

**CITY OF GOOSE CREEK,  
SOUTH CAROLINA**

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**BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTARY INFORMATION,  
AND OTHER FINANCIAL INFORMATION**

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**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2012**



**CITY OF GOOSE CREEK, SOUTH CAROLINA  
TABLE OF CONTENTS  
DECEMBER 31, 2012**

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	<u>Page</u>
INDEPENDENT AUDITORS' REPORT .....	1-3
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Management's Discussion and Analysis .....	4-13
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities .....	19
Statement of Net Position – Proprietary Fund Type – Enterprise Funds .....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund Type – Enterprise Funds .....	21
Statement of Cash Flows – Proprietary Fund Type – Enterprise Funds .....	22-23
Statement of Net Position - Fiduciary Funds .....	24
Notes to Financial Statements .....	25-50
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	
Budgetary Comparison Schedule – General Fund and Tax Increment Financing Fund .....	51
Notes to Budgetary Comparison Schedule – General Fund and Tax Increment Financing Fund .....	52

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
TABLE OF CONTENTS (CONTINUED)  
DECEMBER 31, 2012**

---

	<u>Page</u>
<b>OTHER FINANCIAL INFORMATION</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	54
Comparative Schedule of Revenues – General Fund.....	55
Comparative Schedule of Expenditures – General Fund.....	56
Comparative Schedule of Expenses – Proprietary Fund Type – Enterprise Funds .....	57
Schedule of Court Fines, Assessments, and Surcharges.....	58
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	59-60

### ***Independent Auditors' Report***

Honorable Mayor and Members of City Council  
***City of Goose Creek, South Carolina***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the ***City of Goose Creek, South Carolina***, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Goose Creek, South Carolina, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Budgetary Comparison Schedule*, and the *Notes to the Budgetary Comparison Schedule* on pages 4-13 and 51-52, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed in the table of contents as other supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *Comparative Schedules of Revenues – General Fund*, *Comparative Schedules of Expenditures – General Fund*, *Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds*, *Combining Nonmajor Fund Financial Statements*, and the *Schedule of Court Fines, Assessments, and Surcharges*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Comparative Schedules of Revenues – General Fund*, *Comparative Schedules of Expenditures – General Fund*, *Comparative Schedules of Expenses – Proprietary Fund Type – Enterprise Funds*, *Combining Nonmajor Fund Financial Statements*, and the *Schedule of Court Fines, Assessments, and Surcharges*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Goose Creek, South Carolina's basic financial statements for the year ended December 31, 2011, which are not presented with the accompanying financial statements. In our report dated August 28, 2012, we expressed unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goose Creek, South Carolina's financial statements as a whole. The partial comparative information related to the 2011 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statements.





Honorable Mayor and Members of City Council  
**City of Goose Creek, South Carolina**  
Page Three

The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 partial comparative information presented with the other financial information for 2012, is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Summerville, South Carolina  
July 25, 2013



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**



CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012

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As management of the City of Goose Creek (the City), we offer the readers of the City of Goose Creek's financial statements this narrative overview and analysis of the financial activities of the City of Goose Creek for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes.

**Financial Highlights**

- The assets of the City of Goose Creek exceeded its liabilities at the close of the most recent fiscal year by \$ 61,087,107 (*net position*). Of this amount, \$ 7,402,607 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Goose Creek's governmental funds reported combined ending fund balance of \$17,088,172 an increase of \$ 1,224,588. The increase was due to a decrease in deferred revenue and an increase in the Tax Increment Financing Fund. At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,718,326, or 51.8 percent of the total general fund expenditures.
- The City of Goose Creek's business-type activities debt in the Crowfield Golf and Country Club was defeased with a \$1,320,000 payment for the Crowfield Revenue Bond Series 2003. Business-type activities leases payable had a net decrease of \$560,377.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements** – The *government-wide financial statements* provide a broad overview of the City of Goose Creek's operations in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and all intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Goose Creek include general government, planning, police, fire, court, sanitation, maintenance, garage, and recreation. The business-type activities include the water, golf course and recreation operations.

The government-wide financial statements can be found on pages 14-15 of this report.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012

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**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Goose Creek, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Goose Creek can be classified into three categories: governmental, proprietary and fiduciary funds.

**Governmental Funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. All of the City's basic services are reported in the governmental funds financial statements, which focus on how money flows into and out of those funds in the near-term and the balances left at year-end that are available for commitment. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be committed in the near future to finance the City of Goose Creek's programs. This information may be useful in evaluating the City's near-term financing requirements.

Because this focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Goose Creek maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the tax increment financing fund, both of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Goose Creek adopts an annual appropriated budget for the general fund and the tax increment financing fund.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

**Proprietary Fund** – The City of Goose Creek maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Goose Creek uses enterprise funds to account for its water, recreation and golf course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, golf and recreation operations, all of which are considered to be major funds of the City of Goose Creek.

The basic proprietary fund financial statements can be found on pages 20-23 of this report.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012

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

The basic fiduciary fund financial statement can be found on page 24 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-50 of this report.

**Other Information** – The City adopts an annual appropriated budget for its general fund and some of the special revenue funds. A budgetary comparison schedule has been presented as required supplementary information for the major governmental funds to demonstrate compliance with the budget. Required supplementary information can be found on pages 51-52 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 53-58 of this report.

**Government-wide Financial Analysis**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City of Goose Creek's assets exceeded liabilities by \$ 61,087,107 at the close of the most recent fiscal year.

**The City of Goose Creek Net Position**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
Current and Other Assets	\$ 24,412,902	\$ 21,681,985	\$ (948,466)	\$ (3,143,365)	\$ 23,464,436	\$ 18,538,620	-20.99%
Capital Assets	26,179,420	28,218,056	18,521,331	18,295,806	44,700,751	46,513,862	4.06%
Total Assets	50,592,322	49,900,041	17,572,865	15,152,441	68,165,187	65,052,482	-4.57%
Long-term Liabilities							
Outstanding	-	172,882	2,291,552	458,802	2,291,552	631,684	-72.43%
Other Liabilities	6,671,009	2,279,334	762,514	1,054,357	7,433,523	3,333,691	-55.15%
Total Liabilities	6,671,009	2,452,216	3,054,066	1,513,159	9,725,075	3,965,375	-59.23%
Net Position:							
Invested in Capital Assets,							
Net of Related Debt	26,179,420	28,218,056	16,229,779	17,884,631	42,409,199	46,102,687	8.71%
Restricted	6,528,953	7,581,813	928,232	-	7,457,185	7,581,813	1.67%
Unrestricted	11,212,940	11,647,956	(3,045,920)	(4,245,349)	8,167,020	7,402,607	-9.36%
Total Net Position, as restated	\$ 43,921,313	\$ 47,447,825	\$ 14,112,091	\$ 13,639,282	\$ 58,033,404	\$ 61,087,107	5.26%

\* As restated, see note III.K.

The largest portion of the City of Goose Creek's net position (75.19 percent) is its investment in capital assets (e.g. land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Goose Creek uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012

An additional portion of the City of Goose Creek's net position \$7,581,813 (12.41 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$7,575,489) may be used to meet the government's ongoing obligations to citizens and creditors.

**Governmental Activities** – Governmental activities increased the City of Goose Creek's net position by \$3,526,512 thereby accounting for 8 percent of the growth in net position of the governmental activities of the City of Goose Creek.

**The City of Goose Creek Changes in Net Position**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
<b>Revenues:</b>							
<b>Program Revenues:</b>							
Charges for Services	\$ 7,198,589	\$ 7,822,260	\$ 4,869,868	\$ 4,865,409	\$12,068,457	\$12,687,669	5.13%
Operating Grants and Contributions	63,289	75,227	-	-	63,289	75,227	18.86%
Capital Grants and Contributions	218,093	608,239	778,992	244,991	997,085	853,230	(14.43%)
<b>General Revenues:</b>							
Property Taxes	4,576,557	5,278,861	418,817	418,472	4,995,374	5,697,333	14.05%
Local Option Sales Taxes	2,903,740	3,119,729	-	-	2,903,740	3,119,729	7.44%
Franchise	2,319,825	2,262,378	-	-	2,319,825	2,262,378	(2.48%)
Unrestricted Grants and Contributions	720,287	818,500	-	-	720,287	818,500	13.64%
Unrestricted revenue from use of monies and property	128,862	106,367	17,943	9,671	146,805	116,038	(20.96%)
Miscellaneous	78,951	45,832	5,192	45,577	84,143	91,409	8.64%
Gain on sale of assets	-	10,265	-	-	-	10,265	100.00%
<b>Total Revenues</b>	<b>18,208,193</b>	<b>20,147,658</b>	<b>6,090,812</b>	<b>5,584,120</b>	<b>24,299,005</b>	<b>25,731,778</b>	<b>5.90%</b>
<b>Expenses:</b>							
Legislative	188,212	164,230	-	-	188,212	164,230	(12.74%)
Administration	1,766,553	1,734,156	-	-	1,766,553	1,734,156	(1.83%)
Police	6,237,751	6,302,367	-	-	6,237,751	6,302,367	1.04%
Fire	3,596,836	3,570,914	-	-	3,596,836	3,570,914	(0.72%)
Sanitation	1,254,265	1,195,040	-	-	1,254,265	1,195,040	(4.72%)
Recreation	192,402	209,597	-	-	192,402	209,597	8.94%
Maintenance	1,058,630	1,062,903	-	-	1,058,630	1,062,903	0.40%
Garage	264,092	288,746	-	-	264,092	288,746	9.34%
Court	301,580	317,733	-	-	301,580	317,733	5.36%
Planning	169,478	173,164	-	-	169,478	173,164	2.17%
Information Technology	459,836	424,540	-	-	459,836	424,540	(7.68%)
Interest and Fees	20,163	-	-	-	20,163	-	(100.00%)
Water	-	-	3,249,030	3,332,289	3,249,030	3,332,289	2.56%
Golf	-	-	1,613,267	1,524,485	1,613,267	1,524,485	(5.50%)
Recreation	-	-	2,471,952	2,377,911	2,471,952	2,377,911	(3.80%)
<b>Total Expenses</b>	<b>15,509,798</b>	<b>15,443,390</b>	<b>7,334,249</b>	<b>7,234,685</b>	<b>22,844,047</b>	<b>22,678,075</b>	<b>(0.73%)</b>
Increase in Net Position Before Transfers	2,698,395	4,704,268	-1,243,437	-1,650,565	1,454,958	3,053,703	109.88%
Transfers	(1,081,118)	(1,177,756)	1,081,118	1,177,756	-	-	-
<b>Increase in Net Position</b>	<b>1,617,277</b>	<b>3,526,512</b>	<b>(162,319)</b>	<b>(472,809)</b>	<b>1,454,958</b>	<b>3,053,703</b>	<b>109.88%</b>
Net Position as restated, January 1	42,304,036	43,921,313	14,274,410	14,112,091	56,578,446	58,033,404	2.57%
<b>Net Position, December 31</b>	<b>\$43,921,313</b>	<b>\$47,447,825</b>	<b>\$14,112,091</b>	<b>\$13,639,282</b>	<b>\$58,033,404</b>	<b>\$61,087,107</b>	<b>5.26%</b>



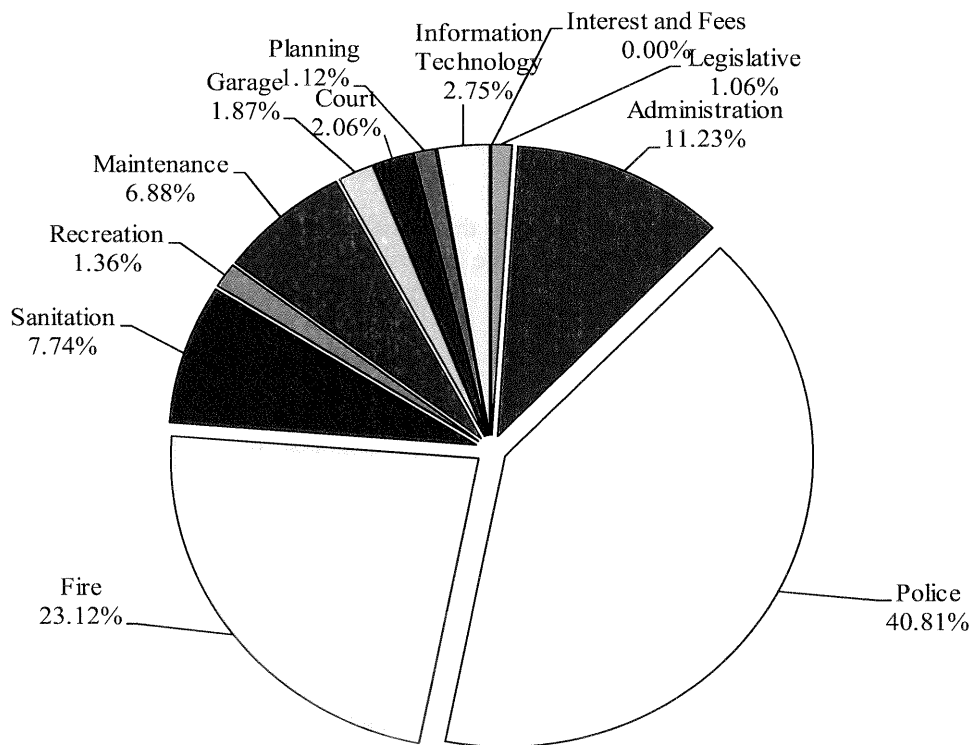
CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012

Charges for services were the City's largest program revenue, accounting for \$7,822,260 (38.82 percent) of total governmental revenues. These charges are for fees related to business licenses, building permits, court fines and E911 fees.

