. A 3% penalty is added to taxes not paid by January 16th, an additional 7% is added to taxes not paid by February 2nd, and an additional 5% penalty is added to taxes not paid by March 17th.

Automobile Property Taxes attach a lien and are levied throughout the year depending on when the vehicle's license tag expires. Automobile and real property taxes are assessed and collected by Marion County under a joint billing and collection agreement.

K - USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

L - NET ASSETS/FUND BALANCES

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in fixed assets (net of related debt), restricted, and unrestricted.

Invested In Fixed Assets, Net of Related Debt - This category groups all fixed assets, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L - NET ASSETS/FUND BALANCES (continued)

Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – This category represents net assets of the City, not restricted for any project or purpose.

The City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the fund financial statements. Fund balances are classified as follows:

Non-spendable - Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of City policy, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can be used only for specific purposes determined by a formal action by the Mayor and City Council, the City's highest level of decision making authority. Commitments may be modified or rescinded only through policies approved by the Mayor and Council.

Assigned - Amounts that are designated by the Mayor and City Council for a specific purpose but are not spendable until a formal policy is passed by the Mayor and City Council.

Unassigned - All amounts not included in the above classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS

A - DEPOSITS AND INVESTMENTS

Deposits

The City is authorized by state statute to invest in the following:

1. Obligations of the United States and its agencies,
2. General obligations of the state of South Carolina and its political units, savings and loan associations to the extent that the same are insured by an agency of the federal government and,
3. Certificates of Deposits where collaterally secured by securities of the type described in 1 & 2 above held by a third party escrow agent or custodian of a market value not less than the amounts of the certificates of deposit plus interest, provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government, and
4. Repurchase agreements when collateralized by securities as set forth in this section, and
5. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution. When acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or trust in which the investment is made is (a) limited to obligations described in items (1), (2), and (5) and (b) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

At year end, the carrying amount of deposits for the City was \$1,400,776. The combined bank balance was \$1,531,555. The difference between bank and book balances is due to outstanding deposits and checks. Of the bank balance, \$760,851 was covered by Federal Depository Insurance Corporation. The \$770,704 remaining balance is collateralized with pledged securities. These pledged securities are held by the custodial bank's trust department but not in the City's name. Cash is stated at cost (which approximates market).

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a policy regarding custodial credit risk for deposits. As of June 30, 2012, \$770,704 of the City's bank balances of \$1,531,555 was exposed to custodial credit risk because it was collateralized with securities held by the pledging financial institution or its agent, but not in the City's name.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

B - RECEIVABLES

The net balances shown in the General Fund for Delinquent Taxes Receivable are as follows:

General Fund

Real Property Taxes Receivable	\$115,948
Allowance for uncollectible	<u>(96,167)</u>
Net Taxes Receivable (60-days)	19,781
June collections remitted in July	
Vehicles	9,574
Real	<u>5,703</u>
Total Net Taxes Receivable	<u>\$ 35,058</u>

C - FIXED ASSETS

Governmental Activities:

Depreciation expense was charged to the departments as follows:

General Government	\$ 103,868
Beautification	2,419
Street & Sanitation	17,061
Police	36,809
Fire	61,452
Recreation	<u>25,285</u>
Total depreciation expense - governmental activities	<u>\$ 246,894</u>
Total depreciation expense - business-type activities:	<u>\$ 271,280</u>

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

C - FIXED ASSETS (continued)

Fixed asset activity for the year ended June 30, 2012 was as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Fixed assets not being depreciated:				
Land	\$938,797	\$ 0	\$ 0	\$ 938,797
Construction in Progress	<u>0</u>	<u>157,059</u>	<u>0</u>	<u>157,059</u>
Total fixed assets not being depr.	<u>\$ 938,797</u>	<u>\$ 157,059</u>	<u>\$ 0</u>	<u>\$ 1,095,856</u>
Fixed assets being depreciated:				
Buildings & Improvements	\$4,089,999	\$ 0	\$ 0	\$4,089,999
Equipment & Vehicles	<u>2,187,095</u>	<u>148,041</u>	<u>(132,898)</u>	<u>2,202,238</u>
Total fixed assets being depreciated	<u>6,277,094</u>	<u>148,041</u>	<u>(132,898)</u>	<u>6,292,237</u>
Less accumulated depreciation for:				
Buildings & Improvements	(1,454,183)	(127,377)	0	(1,581,560)
Equipment & Vehicles	<u>(1,469,553)</u>	<u>(119,517)</u>	<u>122,068</u>	<u>(1,467,002)</u>
Total accumulated depreciation	<u>(2,923,736)</u>	<u>(246,894)</u>	<u>122,068</u>	<u>(3,048,562)</u>
Governmental activities fixed assets being depreciated, net	<u>\$3,353,358</u>	<u>\$(98,853)</u>	<u>\$(10,830)</u>	<u>\$3,243,675</u>
Business-type activities				
Fixed assets not being depreciated:				
Land	\$ 547,357	\$ 0	\$ 0	\$ 547,357
Construction in Progress	<u>99,382</u>	<u>465,775</u>	<u>(131,732)</u>	<u>433,425</u>
Total fixed assets not being depr.	<u>\$ 646,739</u>	<u>\$ 465,775</u>	<u>\$(131,732)</u>	<u>\$980,782</u>
Fixed assets being depreciated:				
Buildings & Systems	\$ 14,839,626	\$131,732	\$ 0	\$ 14,971,358
Equipment & Vehicles	<u>1,301,021</u>	<u>0</u>	<u>(49,359)</u>	<u>1,251,662</u>
Total fixed assets being depreciated	<u>16,140,647</u>	<u>131,732</u>	<u>(49,359)</u>	<u>16,223,020</u>
Less accumulated depreciation for:				
Buildings & Systems	(4,647,486)	(246,947)	0	(4,894,433)
Equipment & Vehicles	<u>(1,192,132)</u>	<u>(24,333)</u>	<u>43,189</u>	<u>(1,173,276)</u>
Total accumulated depreciation	<u>(5,839,618)</u>	<u>(271,280)</u>	<u>43,189</u>	<u>(6,067,709)</u>
Business-type activities fixed assets being depreciated, net	<u>\$ 10,301,029</u>	<u>\$(139,548)</u>	<u>\$(6,170)</u>	<u>\$ 10,155,311</u>

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

D - LONG TERM DEBT

The schedule of changes in principal balances for governmental activities long-term debt is as follows:

	<u>Maturity Date</u>	<u>Payment Amount</u>	<u>Outstanding July 1, 2011</u>	<u>Current Yr Additions</u>	<u>Retired Current Yr</u>	<u>Outstanding June 30, 2012</u>
Governmental activities						
Notes and leases payable:						
Anderson Brothers Bank						
Downtown Improvement Interest rate 6.50%	06/01/16	\$33,800/year	\$ 127,712	\$ 0	\$ 25,201	\$ 102,511
Beach House Interest rate 7.00%	01/14/11	single pay	8,592	0	7,831	761
Line of Credit Interest rate 6.50%	12/20/10	single pay	115,025	150	0	115,175
BB&T						
2009 Fire Truck Interest rate 4.11%	01/30/19	41,208/year	274,184	0	27,856	246,328
Leasing 2, Inc.						
Fire Truck & Equipment Interest rate 4.45%	03/01/14	29,909/year	<u>82,292</u>	<u>0</u>	<u>26,245</u>	<u>56,047</u>
Total notes and leases payable			607,805	150	87,133	520,822
Compensated Absences			<u>136,757</u>	<u>4,981</u>	<u>0</u>	<u>141,738</u>
Governmental activities long-term liabilities			<u>\$ 744,562</u>	<u>\$ 5,131</u>	<u>\$ 87,133</u>	<u>\$ 662,560</u>

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

D - LONG TERM DEBT (continued)

Annual debt service requirements to maturity for governmental activities are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$201,569	\$ 26,247	\$ 227,816
2014	89,896	15,021	104,917
2015	64,470	10,537	75,007
2016	50,770	7,152	57,922
2017	36,517	4,690	41,207
2018-2019	<u>77,599</u>	<u>4,817</u>	<u>82,416</u>
	<u>\$ 520,821</u>	<u>\$ 68,464</u>	<u>\$ 589,285</u>

The schedule of changes in principal balances for business-type activities long-term debt is as follows:

