



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

CITY OF SIMPSONVILLE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

ISSUED BY
CITY OF SIMPSONVILLE
FINANCE DEPARTMENT

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION (UNAUDITED)	
LETTER OF TRANSMITTAL	i - iii
LISTING OF PRINCIPAL OFFICIALS	iv
ORGANIZATION CHART	v
FINANCIAL SECTION	1
INDEPENDENT AUDITORS' REPORT	2 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 13
BASIC FINANCIAL STATEMENTS	14
<i>Government-Wide Financial Statements</i>	
Statement of Net Assets	15
Statement of Activities	16
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	22
Statement of Cash Flows - Proprietary Fund	23
NOTES TO THE BASIC FINANCIAL STATEMENTS	24 - 47
REQUIRED SUPPLEMENTARY INFORMATION	48
<i>Budgetary Comparison Schedules</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Special Revenue Fund	50
OTHER SUPPLEMENTARY INFORMATION	51
<i>General Fund</i>	
Schedule of Expenditures By Department - Final Budget and Actual	52 - 61

TABLE OF CONTENTS, continued

	<u>Page</u>
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Balance Sheet - Nonmajor Special Revenue Funds	63
Combining Balance Sheet - Nonmajor Capital Projects Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Projects Funds	67
Schedule of Fines, Assessments, and Surcharges	68
	<u>Schedule</u>
STATISTICAL SECTION (UNAUDITED)	
Net assets by component	1 69
Changes in net assets	2 70 - 71
Fund balances, governmental funds	3 72
Changes in fund balances, governmental funds	4 73-74
Governmental activities tax revenue by source	5 75
Assessed value and actual value of taxable property	6 76
Property tax rates – direct and overlapping governments	7 77
Principal property tax payers	8 78
Property tax levies and collections	9 79
Ratios of outstanding debt by type	10 80
Ratios of general bonded debt outstanding	11 81
Direct and overlapping governmental activities debt	12 82
Legal debt margin information	13 83
Pledged revenue coverage	14 84
Demographic and economic statistics	15 85
Principal employers	16 86
Operating indicators by function/program	17 87
Full-time equivalent county government employees by function/program	18 88
Capital asset statistics by function	19 89
<u>COMPLIANCE SECTION</u>	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	90-91
SCHEDULE OF FINDINGS AND RESPONSES	92

INTRODUCTORY SECTION



Russell B. Hawes
CITY ADMINISTRATOR

January 4, 2011

The Honorable Waldrop
Members of City Council
Citizens of the City of Simpsonville
Simpsonville, South Carolina

Dear Mayor Waldrop, City Council Members and Citizens:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Simpsonville, South Carolina for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the City of Simpsonville. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Simpsonville has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Simpsonville's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Simpsonville's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Simpsonville's financial statements have been audited by Elliott Davis, L.L.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Simpsonville's financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Simpsonville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Compliance Section of the CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Simpsonville's MD&A can be found immediately following the report of the independent auditors.

118 North East Main Street • Simpsonville, SC 29681
Office 864-967-9526 • Fax 864-967-9530
E-mail: RHawes@SimpsonvilleSC.com

Community Profile

The City of Simpsonville is located in the Upstate Region of South Carolina and has an estimated population of 19,200. The City was originally incorporated in the year 1901. The City adopted the Council form of government pursuant to the Home Rule Act of 1975.

Simpsonville is located in Greenville County (pop. 460,000) twelve miles southeast of downtown Greenville. Simpsonville has experienced a high rate of growth in the past twenty years, and has become the retail hub of southern Greenville County as stores follow residential rooftops. Originally founded around the Woodside textile mill, Simpsonville is now a diverse economic market with some of the highest per-capita income in Greenville County. Simpsonville has garnered national recognition for its quality of life. The City was recently named one of the Ten Best Towns for Families in the nation by Family Circle magazine.

The City of Simpsonville provides a range of services to its citizens ranging from upkeep and extension of sewers and roads to senior activities and recreation. Its police and fire departments are continually recognized in the state for their exemplary service provision. The City's progressive leadership and focus on quality of life issues for its citizens will continue to make Simpsonville one of the most desirable locations in the state to locate a business or family.

City Government

The current governing body is comprised of a mayor elected at-large and six council members, all of whom are elected at-large but must reside in specific districts. As contained in Section 2-31 of the Code of Ordinances of the City of Simpsonville, the City Council shall fix the policies of City government, and as contained in Section 2-161 the City Administrator shall execute and administer such policies. Section 2-164 of the Code of Ordinances provides the City Administrator with the necessary authority to appoint administrative employees. Four Department heads currently report to the City Administrator and are responsible for the following functions: Police, Fire, Public Works, and Recreation. The City Administrator is also department head of the Administration Department where the finance and human resources officers report directly to him.