Property tax revenues account for \$5,278,861 (26.20 percent) of the \$20,147,658 total revenues for governmental activities. Another component of general revenues that is related to property taxes is the revenue received from Local Option Sales Taxes which accounted for \$3,119,729 (15.48 percent). Franchise fees of \$2,262,378 (11.23 percent) and unrestricted grants and contributions of \$818,500 (4.06 percent) complete the top five revenue sources at \$19,301,728 (95.80 percent) for the City of Goose Creek.

The Police Department program accounted for \$6,302,367 (40.81 percent) of the \$15,443,390 total expenses for governmental activities. The Fire Department had the next largest program accounting for \$3,570,914 (23.12 percent) of the total governmental activities expenses.

**Expenditures by Department**



The following table for governmental activities indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services, grants and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012

**Governmental Activities – Cost of Services**

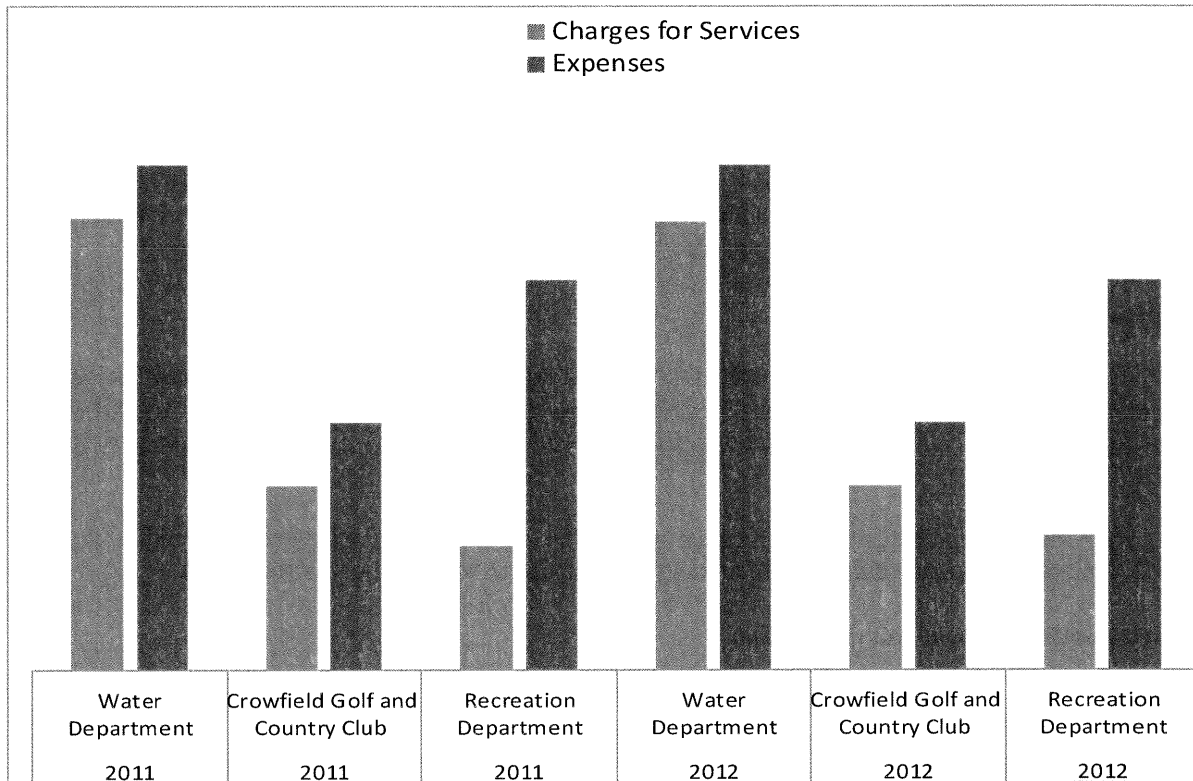
	2011		2012		Total Cost of Services Percentage Change	Total Net Cost of Services Percentage Change
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services		
Legislative	\$ 188,212	\$ (188,212)	\$ 164,230	\$ (164,230)	(12.74%)	(12.74%)
Administration	1,766,553	3,295,360	1,734,156	3,605,718	(1.83%)	9.42%
Police	6,237,751	(5,305,790)	6,302,367	(5,410,659)	1.04%	1.98%
Fire	3,596,836	(2,939,659)	3,570,914	(2,785,922)	(0.72%)	(5.23%)
Sanitation	1,254,265	(426,845)	1,195,040	293,362	(4.72%)	(168.73%)
Recreation	192,402	(192,402)	209,597	(209,597)	8.94%	8.94%
Maintenance	1,058,630	(1,058,630)	1,062,903	(1,062,903)	0.40%	0.40%
Garage	264,092	(264,092)	288,746	(288,746)	9.34%	9.34%
Court	301,580	(301,580)	317,733	(317,733)	5.36%	5.36%
Planning	169,478	(167,978)	173,164	(172,414)	2.17%	2.64%
Information Technology	459,836	(459,836)	424,540	(424,540)	(7.68%)	(7.68%)
Interest and Fees	20,163	(20,163)	-	-	(100.00%)	(100.00%)
Total Expenses	<u>\$ 15,509,798</u>	<u>\$ (8,029,827)</u>	<u>\$ 15,443,390</u>	<u>\$ (6,937,664)</u>	<u>(0.43%)</u>	<u>(13.60%)</u>

Charges for services and operating and capital grants of \$8,505,726 (55.08 percent of the total costs of services) were received and used to fund the general government expenses of the City. The remaining \$6,937,664 in general government expenses is funded by property taxes, Local Option Sales Taxes, franchise fees, unrestricted grants and other revenue.

**Business-type Activities** - Charges for services were the City's largest program revenue, accounting for \$4,865,409 (87.13 percent) of the total business-type activities. These charges are: water and water services, (i.e. sales of water, tap and impact fees, late charges, administration fees, and fire demand fees) for the water enterprise fund; recreation fund revenue from memberships, recreation fees, class fees and concession stand sales; and memberships, green fees, cart fees, pro shop sales, and food and beverage sales for the golf enterprise fund.

The water enterprise fund also had capital contributions of \$244,991 for the water lines installed at: Liberty Village phase 3A and Sophia Landing Phase 3.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012



**Financial Analysis of the City of Goose Creek's Funds**

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

**Governmental Funds** - The purpose of the City's governmental fund financial statements 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the City's governmental funds reported a combined ending fund balance of \$17,088,172. Approximately 44.53 percent of this total (\$7,609,943) is unassigned fund balance. The remaining fund balances are: nonspendable, \$843,465; restricted, \$7,581,813; committed, \$16,066; and assigned, \$1,036,885. The largest portion of the restricted fund balance is \$6,855,392 for the Tax Increment Fund capital projects.

The general fund is the primary operating fund of the City. At the end of the current year the unassigned fund balance of the general fund was \$7,718,326 with a total fund balance of \$8,446,512. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51.80 percent of total general fund expenditures, while total fund balance represents 56.69 percent of that same amount.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$2,000,361 for the Water Department, \$(6,685,227) for the Crowfield Golf and Country Club and \$439,517 for the Recreation Department. The changes in net position for the funds were: Water \$(202,845); Golf \$(345,715); and Recreation \$75,751. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Goose Creek's business-type activities.

**Budgetary Highlights**

The City's General Fund revenues were \$583,623 more than budgeted. The City budgeted for general expenditures and other financing uses to exceed revenues and other financing sources by \$908,913. Expenditures were \$77,982 more than budgeted, resulting in an increase in the City's net position of \$133,177.

The City's tax increment financing revenues were \$456,427 less than budgeted. Expenditures were \$614,234 more than budgeted due to the ongoing construction in the downtown master plan.

**Capital Assets and Debt Administration**

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012 was \$46,513,862 (net of accumulated depreciation). This investment in capital assets includes, land, construction in progress, buildings, improvements, vehicles, computers, software, equipment, mast arms and infrastructure.

Some of the major capital asset events during the current fiscal year included the following:

- Purchase of land \$586,041 – Fire Station III site
- Purchase of \$156,063 – 7 police vehicles
- Lease purchase of \$487,112 – golf course equipment
- Construction of two hiker/biker trails \$463,973
- Purchase of \$95,845 – new telephone system
- Purchase of \$10,795 – Hydro Tek Hot Water Pressure Washer
- Streetscaping \$2,097,738 – Thomason Boulevard and Highway 52 landscaping and drainage
- Improvements of \$152,863 to the water system
- Contribution of \$244,991 – water lines

Additional information on the City's capital assets can be found in Note III.C.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED DECEMBER 31, 2012

**The City of Goose Creek Capital Assets  
 (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011 *	2012	2011	2012	2011-2012
	Land	\$ 6,187,189	\$ 6,795,021	\$ 1,956,615	\$ 1,956,615	\$ 8,143,804	\$ 8,751,636
Construction in progress	4,346,025	3,921,218	8,385	8,385	4,354,410	3,929,603	(9.76%)
Buildings	11,063,409	10,770,494	1,616,178	1,439,625	12,679,587	12,210,119	(3.70%)
Improvements	490,442	478,365	265,689	249,292	756,131	727,657	(3.77%)
Vehicles	1,536,646	1,329,186	23,939	17,134	1,560,585	1,346,320	(13.73%)
Computers	21,898	15,025	-	-	21,898	15,025	(31.39%)
Mast Arms	1,044,678	970,795	-	-	1,044,678	970,795	(7.07%)
Equipment	628,920	648,985	283,703	589,862	912,623	1,238,847	35.75%
Streetscape	15,909	2,056,723	-	-	15,909	2,056,723	12828.05%
Infrastructure	844,304	1,232,244	-	-	844,304	1,232,244	45.95%
Water System	-	-	13,708,485	13,483,485	13,708,485	13,483,485	(1.64%)
Land Improvements	-	-	611,210	551,408	611,210	551,408	(9.78%)
	<u>\$ 26,179,420</u>	<u>\$ 28,218,056</u>	<u>\$ 18,474,204</u>	<u>\$ 18,295,806</u>	<u>\$ 44,653,624</u>	<u>\$ 46,513,862</u>	4.17%

\* As restated, see Note III.C.