	<u>Maturity Date</u>	<u>Payment Amount</u>	<u>Outstanding July 1, 2011</u>	<u>Current Yr Additions</u>	<u>Retired Current Yr</u>	<u>Outstanding June 30, 2012</u>
Business-type activities						
Bonds Payable:						
Bank of America						
2004 Series	6/25/18	\$202,235/year	\$ 1,253,626	\$ 0	\$ 162,871	\$ 1,090,755
Interest rate 3.14%						
BB&T						
2009 Series	12/04/24	93,691/year	<u>952,209</u>	<u>0</u>	<u>49,984</u>	<u>902,225</u>
Interest rate 4.59%						
Total Bonds			2,205,835	0	212,855	1,992,980
Compensated Absences			<u>50,224</u>	<u>0</u>	<u>1,753</u>	<u>48,471</u>
Business-type activities long term liabilities			<u>\$ 2,256,059</u>	<u>\$ 0</u>	<u>\$ 214,608</u>	<u>\$ 2,041,451</u>

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

D - LONG TERM DEBT (continued)

Annual debt service requirements to maturity for business-type activities are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 220,264	\$ 75,662	\$ 295,926
2014	227,938	67,988	295,926
2015	235,888	60,038	295,926
2016	244,124	51,801	295,925
2017	252,657	43,268	295,925
2018-2022	554,991	116,029	671,020
2023-2025	<u>257,118</u>	<u>23,956</u>	<u>281,074</u>
	<u>\$ 1,992,980</u>	<u>\$ 438,742</u>	<u>\$ 2,431,722</u>

E - INTERFUND ACTIVITY

As of June 30, 2012 the General Fund owed the Water & Sewer Fund \$50,591 and owed the Hospitality Tax Fund \$158,068. These amounts represent the amount of monies loaned to the General Fund that had not been repaid at June 30, 2012.

The composition of interfund transfers are as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Debt Service	\$ 112,283
	Special Revenue Fund	9,550
Special Revenue Fund	General Fund	54,121
	Debt Service	8,300
	Special Revenue Fund	<u>4,930</u>
		<u>\$ 189,184</u>

The above transfers to the Debt Service Fund represent scheduled debt payments. The above transfers between the General Fund and Special Revenue Funds were for normal operating subsidies. The above transfers between Special Revenue Funds were to close out old Special Revenue Funds which were no longer being utilized.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

F - RESTRICTED ASSETS

The balances of the restricted asset accounts are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Special Revenue	\$ 145,723	\$ 0	\$ 145,723
Grant match	0	14,329	14,329
Bond reserve	0	139,746	139,746
Capital improvements	<u>0</u>	<u>37,744</u>	<u>37,744</u>
Total Restricted Assets	<u>\$ 145,723</u>	<u>\$ 191,819</u>	<u>\$ 337,542</u>

G - RETIREMENT

Substantially all of the employees of the City of Mullins are covered by the South Carolina Retirement System(SCRS) or the South Carolina Police Officers Retirement System(PORS). Both systems are cost sharing multiple employer public employee retirement systems (PERS) and are administered by the South Carolina Retirement System. Benefit provisions, contribution rates and amendment authority are established under the authority of Title 9 of the S.C. Code of Law.

Generally, all employees are required to participate and contribute to the SCRS as a condition of employment. The normal cost is funded by contributions from the employees at a rate of 6.5% of wages earned for the year. The employer's contribution rate is 9.385%. Employees who retire at or after age 65 or with 28 years of credited service are entitled to full retirement benefits, payable for life, with an annual rate equal to 1.82% of average final compensation, for each year of credited service. Early retirement is available to members age 55 with 25 years of credited service, reduced 4% for each year of service under 28 or to members age 60, reduced 5% for each year under age 65.

Generally, all full-time employees whose principal duties are the preservation of public order, protection or prevention and control of property destruction by fire are eligible to participate in the PORS. The normal cost is funded by contributions from the employees at a rate of 6.5% of wages earned for the year. The employer's contribution rate is 11.363%. Employees who retire at or after age 55 or with 25 years of credited service are entitled to full retirement benefits, payable for life, with an annual rate equal to 2.14% of average final compensation, for each year of credited service. There are no early retirement provisions under PORS.

Payroll(cash basis) for employees covered by both systems were as follows: active members salaries for SCRS of \$829,125 and for PORS of \$1,009,918 and retired members salaries for SCRS of \$205,893. The City's total payroll(cash basis) was \$2,073,281.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

G - RETIREMENT (continued)

A comprehensive annual financial report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211-1960.

The following chart shows breakdown between SCRS and PORS for employee and employer contributions. This chart shows the three years ended June 30, 2012, 2011, and 2010.

	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-10</u>
Employee Contributions			
SCRS	\$ 67,276	\$ 68,535	\$ 63,474
PORS	65,645	68,016	65,004
Employer Contributions			
SCRS	\$ 97,136	\$ 97,425	\$ 90,230
PORS	114,757	116,465	106,506

H - CONTINGENCIES

Grants

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. If grant revenues received for expenditures are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from possible disallowed expenditures will not be material to the general purpose financial statements at June 30, 2012.

Litigation

According to the City's attorney, there are two outstanding lawsuits at the time of this report. Both of these lawsuits are being handled by the Insurance Reserve fund on the City's behalf.

I - SUBSEQUENT EVENTS

On September 14, 2012 the City sold the water and sewer system to Grand Strand Water and Sewer Authority (GSWSA). GSWSA paid the City \$1,500,000 and paid City debt (principal and interest) of \$1,951,115. GSWSA will pay the City a franchise fee for providing the water and sewer service to the City.

The City is not aware of any other subsequent events occurring after the City's year end that would have a material effect on the financial statements.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

J - RELATED PARTIES

During the fiscal year ended June 30, 2012, the City paid \$9,500 to a family member of Kenny Davis, the City Administrator, for a tractor.

K - ANDERSON CENTER PROJECT

During 2002 the City began the Anderson Center Project and entered into several agreements with The Mullins Revitalization Limited Partnership(the Partnership). The Partnership is responsible for carrying out the development, ownership, and operation of this project. This project is providing affordable rental housing to low income, elderly persons. Five downtown buildings were renovated into 22 apartment units and 4 storefronts. The City loaned to the Partnership its CDBG (\$330,000) and HOME (\$400,000) grant monies. The CDBG loan of \$330,000 bears no interest and will be repaid in annual maximum installments of \$16,500 beginning December 31st following the 31st anniversary of the completion date. Any unpaid principal remaining following the 50th anniversary of the completion date, shall be due and payable on December 31st following the 51st anniversary of the completion date. The Partnership is paying back \$200,000 of the HOME loan directly to the State Housing Finance and Development Authority. The remaining \$200,000 is non-interest bearing and calls for 20 consecutive installments of \$10,000 commencing on December 31, 2034 and continuing through December 31, 2053. The City also has a signed promissory note from the Partnership for \$80,000. This amount represents the City's cash match of \$50,000 and in-kind services performed by the City of \$30,000. The terms of this note are similar to the terms of the above grant notes.

Due to the time frame and uncertainty of the payback of the above loans, a note receivable has not been recorded on the City's books.

L - MULLINS TECHNOLOGY CENTER

There were renovations to the Mullins Technology Center that were funded using an Economic Development Administration (EDA) grant of \$200,000. Subsequently EDA placed a mortgage on the real estate that houses the Mullins Technology Center for \$200,000. This mortgage is for 20 years from October 14, 2003 which was the date it was filed. This debt shall become due and payable by the City to EDA upon the transfer or alienation of the real estate in violation of the financial assistance award. The City does not currently have any plans to change the use of this real estate, therefore no payable has been recorded on the City's books.

M - RISKS AND UNCERTAINTIES

The City is exposed to various risks of loss and maintains elements of both self-insurance and purchased insurance policies divided into coverage for workers compensation, property and casualty, and employee health insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The City also pays insurance premiums to certain commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy in accord with the insurance policy and benefit program limits.

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
 For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

M - RISKS AND UNCERTAINTIES (continued)

Listed below are three types of insurance coverage along with the insurance company:

1. claims for property and casualty loss (South Carolina Municipal Insurance Reserve Fund)
2. workers compensation (South Carolina Municipal Insurance Trust - this is a public entity risk pool and members are subject to a supplemental assessment in the event of deficiencies)
3. health insurance (Blue Cross and Blue Shield) - the City pays a premium each month to the insurer and they pay all covered claims.