Budget Process

The budget process begins in February of each year for the upcoming fiscal year which runs from July 1 to June 30. The Finance Director's Office projects fixed operating costs, vehicle replacement, and salary and fringe benefits costs for currently budgeted staffing and service levels. Departments develop objectives, performance measures, and funding requests for new services. This information is assimilated by the Finance Director's Office in March with current financial results. In March, the Finance Director's Office projects revenues for all funds based on current tax rates and fee structures. Certain growth assumptions are made based on analysis of local and regional economic trends. In March, the City Administrator meets with department heads to review funding requests, prioritize program needs, and establish consensus on objectives and performance measures. Based on the most recent revenue estimates available, the City Administrator and the Finance Director modify funding requests according to prioritized service levels. A preliminary budget document is then prepared and submitted to Council for workshop and review in late April. City Council has the first reading in the first council meeting in May, with a second reading of the budget ordinance in the first meeting of June.

Factors Affecting Financial Condition

Local Economy

The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits are on a steady rise, tax receipts and other revenues are up as well. BMW Manufacturing, one of our residents' primary employers about ten miles outside the city, completed a \$750 million expansion and added 1600 jobs in the past three months. We are seeing an uptick in commercial activity in the city. The new IMAX Simpsonville 14 cinemas opened in May of 2010, one of only a few new construction IMAX openings in the country this year. Greenville Hospital System is completing a medical office building in the city to open in mid-December. Trader Joe's opened its first South Carolina store just north of the city limits.

Long-Term Financial Planning

The Capital Improvement Program (CIP) is a five-year fiscal planning instrument that is used to identify needed capital purchases and projects, and to coordinate the financing and timing of those projects. The capital improvement budget is revised annually. It identifies funding sources and structures necessary to implement the improvements. Capital projects in the plan require subsequent appropriation as funds become available in the five year term. Projects included in the CIP represent major facility construction, infrastructure renovation, capital equipment purchases, and economic development projects.

Cash Management Policies And Practices

The City's Finance Director is responsible for cash management and prepares monthly cash flow projections for the General Fund. To facilitate improved planning of cash flow, City departments are regularly contacted to identify major expenditures and major receipts of reimbursements from state and federal grant programs. These and other efforts ensure that the cash position of the General Fund remains positive and adequate to meet current and future requirements.

Risk Management

The purpose of the Risk Management program is to ensure that an action or event will not adversely affect the City's ability to successfully achieve its goals and objectives. Possible occurrences include, but are not limited to, incurring unnecessary liabilities, negative publicity, unintentional errors and misstatements, noncompliance with laws and regulations, and fraud. Risk assessment is an ongoing and dynamic process. City services are constantly modified to reflect changes in organizational structure, federal and state mandates, and demands from citizens. Such realities require risk assessment to be a continuous course of action.

Pension And Other Post Employment Benefits

The City participates in two separate retirement plans: (1) S.C. State Employees Retirement plan, and (2) S.C. Police Officers Retirement Plan.

Other points –

- The City's revenue base is becoming more diversified, with additional non-ad valorem revenue streams and less reliance on property tax as the funding source for primary services.
- The General Fund is supported by a revenue stream that, has been, and we expect will continue to be stable. The City continually evaluates and adjusts to fluctuation in any of its revenue streams.
- Standard & Poor's bond rating is AA-
- Moody's bond rating is A1
- Fitch Ratings was re-affirmed in October 2009 at A+
- Other indicators of fiscal strength include the avoidance of a millage increase for over 30 years.

Other Information

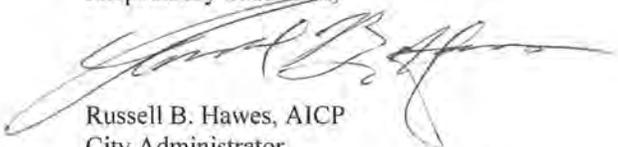
Awards

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and it will be submitted to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgments

The timely and accurate preparation of the Comprehensive Annual Financial Report could not be accomplished without the diligent efforts of our Department Heads and Finance Director. We express appreciation to the fine employees of this City who contributed in the completion of the report.