**Long-Term Debt** - At the end of the current fiscal year, the City of Goose Creek had total long-term debt outstanding of \$411,175. The debt does not comprise debt backed by the full faith and credit of the government. The City has no outstanding governmental activities debt. The business-type activities debt includes capital leases of \$411,175 for the purchase of golf equipment., The City defeased the revenue bond of \$1,320,000 for the purchase of Crowfield Golf and Country Club.

Additional information on the City's long-term debt can be found in Note III.H.

**The City of Goose Creek Outstanding Debt**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
	Compensated absences	\$ 190,948	\$ 172,882	\$ 53,117	\$ 47,627	\$ 244,065	\$ 220,509
Revenue bonds	-	-	1,320,000	-	1,320,000	-	(100.00%)
Leases payable	-	-	971,552	411,175	971,552	411,175	(57.68%)
	<u>\$ 190,948</u>	<u>\$ 172,882</u>	<u>\$ 2,344,669</u>	<u>\$ 458,802</u>	<u>\$ 2,535,617</u>	<u>\$ 631,684</u>	(75.09%)

**Economic Factors and Next Year's Budget**

The City of Goose Creek's growth continues to be slow due to the downturn in the economy. During 2012 the City only issued 185 new housing construction permits due to the slowdown in the housing market. The City does have development agreements that will provide in excess of over 10,000 new houses and several large commercial development sites over the next twenty years ensuring long term managed growth.

During the current fiscal year the City's net position, as restated, increased \$3,053,703 providing the City with the funds necessary to continue to provide quality service to the residents without a tax increase in the next fiscal year, the City's 33<sup>rd</sup> consecutive year without a tax increase.

CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2012

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The City of Goose Creek actively works with the Economic Development Advisory Committee to recruit new businesses, light industries and restaurants to meet the residents growing demand to be able to live, work and shop within the City's corporate limits. In 2012 construction was limited due to the downturn in the economy. The City has development agreements and for commercial and residential construction in the Carnes Crossroads area, where over 2,400 acres will be developed in the coming years.

The water enterprise fund installed 183 new water taps during 2012 as a result of the limited growth in new housing construction. The radio read meter upgrade program installation to convert all manual read water meters to radio read meters has continued on schedule; 6,542 meters have been installed or converted through 2012, leaving 2,813 to be converted over the next 2 years.

In 2011, the City has implemented a five year plan to make Crowfield Golf and Country Club self-sufficient. The golf enterprise fund completed the ninth full year of operations. Although the golf fund did not operate at a profit the operating loss was down \$106,457 from the previous year and \$287,049 less than 2010.

The City of Goose Creek assumed the administrative management of the Goose Creek Recreation district activities effective January 1, 2009. The City now provides recreational services, programs, staff management, and fiscal accounting as an enterprise fund. The City will continue to operate the recreation facilities as an enterprise fund. Funding will continue to come from program revenues, cost of services, ad-valorem property taxes from the City and the Goose Creek Recreation Commission.

These indicators were taken into account when adopting the General Fund budget for the 2013 fiscal year. The City of Goose Creek is a vibrant community that will continue to grow dynamically in the coming years. The budget will continue to expand to meet the service needs of the growing community.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Goose Creek's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to City of Goose Creek, Finance Director, Post Office Drawer 1768, Goose Creek, South Carolina 29445.

## **BASIC FINANCIAL STATEMENTS**





**CITY OF GOOSE CREEK, SOUTH CAROLINA  
STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,810,637	\$ 2,750,205	\$ 12,560,842
Receivables, net of allowance			
Taxes	523,310	107,365	630,675
Fines	777,006	-	777,006
Accounts	1,758,006	272,923	2,030,929
Due from county treasurer	999,636	141,195	1,140,831
Due from other governments	1,173,081	-	1,173,081
Internal balances	6,521,822	(6,521,822)	-
Inventories	68,759	89,321	158,080
Prepaid items	49,728	17,448	67,176
Capital assets, not being depreciated	10,716,239	1,965,000	12,681,239
Capital assets, net of accumulated depreciation	17,501,817	16,330,806	33,832,623
<b>TOTAL ASSETS</b>	<b>49,900,041</b>	<b>15,152,441</b>	<b>65,052,482</b>
<b>LIABILITIES</b>			
Accounts payable	949,580	46,764	996,344
Accrued salaries and related liabilities	258,030	67,905	325,935
Escrow and retainage payable	136,927	-	136,927
Unearned revenue	934,797	448,407	1,383,204
Due to developers	-	491,281	491,281
Noncurrent liabilities			
Due within one year	172,882	139,363	312,245
Due in more than one year	-	319,439	319,439
<b>TOTAL LIABILITIES</b>	<b>2,452,216</b>	<b>1,513,159</b>	<b>3,965,375</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	28,218,056	17,884,631	46,102,687
Restricted for			
Liberty Hall	286,150	-	286,150
Public safety	386,644	-	386,644
Tourism	53,627	-	53,627
TIF projects	6,855,392	-	6,855,392
Unrestricted	11,647,956	(4,245,349)	7,402,607
<b>TOTAL NET POSITION</b>	<b>\$ 47,447,825</b>	<b>\$ 13,639,282</b>	<b>\$ 61,087,107</b>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
Legislative	\$ 164,230	\$ -	\$ -	\$ -
Administrative	1,734,156	4,873,069	-	466,805
Police	6,302,367	677,136	74,477	140,095
Fire	3,570,914	783,653	-	1,339
Sanitation	1,195,040	1,488,402	-	-
Recreation	209,597	-	-	-
Maintenance	1,062,903	-	-	-
Garage	288,746	-	-	-
Court	317,733	-	-	-
Planning	173,164	-	750	-
Information Technology	424,540	-	-	-
<b>Total governmental activities</b>	<b>15,443,390</b>	<b>7,822,260</b>	<b>75,227</b>	<b>608,239</b>
<b>Business-type activities</b>				
Water Department	3,332,289	2,837,155	-	244,991
Crowfield Golf and Country Club	1,524,485	1,174,417	-	-
Recreation Department	2,377,911	853,837	-	-
<b>Total business-type activities</b>	<b>7,234,685</b>	<b>4,865,409</b>	<b>-</b>	<b>244,991</b>
<b>Total government</b>	<b>\$22,678,075</b>	<b>\$12,687,669</b>	<b>\$ 75,227</b>	<b>\$ 853,230</b>

General revenues

Taxes

Property, including fee in lieu of taxes

Local option sales tax

Franchise

Grants and contributions not restricted to specific programs

Gain (loss) on sale of assets

Unrestricted revenue from use of money and property

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position

Beginning of year, as restated

End of year

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Net (Expenses) Revenues  
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (164,230)	\$ -	\$ (164,230)
3,605,718	-	3,605,718
(5,410,659)	-	(5,410,659)
(2,785,922)	-	(2,785,922)
293,362	-	293,362
(209,597)	-	(209,597)
(1,062,903)	-	(1,062,903)
(288,746)	-	(288,746)
(317,733)	-	(317,733)
(172,414)	-	(172,414)
(424,540)	-	(424,540)
<u>(6,937,664)</u>	<u>-</u>	<u>(6,937,664)</u>
-	(250,143)	(250,143)
-	(350,068)	(350,068)
<u>-</u>	<u>(1,524,074)</u>	<u>(1,524,074)</u>
<u>-</u>	<u>(2,124,285)</u>	<u>(2,124,285)</u>
<u>(6,937,664)</u>	<u>(2,124,285)</u>	<u>(9,061,949)</u>
5,278,861	418,472	5,697,333
3,119,729	-	3,119,729
2,262,378	-	2,262,378
818,500	-	818,500
10,265	-	10,265
106,367	9,671	116,038
45,832	45,577	91,409
<u>(1,177,756)</u>	<u>1,177,756</u>	<u>-</u>
<u>10,464,176</u>	<u>1,651,476</u>	<u>12,115,652</u>
3,526,512	(472,809)	3,053,703
<u>43,921,313</u>	<u>14,112,091</u>	<u>58,033,404</u>
<u>\$ 47,447,825</u>	<u>\$ 13,639,282</u>	<u>\$61,087,107</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	General	Tax Increment Financing	Other Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,392,502	\$ 4,286,427	\$ 1,131,708	\$ 9,810,637
Receivables, net of allowance				
Taxes	523,310	-	-	523,310
Fines	717,499	-	59,507	777,006
Accounts	1,748,583	-	9,423	1,758,006
Due from county treasurer	933,092	66,544	-	999,636
Due from other governments	1,165,255	-	7,826	1,173,081
Due from other funds	7,084,640	3,169,833	-	10,254,473
Advances to other funds	50,000	674,978	-	724,978
Inventories	68,759	-	-	68,759
Prepaid items	49,728	-	-	49,728
<b>TOTAL ASSETS</b>	<b>\$ 16,733,368</b>	<b>\$ 8,197,782</b>	<b>\$ 1,208,464</b>	<b>\$ 26,139,614</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 372,485	\$ 577,095	\$ -	\$ 949,580
Accrued salaries and related liabilities	258,030	-	-	258,030
Escrow and retainage payable	35,232	77,108	24,587	136,927
Due to other funds	4,431,340	13,209	13,080	4,457,629
Deferred revenue	3,189,769	-	59,507	3,249,276
<b>Total liabilities</b>	<b>8,286,856</b>	<b>667,412</b>	<b>97,174</b>	<b>9,051,442</b>
<b>Fund balances</b>				
<b>Nonspendable:</b>				
Inventory and prepaids	118,487	-	-	118,487
Interfund advances	50,000	674,978	-	724,978
<b>Restricted:</b>				
Public safety	-	-	386,644	386,644
Tourism	-	-	53,627	53,627
Liberty Hall impact fees	-	-	286,150	286,150
TIF projects	-	6,855,392	-	6,855,392
<b>Committed:</b>				
Tree replacement	16,066	-	-	16,066
<b>Assigned:</b>				
Fleet replacement	23,410	-	-	23,410
Computer replacement	26,058	-	-	26,058
Capital items	43,240	-	-	43,240
Capital projects	-	-	493,252	493,252
Water system	450,925	-	-	450,925
Unassigned	7,718,326	-	(108,383)	7,609,943
<b>Total fund balance</b>	<b>8,446,512</b>	<b>7,530,370</b>	<b>1,111,290</b>	<b>17,088,172</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,733,368</b>	<b>\$ 8,197,782</b>	<b>\$ 1,208,464</b>	<b>\$ 26,139,614</b>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

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Total governmental fund balances \$ 17,088,172

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

Capital assets used for governmental activities are not financial resources and therefore are not reported in the government funds:

Cost of assets	\$38,144,283	
Accumulated depreciation	<u>(9,926,227)</u>	
		28,218,056

Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds:

State aid to subdivisions	\$ 332,968	
Fines and forfeitures	777,006	
EMS revenue	<u>1,204,505</u>	
		2,314,479

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences payable	<u>\$ (172,882)</u>	
		<u>(172,882)</u>