The City has recorded insurance premium expenditures in the applicable functional expenditure categories of the unrestricted current funds. These expenditures do not include estimated claims losses and estimable premium adjustments. The City has not reported a supplemental premium assessment expenditure and the related liability at June 30, 2012, because the requirements of GASB Statement 10, which states that a liability for supplemental assessments must be reported if information prior to issuance of financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2012 and the amount of the premium is reasonably estimable have not been satisfied.

In management's opinion, supplemental premium assessments, if any, would not be significant enough to have a material effect on the financial position of the City.

N - LEASE COMMITMENTS

The City has an operating lease on one parcel of real property that the City owns. This lease term ended on May 1, 2012 but the tenant continued to pay monthly rent at the same rate until they vacated the property on September 30, 2012. The original details on this lease are as follows:

<u>Property Description</u>	<u>Date Lease Signed</u>	<u>Term of Lease</u>	<u>Annual Lease Payments</u>
Anvil	05/01/05	84 months	\$72,000.00

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

O - OTHER POST EMPLOYMENT BENEFITS

Plan description

The City's post employment healthcare plan (the Plan) provides medical, vision, prescription drug, and life insurance benefits to eligible retirees. As established by City Council on July 1, 1998, an employee becomes eligible when the employee qualifies for retirement benefits from the South Carolina Retirement System and completes 20 years of service with the City. See note 2G for detailed information concerning the South Carolina Retirement System.

As of June 30, 2012, there were 88 covered participants; 15 members are retirees receiving benefits, and 73 are active participants.

Benefits

The City pays the full cost of the plan for its retirees lifetime.

Medical, vision, and life insurance coverage is provided through the City's fully-insured, active employee plan until the retiree becomes eligible for Medicare. Medicare eligible retirees have benefits provided under the BCBS Medicare Supplement Plan F and Medicare Part D prescription drug plan.

A \$3,000 term life insurance benefit is provided to retirees(face value decreases to \$1,500 at age 70).

Spouses and dependents are not covered except through special arrangement. Currently, only one retiree has dependent coverage and one retiree has spouse coverage provided by the City.

Funding policy

The City currently pays for plan benefits on a pay-as-you-go basis. These financial statements assume that pay-as-you-go funding will continue for the immediate future but at some future date the City will begin funding and that investments will be restricted to the same type of investments as local governments.

Annual OPEB Cost and Net OPEB Obligation

Annual required contribution (ARC)	\$ 292,570
Interest on OPEB obligation	15,648
Adjustment to ARC	<u>0</u>
Annual OPEB cost (expense) end of year	308,218
Net estimated employer contributions	<u>(57,491)</u>
Increase (decrease) in net OPEB obligation	250,727
Net OPEB obligation - as of beginning of year	<u>391,191</u>
Net OPEB obligation (asset) - as of end of year	<u>\$ 641,918</u>

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

O - OTHER POST EMPLOYMENT BENEFITS(continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

<u>Year End</u>	<u>Annual OPEB Cost</u>	<u>% of OPEB Cost Contributed</u>	<u>Annual Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$253,519	31.19%	\$174,453	\$174,453
6/30/2011	290,934	25.50%	216,738	391,191
6/30/2012	308,217	18.65%	250,726	641,917

Fiscal year 2010 was the year of implementation of GASB Statement No. 45 and the City elected to implement prospectively.

Funding status and funding progress

The funded status of the plan, under GASB Statement No. 45 as of June 30, 2012 is as follows:

<u>Actuarial Valuation Date as of June 30</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>
2012	\$ 0	\$ 3,641,796	\$ 3,641,796	0.0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$3,641,796 at June 30, 2012.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

City of Mullins, South Carolina
NOTES TO FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2012

NOTE 2 - DETAILED NOTES ON ALL FUNDS (continued)

O - OTHER POST EMPLOYMENT BENEFITS(continued)

Actuarial Methods and Assumptions

Investment rate of return	4.0% (includes inflation at 3%)
Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value (80%-120% corridor)
Medical cost trend rate	
Pre-Medicare	10.50%-5.00%
Post-Medicare	9.00%-5.00%
Ultimate trend rate	5.00%
Year of ultimate trend rate	2017

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the ARC of the City's plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented on the previous page provides information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CERTIFIED PUBLIC ACCOUNTANTS

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South Carolina Association of CPAs

**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
Mullins, South Carolina 29574

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mullins as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 22, 2013. 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.

Internal Control Over Financial Reporting

Management of the City of Mullins is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Mullins' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mullins' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mullins' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of

findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses listed as items #2012-2, #2012-3, #2012-4, #2012-5, #2012-6, #2012-7, #2012-8, #2012-9, #2012-10, #2012-11, #2012-12, #2012-15, #2012-16, and #2012-17 to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses listed as items #2012-1 and #2012-14 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items #2012-3, #2012-8, and #2012-13.

The City of Mullins' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Mullins' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth Cobb & Company P. C.

August 22, 2013

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

I. FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESSES

#2012-2 Inadequate segregation of duties (initially reported 6/3/08)

Condition: Due to a small staff size, the City does not have complete segregation of duties.

Criteria: The ideal internal control system would not allow one person to perform a transaction from beginning to end.

Effect: An error in financial reporting may not be detected in a timely manner or the misappropriation of assets could be concealed.

Recommendation: We recommend that the Mayor, City Council and management use supervisory reviews such as monitoring financial statements and budget reports, and segregate duties where cost beneficial to do so.

Response: City Council hired an outside accounting firm in August 2013 for the purpose of processing accounts payables, maintaining the general ledger and producing monthly financial statements. This firm will obtain approvals from the Mayor and City Administrator prior to paying any invoices. The city will continue to maintain a purchase order system that requires that all purchases have a purchase order. The purchase order will be entered into the system by the city clerk and matched to all invoices by the accounts payable clerk. Financial statements produced by the accounting firm will be reviewed by the city clerk, city administrator and distributed to city council on a monthly basis.

#2012-3 Purchasing goods and services (initially reported 6/3/08)

Condition: During the disbursement testing the following instances were noted: Sixteen instances of documentation not equal to amount of checks paid, Eight instances of no purchase order being prepared or purchase order prepared after the invoice date, Thirty-four instances of invoices being coded incorrectly, and Fifteen instances of no bids being taken.

Criteria: City policy states when purchase orders and bids are to be taken. Documentation should be kept to support the checks being paid. The City's chart of accounts should be utilized to help ensure proper account coding is taking place.

Effect: The lowest prices may not be obtained and the City is not in compliance with their purchasing policy.

Recommendation: The City's purchasing policy should be adhered to throughout the purchasing process.

Response: Management has met with staff to review the purchasing ordinance and establish protocols for compliance. All department heads have been charged with ensuring that all purchases are made per the terms of the ordinance. City clerk will issue purchase orders on all purchases. All purchases exceeding \$250 require a requisition signed by the city administrator.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-4 Supervisory Approval of Adjusting Journal Entries (initially reported 6/26/09)

Condition: Eight of the twenty-five journal entries, that we tested were not approved by a supervisor.

Criteria: Good business practice.

Effect: City financial records may be adjusted without the knowledge or approval of management.

Recommendation: Journal entries should be reviewed by a supervisor or someone not involved in the journal entry process. The reviewer should sign off on the journal entry and accompanying documentation as approved.

Response: Journal entries will be made by the City's accounting firm and approved by the city clerk and city administrator.

#2012-5 Numerous Adjustments Needed to City's Financial Records (initially reported 1/25/13)

Condition: There were numerous adjustments required to be posted to the City's financial records subsequent to the beginning of the audit. Examples include: new checking account was opened but the activity was not recorded in the City's general ledger; transfers between funds did not reconcile; a debt payment was charged to a supplies expenditure line item and all special revenue funds were out of balance.

Criteria: The City should post all known adjustments to its accounting software before closing their fiscal year end.

Effect: The Mayor and Council can not fully rely on financial statements that have not been accurately adjusted.

Recommendation: All adjustments should be posted to the City's accounting software.

Response: Management expects the number of adjustments needed to decrease because of the new accounting and bill payment system. The city's accounting firm will post all adjustments needed on a timely basis.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-6 Non-enforcement of City Ordinance regarding Hospitality Tax (initially reported 6/28/11)

Condition: During the audit of the hospitality tax revenues, it was noted that a City business did not pay fees as required by the City ordinance. This business failing to pay, is owned and operated by a related party of an individual who was (as of June 30, 2012) charged with governance of the City.

Criteria: Per the City's the Hospitality Tax ordinance, violators shall be subject to a fine of up to \$500 and or imprisonment of up to 30 days.