Respectfully Submitted,



Russell B. Hawes, AICP
City Administrator



Judy Bishop, CPA
Finance Director

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
JUNE 30, 2010**

Established

1901

MAYOR

Dennis Waldrop

CITY COUNCIL MEMBERS

Ronald Bridges
Brown Garrett
Patty Sanders
Julius Welborn, III
George Lee Curtis
Sylvia Lockaby

CITY ADMINISTRATOR

Russell B. Hawes, AICP

FINANCE DIRECTOR

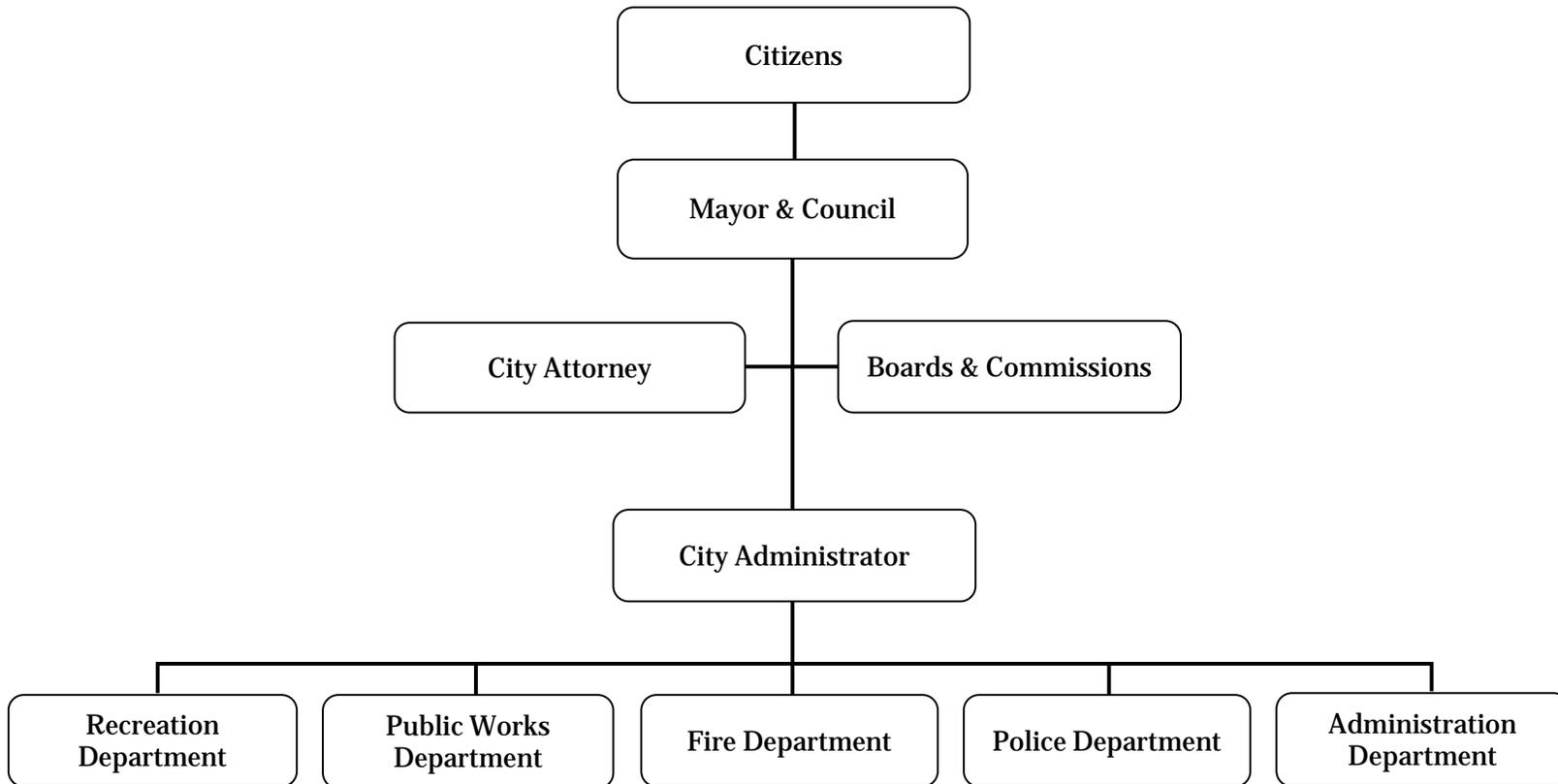
Judy Bishop, CPA

CITY ATTORNEY

David Holmes

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
ORGANIZATION CHART
JUNE 30, 2010**