Net position of governmental activities		<u><u>\$ 47,447,825</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	General	Tax Increment Financing	Other Governmental	Total Governmental Funds
<b>REVENUES</b>				
Local revenues				
Property taxes	\$ 2,010,801	\$ 3,253,368	\$ -	\$ 5,264,169
Licenses and permits	6,992,759	-	-	6,992,759
Charges for services	2,235,847	-	-	2,235,847
Fines and forfeitures	352,610	-	51,960	404,570
Miscellaneous revenues	311,397	13,682	140,064	465,143
Total local revenues	11,903,414	3,267,050	192,024	15,362,488
State revenues	4,118,690	-	162,255	4,280,945
Federal revenues	153,600	-	22,746	176,346
<b>TOTAL REVENUES</b>	<b>16,175,704</b>	<b>3,267,050</b>	<b>377,025</b>	<b>19,819,779</b>
<b>EXPENDITURES</b>				
Current				
Legislative	164,230	-	-	164,230
Administrative	1,521,723	-	-	1,521,723
Police	5,834,085	-	256,555	6,090,640
Fire	3,428,094	-	-	3,428,094
Sanitation	1,098,039	-	-	1,098,039
Recreation	-	-	12,534	12,534
Maintenance	971,885	-	-	971,885
Garage	286,358	-	-	286,358
Court	319,107	-	-	319,107
Planning	152,013	22,113	-	174,126
Information technology	401,301	-	-	401,301
Capital outlay	723,337	2,257,472	3,990	2,984,799
<b>TOTAL EXPENDITURES</b>	<b>14,900,172</b>	<b>2,279,585</b>	<b>273,079</b>	<b>17,452,836</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	1,275,532	987,465	103,946	2,366,943
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	10,265	-	-	10,265
Insurance proceeds	25,136	-	-	25,136
Transfers out	(1,177,756)	-	-	(1,177,756)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,142,355)</b>	<b>-</b>	<b>-</b>	<b>(1,142,355)</b>
<b>NET CHANGE IN FUND BALANCES</b>				
	133,177	987,465	103,946	1,224,588
<b>FUND BALANCES</b>				
Beginning of year	8,313,335	6,542,905	1,007,344	15,863,584
End of year	<u>\$ 8,446,512</u>	<u>\$ 7,530,370</u>	<u>\$ 1,111,290</u>	<u>\$ 17,088,172</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances - total governmental funds \$ 1,224,588

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,984,799	
Depreciation expense	<u>(993,429)</u>	1,991,370

Capital assets donated to the City increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

47,266

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:

State aid to subdivisions	\$ (326,298)	
Fines and forfeitures	(700,548)	
EMS revenue	(1,035,331)	
E911 revenue	(7,080)	

Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:

State aid to subdivisions	332,968	
Fines and forfeitures	777,006	
EMS Revenue	<u>1,204,505</u>	245,222

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Compensated absences:

Current year	\$ (172,882)	
Prior year	<u>190,948</u>	18,066

18,066

Change in net position of governmental activities

\$ 3,526,512

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND TYPE – ENTERPRISE FUNDS**  
**DECEMBER 31, 2012**

	Water Department	Crowfield Golf and Country Club	Recreation Department	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 2,326,636	\$ 197,098	\$ 226,471	\$ 2,750,205
Accounts receivable, net of allowance	252,306	20,617	-	272,923
Taxes receivable, net of allowance	-	-	107,365	107,365
Due from county treasurer	-	-	141,195	141,195
Due from other funds	-	-	789,369	789,369
Inventories	70,911	18,410	-	89,321
Prepaid items	2,792	-	14,656	17,448
<b>Total current assets</b>	<b>2,652,645</b>	<b>236,125</b>	<b>1,279,056</b>	<b>4,167,826</b>
Noncurrent assets				
Capital assets, net of accumulated depreciation	13,871,530	3,138,406	1,285,870	18,295,806
<b>TOTAL ASSETS</b>	<b>16,524,175</b>	<b>3,374,531</b>	<b>2,564,926</b>	<b>22,463,632</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	21,299	-	25,465	46,764
Accrued salaries and related liabilities	27,858	16,552	23,495	67,905
Compensated absences payable	14,809	13,021	19,797	47,627
Due to other funds	97,037	6,073,959	415,217	6,586,213
Unearned revenue	-	92,842	355,565	448,407
Due to developers	491,281	-	-	491,281
Current portion of bonds/notes/leases payable	-	91,736	-	91,736
<b>Total current liabilities</b>	<b>652,284</b>	<b>6,288,110</b>	<b>839,539</b>	<b>7,779,933</b>
Noncurrent liabilities				
Advances from other funds	-	724,978	-	724,978
Leases payable	-	319,439	-	319,439
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>1,044,417</b>	<b>-</b>	<b>1,044,417</b>
<b>TOTAL LIABILITIES</b>	<b>652,284</b>	<b>7,332,527</b>	<b>839,539</b>	<b>8,824,350</b>
<b>NET POSITION (DEFICIT)</b>				
Invested in capital assets, net of related debt	13,871,530	2,727,231	1,285,870	17,884,631
Unrestricted	2,000,361	(6,685,227)	439,517	(4,245,349)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$15,871,891</b>	<b>\$ (3,957,996)</b>	<b>\$ 1,725,387</b>	<b>\$13,639,282</b>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.



**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND TYPE – ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2012**

	Water Department	Crowfield Golf and Country Club	Recreation Department	Total
<b>OPERATING REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 418,472	\$ 418,472
Charges for sales and services	2,837,155	1,174,417	853,837	4,865,409
Miscellaneous	39,168	3,242	3,167	45,577
<b>TOTAL OPERATING REVENUES</b>	<b>2,876,323</b>	<b>1,177,659</b>	<b>1,275,476</b>	<b>5,329,458</b>
<b>OPERATING EXPENSES</b>				
Salaries and related expenses	1,006,825	732,593	1,309,007	3,048,425
Cost of goods sold	1,100,121	140,465	34,504	1,275,090
Administrative	107,146	92,266	141,062	340,474
Contractual services	131,982	67,827	320,773	520,582
Materials and supplies	112,889	168,515	155,007	436,411
Repairs and maintenance	89,383	50,482	55,439	195,304
Depreciation	677,782	157,934	159,668	995,384
Utilities	26,748	44,999	202,451	274,198
<b>TOTAL OPERATING EXPENSES</b>	<b>3,252,876</b>	<b>1,455,081</b>	<b>2,377,911</b>	<b>7,085,868</b>
<b>OPERATING (LOSS)</b>	<b>(376,553)</b>	<b>(277,422)</b>	<b>(1,102,435)</b>	<b>(1,756,410)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	8,130	1,111	430	9,671
Interest expense	(79,413)	(69,404)	-	(148,817)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(71,283)</b>	<b>(68,293)</b>	<b>430</b>	<b>(139,146)</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(447,836)</b>	<b>(345,715)</b>	<b>(1,102,005)</b>	<b>(1,895,556)</b>
Transfers from (to) other funds	-	-	1,177,756	1,177,756
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>(447,836)</b>	<b>(345,715)</b>	<b>75,751</b>	<b>(717,800)</b>
Capital contributions	244,991	-	-	244,991
<b>CHANGE IN NET POSITION (DEFICIT)</b>	<b>(202,845)</b>	<b>(345,715)</b>	<b>75,751</b>	<b>(472,809)</b>
<b>NET POSITION (DEFICIT)</b>				
Beginning of year, as restated	16,074,736	(3,612,281)	1,649,636	14,112,091
End of year	<u>\$ 15,871,891</u>	<u>\$ (3,957,996)</u>	<u>\$ 1,725,387</u>	<u>\$ 13,639,282</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE – ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2012**

	Water Department	Crowfield Golf and Country Club	Recreation Department	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$2,834,532	\$ 1,201,005	\$ 1,349,202	\$ 5,384,739
Cash from other sources	(1,575,910)	(570,162)	(921,365)	(3,067,437)
Payments to suppliers	(1,018,986)	(742,317)	(1,318,014)	(3,079,317)
Internal activity-payments from (to) other funds	17,871	698,574	(343,270)	373,175
<b>Net cash provided (used) by operating activities</b>	<b>257,507</b>	<b>587,100</b>	<b>(1,233,447)</b>	<b>(388,840)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	1,177,756	1,177,756
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>1,177,756</b>	<b>1,177,756</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on capital leases	(879,018)	(168,471)	-	(1,047,489)
Principal paid on revenue bonds	-	(1,320,000)	-	(1,320,000)
Payment of interest expense	(79,413)	(69,404)	-	(148,817)
Sale of asset	-	80,004	-	80,004
Acquisition and construction of capital assets	(157,987)	-	(6,900)	(164,887)
<b>Net cash used by capital and related financing activities</b>	<b>(1,116,418)</b>	<b>(1,477,871)</b>	<b>(6,900)</b>	<b>(2,601,189)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest earned on investments	8,130	1,111	430	9,671
<b>Net cash provided by investing activities</b>	<b>8,130</b>	<b>1,111</b>	<b>430</b>	<b>9,671</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(850,781)</b>	<b>(889,660)</b>	<b>(62,161)</b>	<b>(1,802,602)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>3,177,417</b>	<b>1,086,758</b>	<b>288,632</b>	<b>4,552,807</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$2,326,636</b>	<b>\$ 197,098</b>	<b>\$ 226,471</b>	<b>\$ 2,750,205</b>

(Continued)

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUND TYPE – ENTERPRISE FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2012**

	Water Department	Crowfield Golf and Country Club	Recreation Department	Total
<b>RECONCILIATION OF OPERATING LOSS</b>				
<b>TO NET CASH</b>				
<b>PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating loss	\$ (376,553)	\$ (277,422)	\$ (1,102,435)	\$ (1,756,410)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	677,782	157,934	159,668	995,384
Provision for allowance for uncollectibles	11,042	-	8,446	19,488
(Increase) decrease in:				
Accounts receivable	(48,531)	(7,403)	52,981	(2,953)
Due from County Treasurer	-	-	13,069	13,069
Inventory	(7,560)	(1,084)	-	(8,644)
Prepaid items	4,870	-	(11,219)	(6,349)
Increase (decrease) in:				
Accounts payable	(4,951)	(4,524)	(5,421)	(14,896)
Accrued salaries and compensated absences payable	(12,161)	(9,724)	(9,007)	(30,892)
Due to other funds	17,871	698,574	(338,759)	377,686
Deferred revenue	-	30,749	(770)	29,979
Customer deposits	(4,302)	-	-	(4,302)
<b>Total adjustments</b>	<b>634,060</b>	<b>864,522</b>	<b>(131,012)</b>	<b>1,367,570</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 257,507</b>	<b>\$ 587,100</b>	<b>\$ (1,233,447)</b>	<b>\$ (388,840)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Capital assets purchased by lease obligation	\$ -	\$ 487,112	\$ -	\$ 487,112
Contributed capital assets	\$ 244,991	\$ -	\$ -	\$ 244,991
Transfer of capital assets (to) from other funds	\$ -	\$ 4,511	\$ (4,511)	\$ -

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
STATEMENT OF NET POSITION –  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

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	<u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 73,388</u>
Total assets	<u><u>\$ 73,388</u></u>
<b>Liabilities</b>	
Assets held for others	<u>\$ 73,388</u>
Total liabilities	<u><u>\$ 73,388</u></u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the *City of Goose Creek, South Carolina* (the City), have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The City operates under a charter originally granted by the State of South Carolina on March 22, 1961. The City was incorporated according to Section 47-22 of the 1962 Code, as amended, on May 6, 1976. The City adopted the Mayor-Council form of government as described in the Code of Laws of South Carolina 1976, Section 5-9-40. The Mayor and six-member Council for the City serve overlapping terms of four years.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

There are no entities which meet the criteria detailed above for inclusion in the City's financial statements as component units. The City is a legally separate and fiscally independent entity whose governing body is a Council whose members are elected in a general election and should, therefore be considered a primary government.

**B. Government-wide and Fund Financial Statements**

***Government-wide Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, when applicable, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

***Fund Financial Statements***

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units, when applicable. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Major Funds

The City reports the following major governmental funds:

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

The *Tax Increment Financing Fund* is a special revenue fund used to account for capital projects related to the Goose Creek Redevelopment Plan in the City's Tax Increment Financing District.

The City reports the following major enterprise funds:

The *Water Department Fund* accounts for the operations and maintenance of the water distribution system owned by the City.

The *Crowfield Golf and Country Club Fund* accounts for the operations and maintenance of the City-owned golf course.

The *Recreation Department Fund* accounts for the operations and maintenance of the recreation facilities managed by the City.

Nonmajor Funds

In addition the City reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital projects, other than those financed by proprietary funds.