Effect: Loss of revenues to the City.

Recommendation: Enforcement of this ordinance through assessment of fees and subsequent prosecution, if the assessments are not appealed or paid.

Response: City staff is currently enforcing all hospitality and business license ordinances. Failure to pay results in a fine levied by the city's code enforcement officer, which is then adjudicated through the municipal court system.

#2012-7 Several invoices were paid for by the wrong fund (initially reported 1/25/13)

Condition: During the year several invoices were paid for by the wrong fund.

Criteria: Invoices should only be paid from the fund that the goods were received by or the services were performed for.

Effect: Expenditures were overstated or understated in the applicable funds.

Recommendation: Better care should be taken during the payable process to eliminate this from occurring in the future.

Response: With the closing of the city's water and sewer fund, the majority of all invoices will be paid through the city's general fund. Management anticipates very few checks will be written from the capital and special revenue funds of the city. All disbursements will be made by following city policy and will be reviewed by the mayor and city administrator.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-8 Audits not Submitted Timely to the State Treasurer (initially reported 1/25/13)

Condition: The City's audit was not submitted to the South Carolina State Treasurer's office within the 13 months allowed.

Criteria: The SC Code of Laws (section 5-7-240) states that Council is required to provide for independent annual audits of financial statements and transactions of municipality and agencies funded by municipal funds.

Effect: If the audit is not completed within thirteen months of the end of the fiscal year, the SC State Treasurer is allowed to withhold certain funding until the audit is completed.

Recommendation: The books and records should be fully adjusted and ready for audit in a timely manner so that the audit can be submitted by the due date.

Response: The accounting firm hired by city council to maintain the financial reports of the city will be expected to produce reports on a timely basis. Management expects all adjustments and reporting to be completed soon after the close of the fiscal year, which will allow for completion of the audit within the thirteen month time frame.

#2012-9 Financial Statements not provided to Mayor and Council

Condition: For six months the Mayor and Council were not provided any financial statements.

Criteria: It is imperative that current financial statements are provided on a monthly basis, so the Mayor and Council can make wise financial decisions.

Effect: The Mayor and Council's oversight of the financial statements is hindered without the proper monitoring tools.

Recommendation: Mayor and Council should be provided a financial statement on a monthly basis and question management accordingly about these financial statements.

Response: Mayor and council will be provided a financial report, current through the previous month, prior to the council meeting of the following month.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-10 Support for gasoline invoices does not equal the number of gallons purchased

Condition: No support was available to document the use of in excess of 5,000 gallons of gasoline purchased by the City.

Criteria: Documentation of where or how something was consumed or used is good business practice.

Effect: Possible misappropriation of over 5,000 gallons of gasoline.

Recommendation: Stronger controls should be put in place to monitor and document the gasoline usage.

Response: Gasoline purchases since the beginning of FY-14 have been made through an automated fuel card system that provides detailed reports on purchases made. Purchases are logged and reported as they occur. Reports provided indicate when the purchase was made, the type fuel was purchased along with the quantity, and the department the purchase is to be charged to. Fuel purchase reports are routinely reviewed by city staff and management.

#2012-11 Proper procedures not followed when issuing debt payment

Condition: A bank authorization for a debt payment of \$202,000 was made without obtaining the proper approvals.

Criteria: The Administrator, Mayor, or Mayor-Pro-Tem are the only individuals authorized to sign checks and/or move monies.

Effect: Management could spend or move money and the Council not be aware of the transaction.

Recommendation: City staff should follow proper procedures when handling the City's funds and noncompliance with policy should be timely addressed by Council.

Response: All transfers of funds or disbursements will be made in compliance with city policy.

#2012-15 Bad debts not approved prior to being written off

Condition: Water and Sewer bad debts (\$59,887) were written off prior to obtaining proper approval.

Criteria: Good business practice.

Effect: Staff could improperly write off accounts, at their discretion.

Recommendation: Obtain proper approval prior to any account being written off.

Response: The city administrator or city council will approve any write-off of bad debt as appropriate.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-12 Unbudgeted capital outlay expenditures not approved by Council

Condition: Unbudgeted capital outlay of \$139,541 was spent and not approved by Council.

Criteria: Budgets are passed as a tool, to be used by management, to comply with when spending City monies.

Effect: Management could spend money and the Council not be aware of the purchase.

Recommendation: If management knows they are spending outside of what has been budgeted then approval should be obtained from Council prior to making purchase.

Response: All expenses will be reviewed and approved by the mayor and city administrator. Expenses will be matched against appropriated funds. If appropriated funds are insufficient, the city administrator will move funds from other budgeted funds or will prepare a budget amendment to be approved by city council.

#2012-16 Two pickup trucks were not located during physical inventory

Condition: During our physical inventory of fixed assets, two pickup trucks listed on the City's depreciation schedule were not located. Their disposition is unknown.

Criteria: Proper controls over fixed assets and maintaining an accurate depreciation schedule is a good business practice.

Effect: Fixed assets could be stolen or sold and not discovered.

Recommendation: Maintain an accurate depreciation schedule that reflects all assets and movement of assets between departments and conduct a regular physical inventory of assets.

Response: City staff has verified all current capital assets, with the exception of the trucks mentioned, and will maintain an inventory of all such assets. Department heads have been instructed to document the purchase of any new asset, the disposition of any current asset, or the transfer of any current asset to another fund or department of the city.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-17 Monitoring of amounts due to the City

Condition: It was noted during the audit that significant receivables (\$96,100) were not being monitored for collection during the year.

Criteria: Monitoring and subsequent follow up with grantors/creditors when amounts are due is essential to the City to ensure that all amounts that the City is entitled to, are in fact received and received in a timely manner.

Effect: Loss of revenues and/or cash if monies are not claimed/requested in a timely manner.

Recommendation: City staff should monitor all amounts due to the City at least on a monthly basis, and should follow up with the grantors/creditors if amounts are not received.

Response: The city clerk will create an accounts receivable for any debt owed to the city once such debt is discovered. The accounts receivable will be monitored each month for collection.

SIGNIFICANT DEFICIENCIES

#2012-1 Preparation of annual financial statements and disclosures (initially reported 6/3/08)

Condition: The City does not prepare its annual financial statements or note disclosures. The City staff works with the auditor in the preparation and subsequently reviews and approves the financial statements and note disclosures before issuance.

Criteria: Internal controls should be in place that provide reasonable assurance that the financial statements are free of material misstatements and that the independent auditor is not part of the internal control system.

Effect: The City relies on the auditor to prepare the financial statements and the note disclosures and then they review the final product. Caution must be exercised so that the auditor is not deemed to be part of the internal control system.

Recommendation: The City can accept this condition and concentrate on the review and approval process or prepare all financial statements and note disclosures in house or hire an outside source to prepare the financial statements and note disclosures.

Response: The city has hired an outside accounting firm to prepare financial statements and note disclosures.

City of Mullins, South Carolina
SCHEDULE OF FINDINGS AND RESPONSES
For the fiscal year ended June 30, 2012

#2012-14 Closed three special revenue funds without Council approval

Condition: Management closed three special revenue funds without it being documented in the Council minutes. (Police Benevolent, Seized Assets Account, and Beautification Donation Account)

Criteria: Closing of any funds should be brought before Council and Council's actions should be referenced in the Council minutes.

Effect: Funds could be closed and monies transferred without proper approval or notice.

Recommendation: All fund related decisions should be discussed with Council and documented in the Council minutes.

Response: All creation, closure or significant changes made to funds of the city will be reported to council on a timely basis for their approval.

OTHER MATTERS

#2012-13 Payment of health insurance premiums for spouse and/or dependents of current and former elected officials(initially reported 8/24/11)

Condition: City ordinance number 2.12.030 appears to permit the paying of health insurance premiums for dependents of current elected officials and for dependents of any former elected officials that served the City for twenty years or more.

Criteria: There may be some evidence that indicates this ordinance is in conflict with an opinion provided by the Municipal Association of South Carolina.

Effect: The City could be in violation of SC Code of Laws.

Recommendation: The City should investigate the legalities of this situation and decide if any changes should be made.

Response: City council will request counsel on this item and take appropriate action.