CITY OF SIMPSONVILLE



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, Members of City Council, and City Administrator
City of Simpsonville
Simpsonville, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedules, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, schedule of general fund expenditures budgetary comparison information, schedule of fines, assessments, and surcharges, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Elliott Davis, LLC

Greenwood, South Carolina
December 14, 2010

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010**

This discussion and analysis of the City of Simpsonville's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to present the City's financial performance as a whole; readers should also review the basic financial statements, the notes to the basic financial statements, and the supplemental schedules to enhance their understanding of the City's financial performance. We would also encourage readers to consider the information presented here in conjunction with additional information which can be found as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$28,454,799 (*net assets*). Of this amount, \$2,613,923 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,430,149 as revenues of \$15,444,904 exceeded expenses of \$13,014,755.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$2,591,099, an increase of \$1,654,998.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$1,405,976, or approximately 12.2% of total General Fund expenditures for the year ended June 30, 2010.
- The City's capital assets decreased by \$225,566 (0.54%) to \$41,275,871 at June 30, 2010. Increases to capital assets including infrastructure, building and improvements, equipment, and vehicle purchases and donated infrastructure totaling \$1,384,472 were offset by depreciation of \$1,598,214 and disposal of capital assets with a carrying value of \$11,824.
- The City's long term obligations decreased by \$699,409 (4.2%) during the current fiscal year. The key factors in this decrease were the issuance of a Master Lease Agreement for \$545,324, offset by principal and other payments of \$1,291,679.
- The City's Governmental Activities revenues were \$14,451,442 for 2010, compared to \$13,218,511 for the prior year. This increase is primarily due to increases in property taxes, hospitality and accommodations taxes, telecommunications and insurance taxes, charges for services, miscellaneous revenues and operating grants and contributions of approximately \$940,000, \$216,000, \$77,000, \$211,000, \$217,000 and \$292,000, respectively, partially offset by decreases in capital grants and contributions of approximately \$628,000 and state aid to subdivisions of approximately \$78,000.
- The City's Governmental Activities expenditures were \$12,425,374 for 2010, compared to \$12,614,288 for the prior year. This decrease is primarily due to decreases in general government and recreation expenditures of approximately \$406,000 and \$140,000, respectively, and, partially offset by increases in public safety, public works, and interest and fiscal charges expenditures of approximately \$178,000, \$30,000, and \$149,000, respectively.
- Business-type activity revenues and expenses were \$993,462 and \$589,381, respectively, for 2010, compared to revenues and expenses of \$602,313 and \$557,810, respectively, for 2009.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts - *Introductory Section and Financial Section* (which includes management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information).

Basic financial statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-wide financial statements

The basic financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, business licenses and permits, and state and federal grant funds (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include basic services such as Public Safety, Public Works, Parks and Recreation, and General Administration. The business-type activity of the City is Sewer.

The government-wide basic financial statements include not only the City itself (known as the primary government), but also component units. The component units include one legally separate not-for-profit corporation ("Simpsonville Industrial Development Corporation" or "SIDC") and the Simpsonville Public Facilities Corporation ("SPFC") for which the City is financially accountable. The financial information for the SIDC is reported separately from the financial information presented for the primary government itself. The SPFC not-for-profit corporation is a "blended" component unit, and as such, is included in the governmental activities of the City. The government-wide financial statements can be found as listed in the table of contents.

(Continued)

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund financial statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental, proprietary, and fiduciary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, and Non-Major Governmental Funds consisting of multiple special revenue, capital projects, and debt service funds. The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds

The City 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 uses enterprise funds to account for sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary funds financial statements provide more detailed information for the sewer operations, which are considered major funds of the City. The basic financial statements of the proprietary funds can be found as listed in the table of contents.

Notes to the basic 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 as listed in the table of contents.

Other information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund, as required by General Statutes. A required budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found as listed in the table of contents.

(Continued)

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Other information, continued

Other supplemental schedules referred to in the table of contents are presented immediately following the required supplementary information. These schedules can be found as listed in the table of contents.

**Figure A-1
Major Features of City of Simpsonville’s Government-wide and Fund Financial Statements**

	Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except Fiduciary funds)	The activities of the City that are not proprietary or fiduciary.	Activities the City operates similar to private businesses.
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$28,454,799 at the close of the most recent fiscal year.

This table provides a summary of the City's net assets as of June 30, 2010 and 2009.