The *Fiduciary funds* are used to account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *Agency fund* is custodial in nature and does not involve the measurement of operations.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds, when applicable) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and Fund Financial Statements (Continued)**

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statement these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**C. Measurement Focus and Basis of Accounting**

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State-levied locally shared taxes are recognized as revenue in the year appropriated by the state.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are considered to be measurable if the amount is known or reasonably estimable at year-end. The following revenue sources are deemed both measurable and available if collected within 60 days of year-end: delinquent property taxes, investment earnings, fines and forfeitures, state-levied locally shared taxes, insurance taxes, certain charges for services such as sanitation fees, and grant revenues for which all eligibility requirements imposed by the provider have been met. Permits, vehicle and some franchise taxes, licenses, and miscellaneous revenues, although they may be available within 60 days of year-end are considered to be measurable only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Proceeds of general long-term debt and proceeds for acquisitions under capital leases are reported as other financing sources.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting assets and liabilities.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position/Fund Balance**

**1. Deposits and cash and cash equivalents**

The *deposits* classification is used only in the notes, not on the face of the statement of net position or balance sheet. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

The City considers *cash and cash equivalents* to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

**2. Investments**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

The City did not have any investments as of December 31, 2012. Additional disclosure regarding the City's deposits and investments is located at Note III.A.

**3. Receivables and payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables*, i.e., the current portion of interfund loans, or *advances to/from other funds*, i.e., the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as *due to/from other funds*.

Advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Taxes receivable shown are comprised of delinquent real property taxes, net of an allowance for uncollectible accounts, and the January 2012 property tax assessment levied for the 2013 fiscal year, which is deferred in the General Fund, the Tax Increment Financing Special Revenue Fund, and the Recreation Department Enterprise Fund. The current property tax receivable allowance for uncollectible accounts is estimated at one percent of the current property tax levy.

All trade and accounts receivable are reported net of an allowance for the uncollectible amounts. The City computes the allowance for uncollectible amounts based on an estimate of collections within each aging category of receivables.



**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position/Fund Balance (Continued)**

**4. Inventories and prepaid items**

Inventories of the general fund are valued at cost determined by the first-in, first-out method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased. Inventory items consist of various types of fuel and replacement parts for vehicles and equipment.

Inventories of the enterprise fund are recorded at cost determined by the first-in, first-out method. Inventory items consist of supplies used to install water systems and merchandise to be sold at the Crowfield Golf and Country Club.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. Capital assets**

Capital 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 column in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Assets with individual values under \$5,000 are considered capital assets if purchased in bulk and acquired by issuance of capital lease obligations. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of enterprise fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Interest incurred during construction of governmental-type activities is not capitalized.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position/Fund Balance (Continued)**

All reported capital assets except land and construction in progress are depreciated. Useful lives for infrastructure are estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Improvements	15-30
Land improvements	10-20
Vehicles	5-15
Computers	5-10
Software	5
Mast arms	20
Equipment	5-12
Water systems	20-40
Streetscapes	5-20
Infrastructure	20

**6. Deferred revenue**

Deferred revenues arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Property taxes collected in advance of the fiscal year for which they were levied are deferred until the beginning of that year.

**7. Impact fee**

According to City Ordinance 88-12, any person seeking to develop land shall pay an impact fee, which is accounted for in the Impact Fee Special Revenue Fund. Expenditures from the fund shall be specifically approved by City Council and, excepting administrative costs, shall be limited to the expansion or acquisition of capital facilities or equipment made necessary by the new construction from which the fees were collected or for principal payments (including sinking fund payments) on bonds to expand or acquire such facilities or equipment. The current owner of property on which an impact fee has been paid may apply for a refund of such fee if the City fails to expend or encumber, within five (5) years from the date of payment, said funds on a public facility or capital equipment which shall service such property. In 2003, the City entered into a development agreement that further restricts impact fees paid on property within Liberty Hall Subdivision to the construction of a public safety (police/fire) substation to be located in or near Liberty Hall. Liberty Hall impact fees are subject to a ten (10) year period in which the fees must be spent from date of collection.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position/Fund Balance (Continued)**

**8. Net position of fund balances**

*Government-wide Statements*

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

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$286,150 of net position which is restricted by enabling legislation.
- c. Unrestricted net position – Consists of all other net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

*Fund Statements*

Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The City classifies and reports amounts in the appropriate fund balance classifications and considers the appropriateness of fund types used. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. Fund balances are classified as follows:

**Nonspendable** – Amounts that cannot be spent wither because they are not in a spendable form, such as inventory or prepaid insurance, or because they are legally or contractually required to be maintained intact – such as a trust.

**Restricted** – Amounts that can be spent only for specific purposed because of state or federal laws, or externally imposed conditions by grantors or creditors – such as millage adopted by the primary government to pay the City's debt, or fees assessed by the City to be used for specific purposes.

**Committed** – Amounts constrained to specific purposes by the Council itself, using its highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. To be reported as committed, amounts cannot be used for any other purpose unless the Council takes the same highest level action or removed or change the constraint.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position/Fund Balance (Continued)**

Assigned – Amounts the City intends to use for a specific purpose but do not meet the criteria to be classified as committed. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority. Council has not delegated such authority as of December 31, 2012. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned – All amounts not included in other spendable classifications.

*Flow assumptions* - When an expense is incurred that can be paid using either restricted or unrestricted resources (net position) the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In the governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less restricted classifications – committed and then assigned fund balance before using unassigned fund balance.

*Fund balance policy* - The City strives to maintain a minimum unreserved fund balance in various funds for the purpose of floating the City's operations in times of temporary cash flow shortages, emergencies, unanticipated economic downturns, and one time opportunities.

The minimum fund balances are based on a percentage of the previous year expenditures in the fund. The minimum fund balances are as follows:

General Fund	35%
Water Department Enterprise Fund	10%
Recreation Department Enterprise Fund	10%
Crowfield Golf and Country Club Enterprise Fund	10%

**9. Accounting estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires the City's management to make estimates and assumptions. These estimates and assumptions 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 expenses during the reporting period. Actual results could differ from those estimates.

**E. Revenues and expenditures/expenses**

**1. Program revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

**CITY OF GOOSE CREEK, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues and expenditures/expenses (continued)**

**2. Property taxes and sanitation fees**

Property taxes attach as an enforceable lien on property as of January 1 of the current year. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty by January 15<sup>th</sup> of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16<sup>th</sup> – three percent; February 2<sup>nd</sup> – an additional seven percent; March 16<sup>th</sup> – an additional five percent. If not paid by October 1<sup>st</sup>, the property is subject to sale by the Berkeley County Delinquent Tax Office. Berkeley County bills and collects current and delinquent property taxes under contractual agreements with the City. The City tax revenues are recognized in the period for which they are levied; therefore, revenue recognition is deferred. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license is up for renewal and are, therefore, recognized as revenue when cash is received by the City.

Taxes recognized as revenue and used for the 2012 calendar year are based on property assessed as of December 31, 2010, and billed in September 2011. The City tax rate to finance general governmental services for the year ended December 31, 2012, was set at 36.5 mills (\$3.65 per \$100 assessed valuation) for general uses and purposes of the City. The assessed valuation of properties, exclusive of vehicles (valued at \$13,507,180), within the City's district as of December 31, 2010, was \$110,268,480 according to records of the Berkeley County Auditor.

The City's levy on property assessed as of December 31, 2011, and billed in September 2012, will generate taxes to be used for the 2013 calendar year. Although a receivable is recorded at December 31, 2012, all revenue is deferred.

The City levies the sanitation fees for permanent improvements and for the purpose of paying current expenditures of the City. Revenue is recognized when fees are received during the current calendar year or within 60 days subsequent to year-end. The sanitation fee rate had been \$75 on every single-family occupied residential lot within the corporate limits of the City and was increased to \$135 in October 2012. Berkeley County bills and collects sanitation fees under a contractual agreement with the City.

**3. Compensated absences**

*Vacation* - The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

*Sick Leave* – Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues and expenditures/expenses (Continued)**

**4. Proprietary funds operating and nonoperating revenues and expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are chiefly water sales and services; recreation services and property taxes levied to support recreational activities; and golf memberships and fees. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Excess of Expenditures over Appropriations**

For the year ended December 31, 2012, expenditures exceeded appropriations for the following functions:

Fund	Function	Excess Expenditures
General	Administrative	\$ 28,016
	Fire	\$ 15,838
	Garage	\$ 23,562
	Capital Outlay	\$ 565,136
Tax Increment Financing	Planning	\$ 22,113
	Capital Outlay	\$ 592,121

**B. Deficit Fund Equity**

The Crowfield Golf and Country Club Enterprise Fund had deficit fund equity balance of (\$3,957,996), at December 31, 2012. This deficit will be funded by future revenues of the fund.

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral obligations of the United States, South Carolina and political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. As of December 31, 2012, the City's bank balance of \$13,031,387 was fully insured or collateralized by government investments held by the pledging financial institution's trust department or agent in the City's name.

***Interest Rate Risk - Investments***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

***Credit Risk - Investments***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted an investment policy in accordance with state statutes, which authorize the City to invest in the following:

- (1) Obligations of the United States and agencies thereof;
- (2) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (3) General obligations of the State of South Carolina or any of its political units;
- (4) Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
- (5) Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
- (6) No-load open and 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.

In addition, South Carolina state statutes authorize the City to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

As of December 31, 2012, the City did not have any investments.

***Concentration of Credit Risk - Investments***

Concentration of credit risk is the risk of loss attributable to the magnitude of the City's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer.

***Custodial Credit Risk – Investments***

For investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal investment policy to address custodial credit risk.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**B. Receivables**

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds		Enterprise Funds		
	General	Nonmajor Funds	Water Department	Crowfield Golf and Country Club	Recreation Department
Receivables					
Current taxes	\$ 391,179	\$ -	\$ -	\$ -	\$ 110,939
Delinquent taxes	29,635	-	-	-	8,454
Sanitation fees	141,357	-	-	-	-
Total taxes	562,171	-	-	-	119,393
Fines	1,069,686	108,215	-	-	-
Accounts	2,768,780	9,423	427,316	20,617	-
Gross receivables	4,400,637	117,638	427,316	20,617	119,393
Less allowance for uncollectibles					
Taxes	(38,861)	-	-	-	(12,028)
Fines	(352,187)	(48,708)	-	-	-
Accounts	(1,020,197)	-	(175,010)	-	-
Total allowance	(1,411,245)	(48,708)	(175,010)	-	(12,028)
Net receivables	<u>\$ 2,989,392</u>	<u>\$ 68,930</u>	<u>\$ 252,306</u>	<u>\$ 20,617</u>	<u>\$ 107,365</u>



**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**C. Capital Assets**

	Balance 12/31/2011	Additions	Deletions	Transfers	Balance 12/31/2012
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 6,187,189	\$ 607,832	\$ -	\$ -	\$ 6,795,021
Construction in progress	4,346,025	1,672,931	-	(2,097,738)	3,921,218
Total capital assets, not being depreciated	<u>10,533,214</u>	<u>2,280,763</u>	<u>-</u>	<u>(2,097,738)</u>	<u>10,716,239</u>
Capital assets, being depreciated					
Building	14,023,524	-	-	-	14,023,524
Improvements	1,190,750	-	-	-	1,190,750
Vehicles	4,942,850	156,063	(153,174)	-	4,945,739
Software	64,567	-	(64,567)	-	-
Mast arms	1,463,006	-	-	-	1,463,006
Equipment	1,650,574	131,265	-	-	1,781,839
Streetscapes	17,787	-	-	2,097,738	2,115,525
Infrastructure	1,318,621	463,974	-	-	1,782,595
Total capital assets, being depreciated	<u>24,796,745</u>	<u>751,302</u>	<u>(217,741)</u>	<u>2,097,738</u>	<u>27,428,044</u>
Less accumulated depreciation for					
Building	(2,960,115)	(292,915)	-	-	(3,253,030)
Improvements	(700,308)	(12,077)	-	-	(712,385)
Vehicles	(3,406,204)	(363,523)	153,174	-	(3,616,553)
Software	(64,567)	-	64,567	-	-
Mast arms	(418,328)	(73,883)	-	-	(492,211)
Equipment	(1,021,654)	(111,200)	-	-	(1,132,854)
Streetscapes	(1,878)	(56,924)	-	-	(58,802)
Infrastructure	(474,317)	(76,034)	-	-	(550,351)
Total accumulated depreciation	<u>(9,150,539)</u>	<u>(993,429)</u>	<u>217,741</u>	<u>-</u>	<u>(9,926,227)</u>
Total capital assets, being depreciated, net	<u>15,646,206</u>	<u>(242,127)</u>	<u>-</u>	<u>2,097,738</u>	<u>17,501,817</u>
Governmental activities capital assets, net	<u>\$ 26,179,420</u>	<u>\$ 2,038,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,218,056</u>