City of Mullins, South Carolina
REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2012

POLICE FINES, ASSESSMENTS AND SURCHARGES:

Total Court Fines Collected	\$ 38,452.37
Court Fines Retained by the City	<u>(38,452.37)</u>
Court Fines Remitted to the State Treasurer	<u>\$ 0.00</u>
Total Court Other Assessments Collected	\$ 35,684.72
Court Other Assessments Retained by the City	<u>(4,003.28)</u>
Court Other Assessments Remitted to the State Treasurer	<u>\$ 31,681.44</u>
Total DUI, DUS, BUI Assessments, Surcharges Pullout Collected	\$ 13,260.00
DUI, DUS, BUI Assessments, Surcharges and Pullout Retained by the City	<u>(1,100.00)</u>
DUI, DUS, BUI Assessments, Surcharges and Pullout Remitted to the State Treasurer	<u>\$ 12,160.00</u>
Beginning Balance - Deferred Revenue Victim's Rights	\$ 0.00
Assessments for Victim's Rights	4,003.28
Surcharges for Victim's Rights	1,100.00
Expenditures for Victim's Rights*(see below)	<u>(5,103.28)</u>
Ending Balance - Deferred Revenue Victim's Rights	<u>\$ 0.00</u>

* Actual expenditures to run the victim's rights program were \$25,944. The above amount (\$5,103.28) was used so a negative balance would not be created in the victim's rights deferred revenue account.

City of Mullins, South Carolina
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
 For Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance to Final Budget
	Original	Final		
REVENUES				
Taxes	\$1,750,457.00	\$1,750,457.00	\$1,826,060.49	\$75,603.49
License and payments in lieu of license	810,000.00	810,000.00	788,552.06	(21,447.94)
Sanitation charges	817,650.00	817,650.00	812,548.79	(5,101.21)
Police fines	53,500.00	53,500.00	43,505.65	(9,994.35)
State aid	147,000.00	147,000.00	148,264.43	1,264.43
Recreation receipts	44,000.00	44,000.00	48,281.16	4,281.16
Lease agreements	79,028.00	79,028.00	79,081.76	53.76
Interest	1,000.00	1,000.00	2,543.74	1,543.74
Miscellaneous	30,000.00	30,000.00	246,274.42	216,274.42
Fire department	159,000.00	159,000.00	167,842.80	8,842.80
School Resource Officer	68,000.00	68,000.00	68,000.00	0.00
Museum	3,200.00	3,200.00	1,688.75	(1,511.25)
TOTAL REVENUES	3,962,835.00	3,962,835.00	4,232,644.05	269,809.05
EXPENDITURES				
Department				
General government	687,887.00	687,887.00	655,965.28	31,921.72
Beautification	79,324.00	79,324.00	90,535.31	(11,211.31)
Street and sanitation	988,362.00	988,362.00	1,009,932.13	(21,570.13)
Police	1,268,811.00	1,268,811.00	1,220,434.37	48,376.63
Fire	511,043.00	511,043.00	439,207.34	71,835.66
Recreation	204,019.00	204,019.00	219,111.32	(15,092.32)
Maintenance	60,287.00	60,287.00	61,589.46	(1,302.46)
Museum	48,102.00	48,102.00	40,374.06	7,727.94
Accommodation tax	23,000.00	23,000.00	10,437.45	12,562.55
Capital outlay	7,000.00	7,000.00	160,591.31	(153,591.31)
TOTAL EXPENDITURES	3,877,835.00	3,877,835.00	3,908,178.03	(30,343.03)
Excess (deficiency) of revenues over expenditures	85,000.00	85,000.00	324,466.02	239,466.02
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	100,000.00	100,000.00	3,905.00	(96,095.00)
Sale of scrap metal	0.00	0.00	55,497.85	55,497.85
Transfers to other funds	(142,000.00)	(142,000.00)	(121,833.05)	20,166.95
Transfers from other funds	51,000.00	51,000.00	54,121.52	3,121.52
Transfers (to) from other governmental unit	(94,000.00)	(94,000.00)	(94,000.00)	0.00
TOTAL OTHER FINANCING SOURCES (USES)	(85,000.00)	(85,000.00)	(102,308.68)	(17,308.68)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0.00	0.00	222,157.34	222,157.34
Fund Balance - beginning of year	616,592.21	616,592.21	616,592.21	0.00
Fund Balance - end of year	<u>\$616,592.21</u>	<u>\$616,592.21</u>	<u>\$838,749.55</u>	<u>\$222,157.34</u>

Note 1: The basis of accounting is modified accrual.

City of Mullins, South Carolina
 General Fund
 BALANCE SHEET
 June 30, 2012

ASSETS

Cash	\$827,896.49
Property taxes receivable - net of allowance	35,058.45
Due from state government	75,028.62
Due from county government	96,062.98
Due from others	126,754.00
Note receivable	200.00
Inventory	12,191.65
Hodge property lien	<u>2,175.00</u>
TOTAL ASSETS	<u><u>\$1,175,367.19</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$53,208.44
Salaries and fringe payable	35,328.50
Due to special revenue funds	158,068.31
Due to water & sewer fund	50,591.49
Court bonds outstanding	5,061.33
Other payables	<u>34,359.57</u>
TOTAL LIABILITIES	<u>336,617.64</u>

FUND BALANCE

Assigned to:	
Future downtown improvements	165,441.05
Local option rollback	87,791.10
Accommodations tax expenditures	37,090.60
Unassigned	<u>548,426.80</u>
TOTAL FUND BALANCE	<u>838,749.55</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$1,175,367.19</u></u>
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City of Mullins, South Carolina
General Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
Budget (GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
REVENUES			
Taxes			
Property	\$1,537,457.00	\$1,600,700.76	\$63,243.76
Delinquent	83,000.00	76,860.73	(6,139.27)
Local option	130,000.00	148,499.00	18,499.00
Privilege licenses & payments in lieu of license	810,000.00	788,552.06	(21,447.94)
Sanitation charges	817,650.00	812,548.79	(5,101.21)
Police fines	53,500.00	43,505.65	(9,994.35)
State shared revenue:			
Local government fund	124,000.00	122,950.16	(1,049.84)
Accommodations tax	23,000.00	25,314.27	2,314.27
Recreation department receipts	44,000.00	48,281.16	4,281.16
Lease agreements	79,028.00	79,081.76	53.76
Interest	1,000.00	2,543.74	1,543.74
Miscellaneous	30,000.00	246,274.42	216,274.42
Fire department	159,000.00	167,842.80	8,842.80
School resource officer	68,000.00	68,000.00	0.00
Museum	3,200.00	1,688.75	(1,511.25)
TOTAL REVENUES	3,962,835.00	4,232,644.05	269,809.05
EXPENDITURES			
GENERAL GOVERNMENT			
Salaries	148,405.00	154,271.97	(5,866.97)
Contractual services	8,800.00	8,800.00	0.00
Hospital insurance	81,288.00	77,054.33	4,233.67
Payroll taxes	12,626.00	11,760.42	865.58
Retirement	13,867.00	15,179.72	(1,312.72)
Accounting and legal	32,000.00	24,736.11	7,263.89
Advertising	4,000.00	1,766.75	2,233.25
Utilities	14,000.00	7,473.21	6,526.79
Telephone	5,500.00	4,721.44	778.56
Office supplies	7,500.00	5,476.96	2,023.04
Insurance and workmen's compensation	245,000.00	242,862.30	2,137.70
Municipal dues and fees	10,000.00	10,358.86	(358.86)
Depot rent	7,000.00	7,782.00	(782.00)
Purchase leased equipment	3,100.00	3,221.09	(121.09)
Supplies and minor equipment	7,200.00	2,959.75	4,240.25
Maintenance to equipment	5,000.00	519.22	4,480.78
Maintenance to building	5,000.00	22,004.78	(17,004.78)