Current year asset additions are comprised of the following:

Capital outlay - funds statement	\$ 2,984,799
Plus vehicle - contributed	29,466
Land - donated by developers	17,800
Total reconciling items	<u>47,266</u>
Total additions	<u>\$ 3,032,065</u>
Additions, not being depreciated	\$ 2,280,763
Additions, being depreciated	751,302
Total additions	<u>\$ 3,032,065</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

	Balance 12/31/2011	Additions	Deletions	Balance 12/31/2012
Business-type Activities				
Capital assets, not being depreciated				
Land	\$ 1,956,615	\$ -	\$ -	\$ 1,956,615
Construction in Progress	8,385	-	-	8,385
Total capital assets, not being depreciated	<u>1,965,000</u>	<u>-</u>	<u>-</u>	<u>1,965,000</u>
Capital assets, being depreciated				
Building*	2,942,916	-	-	2,942,916
Improvements*	462,080	-	-	462,080
Land improvements*	971,054	-	-	971,054
Vehicles	342,016	-	-	342,016
Software	39,204	-	-	39,204
Equipment	830,759	499,137	(325,670)	1,004,226
Water system	20,130,727	397,853	-	20,528,580
Total capital assets, being depreciated	<u>25,718,756</u>	<u>896,990</u>	<u>(325,670)</u>	<u>26,290,076</u>
Less accumulated depreciation for				
Building*	(1,326,738)	(176,553)	-	(1,503,291)
Improvements*	(196,391)	(16,397)	-	(212,788)
Land improvements*	(359,844)	(59,802)	-	(419,646)
Vehicles	(318,077)	(6,805)	-	(324,882)
Software	(39,204)	-	-	(39,204)
Equipment	(547,056)	(112,974)	245,666	(414,364)
Water system	(6,422,242)	(622,853)	-	(7,045,095)
Total accumulated depreciation	<u>(9,209,552)</u>	<u>(995,384)</u>	<u>245,666</u>	<u>(9,959,270)</u>
Total capital assets, being depreciated, net	<u>16,509,204</u>	<u>(98,394)</u>	<u>(80,004)</u>	<u>16,330,806</u>
Business-type activities capital assets, net	<u>\$ 18,474,204</u>	<u>\$ (98,394)</u>	<u>\$ (80,004)</u>	<u>\$ 18,295,806</u>

\*Adjustments have been made to the beginning balances to reclassify \$28,780 from improvements to buildings and \$159,239 from land improvements to improvements. Additionally, reclassification adjustments have been made to the beginning balances of the related accumulated depreciation accounts to reclassify \$10,303 from improvements to buildings and \$129,245 from land improvements to improvements.

Included in current year additions are contributed water systems valued at \$244,991 and capital assets purchased by lease obligation valued at \$487,112.

Depreciation was charged to the activities as follows:

Governmental Activities		Business-type Activities	
Administrative	\$ 217,077	Water Department	\$ 677,782
Police	218,771	Crowfield Golf and Country Club	157,934
Fire	144,751	Recreation Department	<u>159,668</u>
Sanitation	98,012		
Recreation	197,063	Total business-type activities	<u>\$ 995,384</u>
Maintenance	92,937		
Garage	1,979		
Information Technology	22,839		
Total governmental activities	<u>\$ 993,429</u>		

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**D. Interfund Receivables and Payables**

The composition of interfund balances as of December 31, 2012, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental Funds		
Major		
General Fund	\$ 7,084,640	\$ 4,431,340
Tax Increment Financing Fund	3,169,833	13,209
Nonmajor	-	13,080
Enterprise Funds		
Major		
Water Department	-	97,037
Crowfield Golf and Country Club	-	6,073,959
Recreation Department	789,369	415,217
	<u>\$ 11,043,842</u>	<u>\$ 11,043,842</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**E. Advances to (from) Other Funds**

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Governmental Funds		
Major		
General Fund	\$ 50,000	\$ -
Tax Increment Financing Fund	674,978	-
Enterprise Fund		
Crowfield Golf and Country Club	-	724,978
	<u>\$ 724,978</u>	<u>\$ 724,978</u>

The City's General Fund and Tax Increment Financing Fund have advanced money to the Crowfield Golf and Country Club in the amount of \$50,000 and \$674,978, respectively. These amounts funded the acquisition, early operations, and the bunker renovation of the golf course. The repayment terms are indefinite, resulting in the advance being reflected as a noncurrent liability on the Enterprise Fund Statement of Net Position.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**F. Transfers from (to) Other Funds**

The composition of interfund transfers as of December 31, 2012, is as follows:

	Funds statements	
	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,177,756
Total governmental funds/activities	-	1,177,756
Recreation Department	1,177,756	-
Total enterprise funds/business-type activities	1,177,756	-
Total transfers	\$ 1,177,756	\$ 1,177,756

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**G. Deferred Revenues**

Governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At December 31, 2012, the various components of deferred and unearned revenue reported in the governmental fund activities were as follows:

	Fund Statement	Government-wide
Deferred		
State aid to subdivisions	\$ 332,968	\$ -
EMS revenue	1,204,505	-
Fines and forfeitures	777,006	-
Unearned		
Property taxes receivable	896,347	896,347
Business license fees	38,450	38,450
	\$ 3,249,276	\$ 934,797

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**H. Long-Term Debt**

The City has the following forms of long-term indebtedness:

Revenue Bonds – The City’s revenue bonds were used to finance a portion of the acquisition of the Crowfield Golf and Country Club. The bonds, together with interest thereon, are payable solely from and secured equally and ratably by a lien upon the gross revenues of the Crowfield Golf and Country Club. During 2012, the Revenue Bonds were retired early with the use of cash reserves.

Lease Obligations – The City uses notes and leases to finance the purchase of various equipment, extension of water lines, and lease-purchases of golf carts and golf maintenance equipment. Repayment is budgeted in the Water Department, and the Crowfield Golf and Country Club. During 2012, the existing leases for the extension of the water lines and golf carts were paid in full, and a new lease was obtained for the purchase of additional golf maintenance equipment.

Compensated Absences Payable - These obligations represent accumulated annual leave benefits which were not funded by the current or prior years’ revenue resources. These obligations are primarily funded by the General Fund.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2012, is as follows:

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012	Due Within one Year
Governmental activities					
Compensated absences	\$ 190,948	\$ 426,923	\$ (444,989)	\$ 172,882	\$ 172,882
Total long-term liabilities	<u>\$ 190,948</u>	<u>\$ 426,923</u>	<u>\$ (444,989)</u>	<u>\$ 172,882</u>	<u>\$ 172,882</u>
Business-type activities					
Revenue bonds payable	\$ 1,320,000	\$ -	\$ (1,320,000)	\$ -	\$ -
Leases payable	971,552	487,112	(1,047,489)	411,175	91,736
Total long-term debt	2,291,552	487,112	(2,367,489)	411,175	91,736
Compensated absences	53,117	102,021	(107,511)	47,627	47,627
Total long-term liabilities	<u>\$ 2,344,669</u>	<u>\$ 589,133</u>	<u>\$ (2,475,000)</u>	<u>\$ 458,802</u>	<u>\$ 139,363</u>

Interest cost incurred by the business-type activities was \$152,856, all of which was charged to expense. No interest was capitalized during the year.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**H. Long-Term Debt (Continued)**

***Capital Leases Payable***

The City has entered into a lease agreement as lessee for financing the acquisition of golf maintenance equipment. Lease payments are made in equal installments of \$8,187 over forty-eight months, with a final balloon payment of approximately \$115,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The carrying value of assets acquired through capital leases are as follows:

	Business-type Activities
Golf Maintenance equipment	\$ 487,112
Less accumulated depreciation	(31,547)
Carrying value	\$ 455,565

Amortization expense for equipment under capital leases is included in depreciation expense. Total interest paid on capital leases for the year ended December 31, 2012, was \$6,747 for Business-type Activities.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2012, were as follows:

Year Ending December 31,	Business-type Activities
2013	\$ 98,244
2014	98,244
2015	98,244
2016	131,590
Total minimum lease payments	426,322
Less amount representing interest	(15,147)
Present value of minimum lease payments	411,175
Less current portion	(91,736)
Long-term portion of leases	\$ 319,439

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**I. Operating Leases Obligation**

In April 2012, the City entered into lease agreements for golf carts. These lease agreements are for a forty-eight month period commencing April 2012 with a minimum monthly charge of \$5,037 for a total minimum commitment of \$241,776 over the lease terms. Payments of these leases are funded from the golf course fund.

Future minimum lease payments for the leases for each of the succeeding fiscal years are as follow:

Year ending December 31,	Amount
2013	\$ 60,444
2014	60,444
2015	60,444
2016	15,111
	\$ 196,443

**J. Changes in Fund Balances**

**General Fund Assigned Fund Balance.** The following is a summary of changes in the assigned fund balance for the fiscal year:

	December 31, 2011	Increase (Decrease)	December 31, 2012
Assigned for computer replacement	\$ 26,058	\$ -	\$ 26,058
Assigned for fleet replacement	23,410	-	23,410
Assigned for capital items	43,240	-	43,240
Assigned for water system	257,515	193,410	450,925
	\$ 350,223	\$ 193,410	\$ 543,633

Changes in the assigned for water system fund balance are related to franchise fees from the Charleston Water System. City Council decided to assign 100% of the Charleston Water System franchisee fees to be used towards the purchase of a water system. No other changes in assigned fund balance have occurred in the General Fund as of December 31, 2012.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**J. Changes in Fund Balances (Continued)**

The assignments for computer replacement required current year resources and is reported in the financial statements as follows:

Department	December 31, 2011	Funds Assigned	Expenditures and transfers	December 31, 2012
Administration	\$ 7,791	\$ -	\$ -	\$ 7,791
Fire	11,283	-	-	11,283
Court	3,987	-	-	3,987
Maintenance	893	-	-	893
Sanitation	893	-	-	893
Garage	1,211	-	-	1,211
	<u>\$ 26,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,058</u>

The assignments for fleet replacement required current year resources and is reported in the financial statements as follows:

Department	December 31, 2011	Funds Assigned	Expenditures and transfers	December 31, 2012
Police	\$ -	\$ 132,000	\$ (132,000)	\$ -
Sanitation	10,033	-	-	10,033
Maintenance	13,377	-	-	13,377
	<u>\$ 23,410</u>	<u>\$ 132,000</u>	<u>\$ (132,000)</u>	<u>\$ 23,410</u>

**Nonspendable Fund Balances.** The following is a summary of the changes in nonspendable fund balance for the fiscal year:

	December 31, 2011	Increase (Decrease)	December 31, 2012
Inventory – General Fund	\$ 66,607	\$ 2,152	\$ 68,759
Prepays – General Fund	49,728	-	49,728
Total General Fund Nonspendable	<u>\$ 116,335</u>	<u>\$ 2,152</u>	<u>\$ 118,487</u>
Advances – General Fund	\$ 50,000	\$ -	\$ 50,000
Advances – Tax Increment Financing	<u>\$ 674,978</u>	<u>\$ -</u>	<u>\$ 674,978</u>



**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)**

**K. Equity Restatement**

In 2007 the City entered into an agreement with a developer whereby the developer constructed a water line and then deeded the water line to the City when construction was complete. The City would compensate the developer in the amount of \$359,581 (the cost of construction) with future water tap and impact fees associated with that line. In 2008 the developer deeded the water line to the City, and the City recorded the asset and related contributed capital, however the City did not record a liability for the amount that was agreed to be compensated to the developer. This error was discovered in 2013 when taps were being made into the water line and the developer was requesting reimbursement.