City of Mullins, South Carolina
General Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
Budget (GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
GENERAL GOVERNMENT (Continued)			
Gas, oil, and tires	\$1,100.00	\$234.06	\$865.94
Travel and meals	13,000.00	14,788.77	(1,788.77)
Tax - housing authority	12,000.00	13,261.55	(1,261.55)
Miscellaneous	15,321.00	16,662.25	(1,341.25)
Marion County Drug Program	2,500.00	3,215.00	(715.00)
Employee Christmas expenses	2,600.00	3,586.18	(986.18)
Sales and use tax	2,600.00	714.00	1,886.00
Unemployment insurance	5,000.00	2,554.56	2,445.44
Insurance reserve	23,480.00	0.00	23,480.00
Capital Outlay	0.00	21,050.00	(21,050.00)
TOTAL GENERAL GOVERNMENT	687,887.00	677,015.28	10,871.72
BEAUTIFICATION DEPARTMENT			
Salaries	46,588.00	46,770.41	(182.41)
Temporary staffing	0.00	3,390.64	(3,390.64)
Hospital insurance	10,656.00	6,345.96	4,310.04
Payroll taxes	3,590.00	3,528.51	61.49
Retirement	4,340.00	4,367.20	(27.20)
Training	750.00	35.00	715.00
Tree planting	1,000.00	521.66	478.34
Telephone	900.00	998.04	(98.04)
Office Supplies	50.00	50.00	0.00
Fertilization/chemicals	750.00	354.89	395.11
Equipment	1,000.00	884.57	115.43
Consultant fee	0.00	53.19	(53.19)
Maintenance to equipment	1,000.00	1,892.85	(892.85)
Tree removals	250.00	84.29	165.71
Pruning Large Trees	250.00	0.00	250.00
Gas, oil and tires	3,000.00	1,978.63	1,021.37
Travel and meals	100.00	0.00	100.00
Uniforms	1,600.00	1,176.70	423.30
Christmas decorations	3,500.00	18,102.77	(14,602.77)
TOTAL BEAUTIFICATION DEPARTMENT	79,324.00	90,535.31	(11,211.31)

City of Mullins, South Carolina
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 Budget (GAAP Basis) and Actual
 For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
STREET AND SANITATION DEPARTMENT			
Salaries	\$214,624.00	\$216,151.80	(\$1,527.80)
Temporary staffing	0.00	15,468.52	(15,468.52)
Hospital insurance	58,547.00	54,062.54	4,484.46
Payroll taxes	16,507.00	16,129.74	377.26
Retirement	20,034.00	20,181.07	(147.07)
Utilities	130,000.00	130,879.93	(879.93)
Telephone	1,000.00	1,010.29	(10.29)
Office Supplies	100.00	155.31	(55.31)
Supplies and minor equipment	10,000.00	18,012.22	(8,012.22)
Maintenance to equipment	15,000.00	11,139.83	3,860.17
Gasoline, oil, and tires	40,000.00	38,594.40	1,405.60
Uniforms	5,400.00	6,813.01	(1,413.01)
Miscellaneous	300.00	1,226.56	(926.56)
Contractual services	457,650.00	469,075.55	(11,425.55)
Contractual services/Cemetery	19,200.00	11,031.36	8,168.64
Capital Outlay	5,000.00	59,236.31	(54,236.31)
TOTAL STREET AND SANITATION DEPARTMENT	993,362.00	1,069,168.44	(75,806.44)
POLICE DEPARTMENT			
Salaries	811,746.00	787,078.61	24,667.39
Hospital insurance	133,933.00	119,599.06	14,333.94
Payroll taxes	62,734.00	60,020.47	2,713.53
Retirement	90,848.00	86,803.35	4,044.65
Legal costs	500.00	70.00	430.00
Utilities	2,500.00	8,996.50	(6,496.50)
Telephone	12,000.00	18,173.39	(6,173.39)
Office supplies and postage	2,000.00	1,516.14	483.86
Dues and fees	2,250.00	4,727.06	(2,477.06)
Supplies and minor equipment	13,000.00	8,770.61	4,229.39
Maintenance to equipment	20,000.00	25,239.70	(5,239.70)
Maintenance to building	1,000.00	3,109.61	(2,109.61)
Gasoline, oil and tires	65,000.00	75,106.59	(10,106.59)
Travel and meals	5,000.00	3,623.00	1,377.00
Uniforms	10,000.00	6,095.98	3,904.02
Combined drug unit	4,300.00	4,300.00	0.00
Education and training	2,000.00	175.00	1,825.00
Prisoner expenditures	10,000.00	2,575.00	7,425.00
Victim's advocate	10,000.00	271.22	9,728.78
Miscellaneous	10,000.00	4,183.08	5,816.92
Capital outlay	0.00	55,305.00	(55,305.00)
TOTAL POLICE DEPARTMENT	1,268,811.00	1,275,739.37	(6,928.37)

City of Mullins, South Carolina
General Fund
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
Budget (GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
FIRE DEPARTMENT			
Salaries	\$292,122.00	\$255,779.89	\$36,342.11
Hospital insurance	37,520.00	29,351.44	8,168.56
Payroll taxes	19,357.00	19,376.68	(19.68)
Retirement	28,544.00	27,021.93	1,522.07
Utilities	11,500.00	10,391.00	1,109.00
Telephone	2,500.00	2,564.57	(64.57)
Office supplies	1,000.00	1,534.09	(534.09)
Supplies and minor equipment	20,000.00	22,274.24	(2,274.24)
Maintenance to equipment	35,000.00	33,752.94	1,247.06
Maintenance to building	1,000.00	785.85	214.15
Gasoline, oil and tires	40,000.00	20,634.91	19,365.09
Travel & meals	1,000.00	978.52	21.48
Uniforms	5,000.00	1,123.39	3,876.61
Education and training	5,500.00	3,393.98	2,106.02
Miscellaneous	1,000.00	932.24	67.76
Professional service	10,000.00	9,311.67	688.33
Capital Outlay	0.00	25,000.00	(25,000.00)
TOTAL FIRE DEPARTMENT	511,043.00	464,207.34	46,835.66
RECREATION DEPARTMENT			
Salaries	87,536.00	81,002.96	6,533.04
Officials	20,000.00	26,591.46	(6,591.46)
Temporary staffing	0.00	5,241.22	(5,241.22)
Hospital insurance	10,715.00	8,551.63	2,163.37
Payroll taxes	6,718.00	6,117.49	600.51
Retirement	8,000.00	7,262.70	737.30
Utilities	25,000.00	20,638.66	4,361.34
Telephone	2,000.00	1,867.99	132.01
Office supplies	300.00	211.85	88.15
Dues and fees	2,000.00	1,313.00	687.00
Supplies and minor equipment	6,000.00	17,567.65	(11,567.65)
Maintenance to equipment	3,000.00	2,624.66	375.34
Maintenance to building	5,750.00	4,232.98	1,517.02
Gasoline, oil and tires	4,500.00	2,589.81	1,910.19
Travel and meals	1,000.00	279.87	720.13
Uniforms	9,500.00	17,181.85	(7,681.85)
Canteen	11,000.00	12,996.80	(1,996.80)
Miscellaneous	1,000.00	2,838.74	(1,838.74)
Capital Outlay	2,000.00	0.00	2,000.00
TOTAL RECREATION DEPARTMENT	206,019.00	219,111.32	(13,092.32)

City of Mullins, South Carolina
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 Budget (GAAP Basis) and Actual
 For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
MAINTENANCE DEPARTMENT			
Salaries	\$33,535.00	\$33,548.20	(\$13.20)
Hospital insurance	5,343.00	5,381.35	(38.35)
Payroll taxes	2,581.00	2,545.67	35.33
Retirement	3,128.00	3,141.71	(13.71)
Utilities	4,000.00	5,343.67	(1,343.67)
Telephone	400.00	390.66	9.34
Supplies and minor equipment	5,500.00	5,185.03	314.97
Maintenance to equipment	800.00	1,380.89	(580.89)
Gasoline, oil, and tires	2,000.00	3,062.08	(1,062.08)
Uniforms	3,000.00	1,610.20	1,389.80
TOTAL MAINTENANCE DEPARTMENT	60,287.00	61,589.46	(1,302.46)
MUSEUM DEPARTMENT			
Salaries	29,278.00	25,931.91	3,346.09
Hospital insurance	60.00	70.50	(10.50)
Payroll taxes	2,257.00	1,983.70	273.30
Retirement	2,727.00	2,379.12	347.88
Utilities	7,000.00	5,408.42	1,591.58
Telephone	770.00	1,174.98	(404.98)
Office supplies	10.00	0.00	10.00
Professional development	100.00	0.00	100.00
Contractual	100.00	0.00	100.00
Supplies & minor equipment	500.00	97.90	402.10
Maintenance to equipment	500.00	41.83	458.17
Exhibitions	1,000.00	961.10	38.90
Travel & meals	600.00	107.25	492.75
Museum Shop	2,000.00	1,878.32	121.68
Maintenance	500.00	328.00	172.00
Marketing	500.00	11.03	488.97
Webster's Manor	200.00	0.00	200.00
TOTAL MUSEUM DEPARTMENT	48,102.00	40,374.06	7,727.94
ACCOMMODATION TAX EXPENDITURES			
Wildlife Action	1,500.00	1,500.00	0.00
Chamber of Commerce	4,650.00	7,500.00	(2,850.00)
Golden Leaf	5,000.00	0.00	5,000.00
NAACP Freedom Banquet	200.00	300.00	(100.00)
Contingency	11,650.00	1,137.45	10,512.55
TOTAL ACCOMMODATION TAX EXPENDITURES	23,000.00	10,437.45	12,562.55