The effect of these changes on net position of the business-type activities is as follows:

	Water Department	Total Proprietary Fund Type - Enterprise Funds
Net position as originally presented, December 31, 2011	\$ 16,434,317	\$ 14,471,672
Correction of an error	<u>(359,581)</u>	<u>(359,581)</u>
Net position as restated, December 31, 2011	<u>\$ 16,074,736</u>	<u>\$ 14,112,091</u>

**IV. OTHER INFORMATION**

**A. Commitments and Contingent Liabilities**

**Grants.** Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**Litigation.** The City is contingently liable with respect to various legal proceedings which normally occur in the course of governmental operations. It is the opinion of City management, based on the advice of legal counsel on pending litigation, that the ultimate disposition of these claims not covered by insurance will not have a material adverse effect on the financial condition of the City.

**Construction Commitments.** At December 31, 2012, the City had the following construction commitments:

Streetscape and drainage construction (Brandywine)	\$ 938,014
Architectural services (Headquarter Fire Station and Station III)	<u>597,495</u>
	<u>\$ 1,535,509</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Commitments and Contingent Liabilities (Continued)**

**Long-Term Contract – Water Purchases.** On September 13, 1994, the City entered into a 35 year, automatically renewable contract with the Lake Moultrie Water Agency, a joint municipal water system created under the "Joint Municipal Water Systems Act," Section 6-25-10 et. seq. of the South Carolina Code of Laws, 1976. The Agency water supply system became operational in September of 1994.

Under the contract, the City owns eighteen percent of the capacity of the Lake Moultrie Agency water supply system for the term of the contract, and agrees to purchase and pay for 3.6 million gallons per day of water capacity. Cost per gallon is established annually on a cost of service basis, calculated following the guidelines of the American Waterworks Association. Any variances in actual operations costs from the projected costs related to the City's proportionate share are calculated annually, and the City is credited or assessed for any differences at year-end. The City has the right to purchase or sell excess capacity to other contract participants according to need or availability. The current year expenditures for the purchase of water were \$1,100,121.

The estimated demand and volumetric charges for the next three years are as follows:

<u>Year ending December 31,</u>	<u>Total</u>
2013	\$ 1,048,907
2014	\$ 1,100,379
2015	\$ 1,212,736

**Long-Term Contract – Recreation.** In May 2008, the City entered into a contract with the Goose Creek Recreation Commission whereby the City assumes the operations of the Recreation District to provide recreational services to all residents served by the Commission, both within and without the City. The term of this agreement is twenty years and provides for automatic extensions for additional terms of twenty years each, unless either party, by written notice to the other given at least twenty-four months prior to the expiration of the then term, elects to withdraw from or terminate this agreement. For these services the City will receive a sum no more than the equivalent of the sum represented by applying the City's millage rate designated and budgeted for recreational services to all taxable real and personal property located within the boundaries of the District. The transition under this agreement was completed January 1, 2009, and the Recreation Department is now accounted for by the City as an enterprise fund.

**B. Risk Management**

The City is exposed to various risks of losses related to torts, including theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is a member of the South Carolina Municipal Insurance and Risk Financing Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The City pays an annual premium to the Municipal Insurance and Risk Financing Fund for its general insurance and workers' compensation. The South Carolina Municipal Insurance and Risk Financing Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The City has not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the City has effectively transferred all risk with no liability for unfunded claims.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Employee Retirement Systems and Plans**

***South Carolina Police Officers' Retirement System***

*Plan Description.*

In addition to participating in the Police Officer Retirement System (PORS), effective January 2004, the City also became a part of the South Carolina Retirement System (SCRS). Both the SCRS and the PORS are cost-sharing multiple-employer defined benefit pension plans administered by the Retirement Division of the State Budget and Control Board. Both the South Carolina Retirement System and the Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plans' provisions are established under Title 9 of the SC Code of Laws.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers' Retirement System is issued and publicly available on the internet at [www.retirement.sc.gov](http://www.retirement.sc.gov), or by writing the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

*Funding Policy.*

Employee-required contributions to the Plans are as follows:

	<u>January 1 - June 30, 2012</u>	<u>July 1 - December 31, 2012</u>
SCRS & PORS Class II	6.5% of salary	7.0% of salary

Employers are required to contribute at the following actuarially determined rates:

	<u>January 1 - June 30, 2012</u>	<u>July 1 - December 31, 2012</u>
SCRS, Local Government	9.385% of salary	10.45% of salary
PORS, Class II	11.363% of salary	11.90% of salary

The City contributes the following for grandfathered employees not in SCRS:

	<u>January 1 - June 30, 2012</u>	<u>July 1 - December 31, 2012</u>
Grandfathered employees not in SCRS	9.54% of salary	10.60% of salary

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Employee Retirement Systems and Plans (Continued)**

***South Carolina Police Officers' Retirement System***

In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the Police Officers Retirement System also contribute .2% of payroll to provide a group life insurance benefit and .2% of payroll to provide an accidental death benefit for their participants.

The City's contributions to SCRS for the years ended December 31, 2012, 2011, and 2010, were \$730,611, \$661,319, and \$643,486, respectively. The City's contributions to PORS for the years ended December 31, 2012, 2011, and 2010, were \$347,864, \$319,852, and \$301,979, respectively. All employer contributions are equal to the required contributions for the years.

***Money Purchase Pension Plans***

The City maintains a money purchase pension plan for grandfathered employees that are not in the South Carolina Retirement Systems (SCRS) and sworn police officers who have been employed for one year. The City contributes one percent (1%) of the annual compensation of the sworn police officers after 1 year of employment and an amount equal to the voluntary contributions up to a maximum of two percent (2%). The City also contributes an amount up to 1% less than the City's contribution rate for SCRS and group life insurance, currently 9.54%, for grandfathered employees that are not in SCRS. All employees can also make voluntary, tax deferred contributions at an amount equal to the maximum amount allowed under Internal Revenue Service regulations. The City also contributes on behalf of 17 original full time employees of the Goose Creek Recreation Commission that are now full time employees of the City an amount equal to the health insurance contribution that was paid by the Goose Creek Recreation Commission. All money purchase pension plans are 100% vested immediately. Total contributions to the plan by the City in 2012 were \$151,315.

The City also maintains a money purchase pension plan for the City Administrator and others deemed eligible by a majority vote of City Council. The City contributes \$10,000 for each participant per year, which is 100% vested immediately. Total contributions to the plan by the City were \$10,000 in 2012.

***South Carolina State Firemen's Association Retirement Plan and Trust***

In 2002, the City established a supplemental retirement plan for paid firemen under the provisions of the South Carolina Firemen's Association Retirement Plan and Trust, a defined contribution plan established under Section 401(a) of the Internal Revenue Code. The Plan is administered by a three to five member managing committee elected by the Fire Department employees. The Plan is available to all paid fire department employees with one year of service. Plan members may make voluntary contributions at an amount up to 10 percent of the employee's annual compensation. The assets of the Plan are held for the exclusive benefit of the Plan participants and their beneficiaries, and are not available to creditors of the City.

Employer contributions to the Plan are determined by the Managing Committee of the Fire Department from funds provided pursuant to Sections 23-9-450 and 23-9-460 of the Code of Laws of the State of South Carolina (firemen's insurance and inspection funds). Total contributions to the Plan by the City in 2012 were \$65,207, which is equivalent to the required contributions. The annual contribution is recorded as a disbursement in the Fireman's 1% Agency Fund.

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Employee Retirement Systems and Plans**

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**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Employee Retirement Systems and Plans (Continued)**

***South Carolina Police Officers' Retirement System***

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**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. New Governmental Accounting Standards Board (GASB) Pronouncements**

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012, improves financial reporting by enhancing guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The City will implement the new requirements for the 2013 financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, intends to improve financial reporting by clarifying the appropriate use of the financial statement elements “deferred outflows of resources” and “deferred inflows of resources” to ensure consistency in financial reporting. The statement is effective for financial statements for periods beginning after December 15, 2012. The City will implement the new guidance with the 2013 financial statements.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, intends to improve financial reporting by resolving conflicting guidance in previous pronouncements regarding the accounting and presentation of risk financing activities, operating leases and certain loan transactions. The statement is effective for financial statements for periods beginning after December 15, 2012. The City will implement the new guidance with the 2013 financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The City will implement the new guidance with the 2015 financial statements.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, intends to improve accounting and financial reporting of combinations and disposals of government operations of U.S. state and local governments. The statement is effective for financial statements for periods beginning after December 15, 2013. The City will implement the new guidance with the 2014 financial statements.

Management has not yet determined the impact implementation of these standards will have on the City's financial statements, if any.

**E. Subsequent Events**

In 2013, the City has awarded contracts to various companies for the following:

Purpose	Award
Purchase of land	\$ 195,000
Various equipment purchases, contracts and renovations	244,500
Purchase of six police cars	133,758
	\$ 573,258

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**IV. OTHER INFORMATION (CONTINUED)**

**E. Subsequent Events (Continued)**

Management has assessed subsequent events through July 25, 2013, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S  
DISCUSSION AND ANALYSIS (UNAUDITED)**

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
BUDGETARY COMPARISON SCHEDULE –  
GENERAL FUND AND TAX INCREMENT FINANCING FUND  
YEAR ENDED DECEMBER 31, 2012**

	General Fund		
	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Local revenues			
Property taxes	\$ 2,216,287	\$ 2,010,801	\$ (205,486)
Licenses and permits	7,585,356	6,992,759	(592,597)
Charges for services	1,502,729	2,235,847	733,118
Fines and forfeitures	497,023	352,610	(144,413)
Miscellaneous revenues	303,550	311,397	7,847
Total local revenues	12,104,945	11,903,414	(201,531)
State revenues	3,487,136	4,118,690	631,554
Federal revenues	-	153,600	153,600
<b>TOTAL REVENUES</b>	<b>15,592,081</b>	<b>16,175,704</b>	<b>583,623</b>
<b>EXPENDITURES</b>			
Current			
Legislative	172,337	164,230	8,107
Administrative	1,493,707	1,521,723	(28,016)
Police	6,126,058	5,834,085	291,973
Fire	3,412,256	3,428,094	(15,838)
Sanitation	1,188,913	1,098,039	90,874
Maintenance	1,081,082	971,885	109,197
Garage	262,796	286,358	(23,562)
Court	319,717	319,107	610
Planning	174,784	152,013	22,771
Information technology	432,339	401,301	31,038
Capital outlay	158,201	723,337	(565,136)
<b>TOTAL EXPENDITURES</b>	<b>14,822,190</b>	<b>14,900,172</b>	<b>(77,982)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>769,891</b>	<b>1,275,532</b>	<b>505,641</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	23,400	10,265	(13,135)
Insurance proceeds	-	25,136	25,136
Transfers out	(1,702,204)	(1,177,756)	524,448
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,678,804)</b>	<b>(1,142,355)</b>	<b>536,449</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (908,913)</b>	<b>133,177</b>	<b>\$ 1,042,090</b>
<b>FUND BALANCES</b>			
Beginning of year		8,313,335	
End of year		<u>\$ 8,446,512</u>	

The accompanying Notes to the Budgetary Comparison Schedule – General Fund and Tax Increment Financing Fund (Unaudited) are an integral part of this financial schedule.

Tax Increment Financing Fund		
Original and Final Budget	Actual	Variance with Final Budget
\$ 3,684,327	\$ 3,253,368	\$ (430,959)
-	-	-
-	-	-
39,150	13,682	(25,468)
3,723,477	3,267,050	(456,427)
-	-	-
-	-	-
3,723,477	3,267,050	(456,427)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	22,113	(22,113)
-	-	-
1,665,351	2,257,472	(592,121)
1,665,351	2,279,585	(614,234)
2,058,126	987,465	(1,070,661)
-	-	-
-	-	-
-	-	-
-	-	-
\$ 2,058,126	987,465	\$ (1,070,661)
	6,542,905	
	\$ 7,530,370	

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
 REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 NOTES TO BUDGETARY COMPARISON SCHEDULE –  
 GENERAL FUND AND TAX INCREMENT FINANCING FUND  
 YEAR ENDED DECEMBER 31, 2012**

**A. Summary of Significant Accounting Policies**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, and all special revenue funds except the Tourism Fund. Budgets for the general fund and the special revenue funds that are major funds are presented as supplemental information.

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

- a. Prior to October 1, the Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to December 31, the budget is legally enacted through passage of an ordinance.
- d. The appropriated budget is prepared by fund, function, department, and object. The Administrator is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.
- e. Formal budgetary integration is employed as a management control device during the year for the general, capital projects, and certain special revenue funds.

All annual appropriations lapse at year-end and the City does not employ encumbrance accounting.

No supplemental budgetary appropriations were made during the year.

**B. Budget Reconciliation**

In order to comply with the requirements of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the activity reported (budget and actual amounts) in the Tree Trust Fund and the Local Option Sales Tax Fund is reported in the General Fund, although they are separately budgeted. In order for the budgetary comparison schedule to be meaningful, the following changes were made in presentation of the budget as adopted.

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
General Fund budget as adopted	\$ 14,699,997	\$ 14,815,690	\$ 123,204	\$ 7,511
Presentation adjustment:				
Plus separately budgeted funds:				
Tree Trust Fund	181	6,500	-	(6,319)
Local Option Sales Tax Fund	891,903	-	(1,802,008)	(910,105)
Budget as presented	<u>\$ 15,592,081</u>	<u>\$ 14,822,190</u>	<u>\$ (1,678,804)</u>	<u>\$ (908,913)</u>

**OTHER FINANCIAL INFORMATION**

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	Special Revenue Funds				
	Impact Fee Fund	Confiscated Drug Monies	E911 Fund	Tourism Fund	Victims' Assistance Fund
<b>ASSETS</b>					
Cash	\$ 177,767	\$ 40,662	\$ 258,125	\$ 53,627	\$ 106,275
Receivables, net of allowance					
Fines	-	-	-	-	59,507
Accounts	-	1,184	8,239	-	-
Due from other governments	-	-	7,826	-	-
<b>TOTAL ASSETS</b>	<b>\$ 177,767</b>	<b>\$ 41,846</b>	<b>\$ 274,190</b>	<b>\$ 53,627</b>	<b>\$ 165,782</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Escrow payable	\$ -	\$ 24,587	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	11,080
Deferred revenue	-	-	-	-	59,507
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>24,587</b>	<b>-</b>	<b>-</b>	<b>70,587</b>
<b>FUND BALANCE</b>					
Restricted for					
Public safety	-	17,259	274,190	-	95,195
Tourism	-	-	-	53,627	-
Impact fees-Liberty Hall	286,150	-	-	-	-
Assigned					
Capital projects	-	-	-	-	-
Unassigned	(108,383)	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>177,767</b>	<b>17,259</b>	<b>274,190</b>	<b>53,627</b>	<b>95,195</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 177,767</b>	<b>\$ 41,846</b>	<b>\$ 274,190</b>	<b>\$ 53,627</b>	<b>\$ 165,782</b>

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Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 495,252	\$ 1,131,708
-	59,507
-	9,423
-	7,826
<u>\$ 495,252</u>	<u>\$ 1,208,464</u>

\$ -	\$ 24,587
2,000	13,080
-	59,507
<u>2,000</u>	<u>97,174</u>

-	386,644
-	53,627
-	286,150
493,252	493,252
-	(108,383)
<u>493,252</u>	<u>1,111,290</u>
<u>\$ 495,252</u>	<u>\$ 1,208,464</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds				
	Impact Fee Fund	Confiscated Drug Monies	E911 Fund	Tourism Fund	Victims' Assistance Fund
<b>REVENUES</b>					
Local Revenue					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ 51,960
Miscellaneous revenues	53,656	68	84,842	-	-
Total local revenues	53,656	68	84,842	-	51,960
State	-	-	149,372	12,883	-
Federal	-	22,746	-	-	-
<b>TOTAL REVENUES</b>	<b>53,656</b>	<b>22,814</b>	<b>234,214</b>	<b>12,883</b>	<b>51,960</b>
<b>EXPENDITURES</b>					
Current					
Police	-	40,936	147,363	-	68,256
Recreation	-	-	-	10,508	-
Capital outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>40,936</b>	<b>147,363</b>	<b>10,508</b>	<b>68,256</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>53,656</b>	<b>(18,122)</b>	<b>86,851</b>	<b>2,375</b>	<b>(16,296)</b>
<b>FUND BALANCE</b>					
Beginning of year	124,111	35,381	187,339	51,252	111,491
End of year	<u>\$ 177,767</u>	<u>\$ 17,259</u>	<u>\$ 274,190</u>	<u>\$ 53,627</u>	<u>\$ 95,195</u>



Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 51,960
1,498	140,064
1,498	192,024
-	162,255
-	22,746
1,498	377,025
-	256,555
2,026	12,534
3,990	3,990
6,016	273,079
(4,518)	103,946
497,770	1,007,344
\$ 493,252	\$ 1,111,290

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
COMPARATIVE SCHEDULE OF REVENUES – GENERAL FUND  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
<b>LOCAL REVENUES</b>		
Property taxes		
Real and personal	\$ 1,614,417	\$ 1,090,329
Vehicle	292,485	231,318
Homestead tax	103,899	98,877
Total property taxes	<u>2,010,801</u>	<u>1,420,524</u>
Licenses and permits		
Business licenses	4,331,841	4,266,216
Building permits	398,540	384,105
Franchise fees	2,262,378	2,319,825
Total licenses and permits	<u>6,992,759</u>	<u>6,970,146</u>
Charges for services		
Police and fire	744,159	671,553
Sanitation fees	1,488,402	827,420
Administrative fees	3,286	1,723
Total charges for services	<u>2,235,847</u>	<u>1,500,696</u>
Fines and forfeitures		
Court fines	352,610	410,118
Miscellaneous		
Interest	8,060	19,024
Rent	72,414	72,090
Other	230,923	368,522
Total miscellaneous revenues	<u>311,397</u>	<u>459,636</u>
<b>TOTAL LOCAL REVENUES</b>	<u><u>\$ 11,903,414</u></u>	<u><u>\$ 10,761,120</u></u>
<b>STATE REVENUES</b>		
Inventory tax and manufacturers' exemption	\$ 14,693	\$ 15,023
Accommodations tax	25,678	39,617
Local government fund - quarterly	773,270	684,720
Local option sales tax - municipal revenue	1,019,113	848,343
Local option sales tax - rebatable	2,100,616	1,858,311
Grants	185,320	8,691
<b>TOTAL STATE REVENUES</b>	<u><u>\$ 4,118,690</u></u>	<u><u>\$ 3,454,705</u></u>
<b>FEDERAL REVENUES</b>		
Department of Energy	\$ 153,600	\$ -
<b>TOTAL FEDERAL REVENUES</b>	<u><u>\$ 153,600</u></u>	<u><u>\$ -</u></u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
COMPARATIVE SCHEDULE OF EXPENDITURES – GENERAL FUND  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Personnel	Other	Total	Personnel	Other	Total
Current						
Legislative	\$ 98,791	\$ 65,439	\$ 164,230	\$ 100,944	\$ 87,268	\$ 188,212
Administrative	1,214,279	307,444	1,521,723	1,183,908	401,791	1,585,699
Police	5,099,332	734,753	5,834,085	4,929,810	782,601	5,712,411
Fire	3,043,146	384,948	3,428,094	2,983,992	390,644	3,374,636
Sanitation	823,635	274,404	1,098,039	840,319	269,275	1,109,594
Maintenance	534,355	437,530	971,885	539,711	425,629	965,340
Garage	187,228	99,130	286,358	168,073	92,901	260,974
Court	261,583	57,524	319,107	240,792	60,533	301,325
Planning	139,604	12,409	152,013	145,001	23,629	168,630
Information						
Technology	160,591	240,710	401,301	150,780	299,566	450,346
Capital outlay	-	723,337	723,337	-	201,750	201,750
Total expenditures	<u>\$ 11,562,544</u>	<u>\$ 3,337,628</u>	<u>\$ 14,900,172</u>	<u>\$ 11,283,330</u>	<u>\$ 3,035,587</u>	<u>\$ 14,318,917</u>

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
COMPARATIVE SCHEDULE OF EXPENSES  
PROPRIETARY FUND TYPE – ENTERPRISE FUNDS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012			2011		
	Personnel	Other	Total	Personnel	Other	Total
Water Department	\$ 1,006,825	\$ 2,246,051	\$ 3,252,876	\$ 998,989	\$ 2,189,100	\$ 3,188,089
Crowfield Golf and Country Club						
Administration	107,559	73,007	180,566	110,203	91,803	202,006
Course and grounds	393,384	370,835	764,219	433,209	397,874	831,083
Cart rental	8,852	76,432	85,284	40,610	74,738	115,348
Pro shop	100,629	74,739	175,368	107,227	81,730	188,957
Practice center	-	-	-	-	411	411
Starter/rangers	52,558	-	52,558	18,419	-	18,419
Food and beverage	69,611	127,475	197,086	66,806	126,844	193,650
Total Crowfield Golf Country Club expenses	732,593	722,488	1,455,081	776,474	773,400	1,549,874
Recreation Department						
Administration	281,850	291,860	573,710	319,554	309,965	629,519
Maintenance	550,270	257,815	808,085	614,031	224,377	838,408
Sports programs	115,571	151,549	267,120	122,253	148,004	270,257
Concessions	18,043	37,826	55,869	20,716	40,739	61,455
Community education	229,018	244,241	473,259	238,306	221,448	459,754
Special events	85,271	43,225	128,496	89,938	33,185	123,123
Pool	28,984	35,343	64,327	31,863	48,668	80,531
Tennis	-	7,045	7,045	-	8,905	8,905
Total Recreation Department expenses	1,309,007	1,068,904	2,377,911	1,436,661	1,035,291	2,471,952
Total operating expenses	\$ 3,048,425	\$ 4,037,443	\$ 7,085,868	\$ 3,212,124	\$ 3,997,791	\$ 7,209,915

**CITY OF GOOSE CREEK, SOUTH CAROLINA  
 SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES  
 YEAR ENDED DECEMBER 31, 2012**

Fines, assessments and surcharges	\$	842,306
Remitted to state treasurer		<u>(437,736)</u>
Retained by the City	\$	<u>404,570</u>
Fines, assessments and surcharges retained by the City		
General Fund	\$	352,610
Victims' assistance services		<u>51,960</u>
Total	\$	<u>404,570</u>
Funds allocated to victims' assistance services		
Carryover funds from prior year	\$	111,491
Surcharges and assessments retained		<u>51,960</u>
Funds available for victims' assistance services		<u>163,451</u>
Expenditures		
Salaries		57,288
Training and seminars		1,900
Postage		776
Crime prevention		<u>8,292</u>
Total program expenditures		<u>68,256</u>
Remaining balance	\$	<u>95,195</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE AND OTHER MATTERS**





**Independent Auditors' 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 Members of City Council, Mayor, and Management  
of the ***City of Goose Creek, South Carolina***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Goose Creek, South Carolina, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise City of Goose Creek's, South Carolina's basic financial statements, and have issued our report thereon dated July 25, 2013.

**Internal Control Over Financial Reporting**

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

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

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



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Goose Creek, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Webster Rogus LLP*

Summerville, South Carolina  
July 25, 2013