City of Mullins, South Carolina
 General Fund
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 Budget (GAAP Basis) and Actual
 For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
TOTAL EXPENDITURES ALL DEPARTMENTS	\$3,877,835.00	\$3,908,178.03	(\$30,343.03)
Excess (deficiency) of revenues over expenditures	85,000.00	324,466.02	239,466.02
OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	100,000.00	3,905.00	(96,095.00)
Sale of scrap metal	0.00	55,497.85	55,497.85
Transfer to debt service funds	(142,000.00)	(112,283.05)	29,716.95
Transfer from special revenue funds	51,000.00	54,121.52	3,121.52
Transfer to special revenue funds	0.00	(9,550.00)	(9,550.00)
Transfers from (to) other governmental units	(94,000.00)	(94,000.00)	0.00
TOTAL OTHER FINANCING SOURCES (USES)	(85,000.00)	(102,308.68)	(17,308.68)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0.00	222,157.34	222,157.34
FUND BALANCE - beginning of year	616,592.21	616,592.21	0.00
FUND BALANCE - end of year	<u>\$616,592.21</u>	<u>\$838,749.55</u>	<u>\$222,157.34</u>

City of Mullins, South Carolina
All Special Revenue Funds
COMBINING BALANCE SHEET
June 30, 2012

	Local Hospitality Tax	Fireman's Fund	Volunteer Fireman's Fund	Cemetery Beatification Fund	Special Police Fund	SC Tobacco Museum Fund	Total Special Revenue Funds
Cash-Restricted	\$86,263.86	\$5,105.21	\$1,345.37	\$35,389.88	\$173.90	\$17,444.74	\$145,722.96
Due from general fund	158,068.31	0.00	0.00	0.00	0.00	0.00	158,068.31
TOTAL ASSETS	\$244,332.17	\$5,105.21	\$1,345.37	\$35,389.88	\$173.90	\$17,444.74	\$303,791.27
FUND BALANCES							
FUND BALANCES							
Restricted for:							
Hospitality Fund	\$244,332.17	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$244,332.17
Committed to:							
Fireman's Fund	0.00	5,105.21	1,345.37	0.00	0.00	0.00	6,450.58
Beatification	0.00	0.00	0.00	35,389.88	0.00	0.00	35,389.88
Tobacco Museum	0.00	0.00	0.00	0.00	0.00	17,444.74	17,444.74
Assigned to:							
Police Department	0.00	0.00	0.00	0.00	173.90	0.00	173.90
TOTAL FUND BALANCES	\$244,332.17	\$5,105.21	\$1,345.37	\$35,389.88	\$173.90	\$17,444.74	\$303,791.27

City of Mullins, South Carolina
All Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
For Fiscal Year Ended June 30, 2012

	"C" FUNDS	Local Hospitality Tax	Gang Initiative Grant	1033 Program	Other Special Revenue	Total Special Revenue Funds
REVENUES						
Federal-Grant	\$0.00	\$0.00	\$0.00	\$5,871.60	\$0.00	\$5,871.60
State-Grants	227,909.67	0.00	0.00	0.00	0.00	227,909.67
County-Grant	0.00	0.00	39,902.25	0.00	0.00	39,902.25
Local hospitality tax	0.00	159,109.73	0.00	0.00	0.00	159,109.73
Miscellaneous	0.00	0.00	0.00	0.00	34,313.16	34,313.16
Interest income	0.00	156.54	0.00	0.00	179.05	335.59
TOTAL REVENUES	227,909.67	159,266.27	39,902.25	5,871.60	34,492.21	467,442.00
EXPENDITURES						
Salaries	0.00	0.00	28,376.88	0.00	0.00	28,376.88
Fringe Benefits	0.00	0.00	11,525.37	0.00	5,239.40	16,764.77
Repairs & Maintenance	227,909.67	3,463.79	0.00	0.00	3,605.15	234,978.61
Supplies	0.00	0.00	0.00	5,871.60	13,703.37	19,574.97
Advertising	0.00	31,416.81	0.00	0.00	0.00	31,416.81
Miscellaneous	0.00	0.00	0.00	0.00	17,046.40	17,046.40
Capital Outlay	0.00	136,008.91	0.00	0.00	8,500.00	144,508.91
TOTAL EXPENDITURES	227,909.67	170,889.51	39,902.25	5,871.60	48,094.32	492,667.35
Excess (deficiency) of revenues over expenditures	0.00	(11,623.24)	0.00	0.00	(13,602.11)	(25,225.35)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	0.00	0.00	0.00	0.00	14,479.82	14,479.82
Transfers to other funds	0.00	(54,121.52)	0.00	0.00	(13,229.82)	(67,351.34)
Sales of scrap metal	0.00	0.00	0.00	0.00	19,025.52	19,025.52
TOTAL OTHER FINANCING SOURCES (USES)	0.00	(54,121.52)	0.00	0.00	20,275.52	(33,846.00)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0.00	(65,744.76)	0.00	0.00	6,673.41	(59,071.35)
FUND BALANCE - beginning of year	0.00	310,076.93	0.00	0.00	52,785.69	362,862.62
FUND BALANCE - end of year	\$0.00	\$244,332.17	\$0.00	\$0.00	\$59,459.10	\$303,791.27

City of Mullins, South Carolina
 Other Special Revenue Funds
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 For Fiscal Year Ended June 30, 2012

	Firemen's Fund	Volunteer Firemen's Fund	Cemetery Beautification Fund	Police Benevolent Fund	Police Seized Asset Fund	Special Police Fund	SC Tobacco Museum Fund	Beautification Fund	Special Rev. Funds	Total Other Special Rev. Funds
REVENUES										
Interest	\$28.24	\$0.00	\$130.52	\$0.13	\$1.06	\$4.88	\$13.22	\$1.00	\$179.05	\$179.05
Brokers' premium tax	23,184.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,184.59	23,184.59
Rental	0.00	5,620.00	0.00	0.00	0.00	0.00	0.00	0.00	5,620.00	5,620.00
Miscellaneous	0.00	0.00	3,421.00	942.57	0.00	0.00	1,145.00	0.00	5,508.57	5,508.57
TOTAL REVENUES	23,212.83	5,620.00	3,551.52	942.70	1.06	4.88	1,158.22	1.00	34,492.21	34,492.21
EXPENDITURES										
Meals and entertainment	2,319.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,319.67	2,319.67
Association dues and fees	1,729.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,729.66	1,729.66
Property taxes	2,409.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,409.72	2,409.72
Repairs and maintenance	0.00	3,605.15	0.00	0.00	0.00	0.00	0.00	0.00	3,605.15	3,605.15
Utilities	0.00	3,485.20	0.00	0.00	0.00	0.00	0.00	0.00	3,485.20	3,485.20
Retirement and disability insurance	5,239.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,239.40	5,239.40
Miscellaneous and refund	303.18	0.00	3,767.05	1,876.39	0.00	0.00	0.00	0.00	5,946.62	5,946.62
Training	1,155.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,155.53	1,155.53
Supplies, equipment and fund raisers	0.00	650.02	0.00	0.00	0.00	13,053.35	0.00	0.00	13,703.37	13,703.37
Capital outlay	0.00	0.00	8,500.00	0.00	0.00	0.00	0.00	0.00	8,500.00	8,500.00
TOTAL EXPENDITURES	13,157.16	7,740.37	12,267.05	1,876.39	0.00	13,053.35	0.00	0.00	48,094.32	48,094.32
Excess (deficiency) of revenues over expenditures	10,055.67	(2,120.37)	(8,715.53)	(933.69)	1.06	(13,048.47)	1,158.22	1.00	(13,602.11)	(13,602.11)

City of Mullins, South Carolina
Other Special Revenue Funds

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
For Fiscal Year Ended June 30, 2012

	Firemen's Fund	Volunteer Firemen's Fund	Cemetery Beautification Fund	Police Benevolent Fund	Police Seized Asset Fund	Special Police Fund	SC Tobacco Museum Fund	Beautification Fund	Total Other Special Rev. Funds
OTHER FINANCING SOURCES (USES)									
Transfer from special revenue fund	\$0.00	\$2,000.00	\$1,600.66	\$0.00	\$0.00	\$1,329.16	\$0.00	\$0.00	\$4,929.82
Transfer to special revenue fund	(2,000.00)	0.00	0.00	(432.16)	(897.00)	0.00	0.00	(1,600.66)	(4,929.82)
Transfer from general fund	0.00	0.00	9,550.00	0.00	0.00	0.00	0.00	0.00	9,550.00
Transfer to debt service fund	(8,300.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(8,300.00)
Sale of scrap metal	0.00	0.00	10,247.25	0.00	0.00	8,778.27	0.00	0.00	19,025.52
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,300.00)</u>	<u>2,000.00</u>	<u>21,397.91</u>	<u>(432.16)</u>	<u>(897.00)</u>	<u>10,107.43</u>	<u>0.00</u>	<u>(1,600.66)</u>	<u>20,275.52</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(244.33)	(120.37)	12,682.38	(1,365.85)	(895.94)	(2,941.04)	1,158.22	(1,599.66)	6,673.41
FUND BALANCE-beginning of year	<u>5,349.54</u>	<u>1,465.74</u>	<u>22,707.50</u>	<u>1,365.85</u>	<u>895.94</u>	<u>3,114.94</u>	<u>16,286.52</u>	<u>1,599.66</u>	<u>52,785.69</u>
FUND BALANCE-end of year	<u>\$5,105.21</u>	<u>\$1,345.37</u>	<u>\$35,389.88</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$173.90</u>	<u>\$17,444.74</u>	<u>\$0.00</u>	<u>\$59,459.10</u>

City of Mullins, South Carolina
Debt Service Fund
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For Fiscal Year Ended June 30, 2012

REVENUES	\$0.00
EXPENDITURES	
Principal retirement	87,133.27
Interest	33,599.78
TOTAL EXPENDITURES	120,733.05
Excess (deficiency) of revenues over expenditures	(120,733.05)
OTHER FINANCING SOURCES (USES)	
Loan proceeds	150.00
Transfers from General Fund	112,283.05
Transfers from Special Revenue Funds	8,300.00
TOTAL OTHER FINANCING SOURCES (USES)	120,733.05
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	0.00
FUND BALANCE-beginning of year	0.00
FUND BALANCE-end of year	\$0.00

City of Mullins, South Carolina
Enterprise Fund
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
Budget (Non-GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
OPERATING REVENUES			
Water and sewer billings	\$1,417,108.00	\$1,370,171.62	(\$46,936.38)
Origination fees	10,000.00	8,200.00	(1,800.00)
Water taps	1,000.00	800.00	(200.00)
Inspections	500.00	30.00	(470.00)
Reconnection fees	23,000.00	21,315.00	(1,685.00)
Transfer fees	250.00	220.00	(30.00)
Miscellaneous	17,000.00	79,888.34	62,888.34
Impact fees	0.00	2,050.00	2,050.00
Bad Debt Recovery	14,000.00	16,769.12	2,769.12
TOTAL OPERATING REVENUES	1,482,858.00	1,499,444.08	16,586.08
OPERATING EXPENSES			
WATER DEPARTMENT			
Salaries	209,601.00	207,618.58	1,982.42
Contractual personnel	7,080.00	7,880.00	(800.00)
Hospital insurance	37,367.00	36,797.16	569.84
Payroll taxes	16,106.00	14,849.64	1,256.36
Retirement	19,584.00	18,399.88	1,184.12
Utilities	42,000.00	47,921.52	(5,921.52)
Telephone	2,200.00	3,599.07	(1,399.07)
Office supplies	20,000.00	15,604.04	4,395.96
Dues and fees	18,000.00	19,290.34	(1,290.34)
Supplies and minor equipment	40,000.00	36,318.57	3,681.43
Maintenance to equipment	30,000.00	16,926.53	13,073.47
Maintenance to building	1,000.00	13,758.97	(12,758.97)
Gas, oil and tires	26,000.00	30,670.80	(4,670.80)
Travel and meals	1,500.00	0.00	1,500.00
Uniforms	2,500.00	3,056.15	(556.15)
Professional fees	12,500.00	12,275.50	224.50
Miscellaneous expense	2,000.00	2,794.29	(794.29)
Hydrant management	7,800.00	7,728.98	71.02
Capital Outlay	17,283.00	0.00	17,283.00
TOTAL WATER DEPARTMENT	512,521.00	495,490.02	17,030.98

The budget column is presented using the cash basis of accounting.

City of Mullins, South Carolina
Enterprise Fund
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
Budget (Non-GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
SEWER DEPARTMENT			
Salaries	\$40,125.00	\$18,531.73	\$21,593.27
Temporary staffing	0.00	16,325.74	(16,325.74)
Hospital insurance	10,647.00	5,390.16	5,256.84
Payroll taxes	3,076.00	1,400.38	1,675.62
Retirement	3,758.00	1,732.77	2,025.23
Utilities	38,000.00	33,477.93	4,522.07
Telephone	1,400.00	643.71	756.29
Dues and fees	1,800.00	2,352.48	(552.48)
Supplies and minor equipment	5,000.00	3,087.17	1,912.83
Maintenance to equipment	35,000.00	20,829.48	14,170.52
Gas, oil and tires	4,000.00	3,146.39	853.61
Professional fees	7,500.00	3,601.98	3,898.02
TOTAL SEWER DEPARTMENT	150,306.00	110,519.92	39,786.08
WASTE TREATMENT PLANT DEPARTMENT			
Salaries	167,472.00	144,051.92	23,420.08
Hospital insurance	26,717.00	16,118.69	10,598.31
Payroll taxes	12,883.00	10,900.65	1,982.35
Retirement	15,630.00	14,437.43	1,192.57
Utilities	90,000.00	83,582.33	6,417.67
Telephone	1,900.00	2,182.47	(282.47)
Office supplies	50.00	0.00	50.00
Dues and fees	7,500.00	4,912.00	2,588.00
Supplies and minor equipment	50,000.00	47,152.23	2,847.77
Maintenance to equipment	8,000.00	15,870.94	(7,870.94)
Maintenance to building	2,000.00	364.20	1,635.80
Gas, oil and tires	10,000.00	13,186.21	(3,186.21)
Travel and meals	200.00	19.20	180.80
Uniforms	2,000.00	1,824.10	175.90
Professional fees	45,000.00	65,318.80	(20,318.80)
Miscellaneous	100.00	8,564.00	(8,464.00)
Contractual services	17,500.00	1,733.66	15,766.34
Capital Outlay	10,000.00	0.00	10,000.00
TOTAL WASTE TREATMENT PLANT DEPARTMENT	466,952.00	430,218.83	36,733.17

The budget column is presented using the cash basis of accounting.

City of Mullins, South Carolina
Enterprise Fund
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
Budget (Non-GAAP Basis) and Actual
For Fiscal Year Ended June 30, 2012

	Final Budget	Actual	Variance To Final Budget
OTHER OPERATING EXPENSES			
Amortization	\$0.00	\$2,172.85	(\$2,172.85)
Bad Debt	0.00	59,887.05	(59,887.05)
Depreciation	0.00	271,279.67	(271,279.67)
TOTAL OTHER OPERATING EXPENSES	0.00	333,339.57	(333,339.57)
TOTAL OPERATING EXPENSES	1,129,779.00	1,369,568.34	(239,789.34)
NET INCOME (LOSS) FROM OPERATIONS	353,079.00	129,875.74	(223,203.26)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	1,000.00	1,200.58	200.58
Interest expense	(349,079.00)	(81,049.09)	268,029.91
TOTAL NON-OPERATING REVENUES (EXPENSES)	(348,079.00)	(79,848.51)	268,230.49
OTHER FINANCING SOURCES (USES)			
Grant proceeds	0.00	401,838.22	401,838.22
Loss from sale of Fixed Asset	0.00	(2,420.59)	(2,420.59)
Operations and maintenance fund	(5,000.00)	0.00	5,000.00
TOTAL OTHER FINANCING SOURCES (USES)	(5,000.00)	399,417.63	404,417.63
NET INCOME (LOSS)	0.00	449,444.86	449,444.86
RETAINED EARNINGS - beginning of year	9,172,182.03	9,172,182.03	0.00
RETAINED EARNINGS - end of year	\$9,172,182.03	\$9,621,626.89	\$449,444.86

The budget column is presented using the cash basis of accounting.