	City of Simpsonville					
	Net Assets – Primary Government					
	Governmental activities		Business-type activities		Total	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Assets:						
Current assets	\$ 4,244,016	\$ 2,480,839	\$ 456,082	\$ 206,664	\$ 4,700,098	\$ 2,687,503
Capital assets, net	35,549,622	35,898,979	5,726,249	5,602,458	41,275,871	41,501,437
Total assets	39,793,638	38,379,818	6,182,331	5,809,122	45,975,969	44,188,940
Liabilities:						
Other liabilities	1,404,090	1,280,462	2,377	2,716	1,406,467	1,283,178
Long-term liabilities	15,863,166	16,532,042	251,537	282,070	16,114,703	16,814,112
Total liabilities	17,267,256	17,812,504	253,914	284,786	17,521,170	18,097,290
Net assets:						
Invested in capital assets, net of related debt	20,131,396	19,499,855	5,481,249	5,322,458	25,612,645	24,822,313
Restricted	228,231	-	-	-	228,231	-
Unrestricted	2,166,755	1,000,459	447,168	201,878	2,613,923	1,202,337
Total net assets	\$ 22,526,382	\$ 20,500,314	\$ 5,928,417	\$ 5,524,336	\$ 28,454,799	\$ 26,024,650

The net assets of the City's governmental activities increased by \$2,026,068 or 9.9% to \$22,526,382 at June 30, 2010, compared to \$20,500,314 at June 30, 2009. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$1,000,459 at June 30, 2009 to \$2,166,755 at June 30, 2010. The increase in unrestricted net assets is primarily due to increases in governmental revenues during the year.

The net assets of the City's business-type activities increased by \$404,081 or 7.3% to \$5,928,417 at June 30, 2010, compared to \$5,524,336 at June 30, 2009. This increase in net assets is primarily due to the donation of sewer infrastructure assets to the City during the year.

The largest portion of the City's net assets (\$25,612,645 or 90.0%) reflects its investment in capital assets (Le., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to 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 generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

At the end of the current year, the City is able to report positive balances in all categories of net assets. The same situation held true for the prior year.

This table shows the changes in net assets for the years ended June 30, 2010 and 2009.

City of Simpsonville Net Assets – Primary Government						
	Governmental activities		Business-type activities		Total	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Revenues:						
Program revenues:						
Charges for services	\$ 3,190,161	\$ 2,979,425	\$ 776,773	\$ 600,603	\$ 3,966,934	\$ 3,580,028
Operating grants and contributions	474,938	183,278	-	-	474,938	183,278
Capital grants and contributions	597,479	1,225,236	211,838	-	809,317	1,225,236
General Revenues:						
Property taxes	6,586,793	5,646,655	-	-	6,586,793	5,646,655
Hospitality and accommodation taxes	1,348,159	1,131,741	-	-	1,348,159	1,131,741
MASC telecom-munications and insurance taxes	1,556,435	1,479,570	-	-	1,556,435	1,479,570
Unrestricted state aid to subdivisions	372,471	450,697	-	-	372,471	450,697
Unrestricted investment earnings	21,413	17,709	4,851	1,527	26,264	19,236
Unrestricted donations and contributions	-	-	-	-	-	-
Miscellaneous	303,593	104,200	-	183	303,593	104,383
Total revenues	14,451,442	13,218,511	993,462	602,313	15,444,904	13,820,824
Program expenses:						
General government	1,646,923	2,053,126	-	-	1,646,923	2,053,126
Public safety	5,976,691	5,798,629	-	-	5,976,691	5,798,629
Public works	2,329,839	2,299,782	-	-	2,329,839	2,299,782
Recreation and parks	1,717,238	1,856,827	-	-	1,717,238	1,856,827
Interest and other charges	754,683	605,924	10,525	11,446	765,208	617,370
Sewer	-	-	578,856	546,364	578,856	546,364
Total expenses	12,425,374	12,614,288	589,381	557,810	13,014,755	13,172,098
Transfers in / transfers out, net	-	983,909	-	(983,909)	-	-
Change in net assets	2,026,068	1,588,132	404,081	(939,406)	2,430,149	648,726
Net assets, beginning of year	20,500,314	18,912,182	5,524,336	6,463,742	26,024,650	25,375,924
Net assets, end of year	\$ 22,526,382	\$ 20,500,314	\$ 5,928,417	\$ 5,524,336	\$ 28,454,799	\$ 26,024,650

Governmental activities

The City's net assets increased from 2009 to 2010 by \$2,026,068 or 9.9%, compared to \$1,588,132 for 2009. The increase for fiscal year end June 30, 2010 is primarily due to increases in property tax revenues and decreases in general government expenses.

Business-type activities

The City's net assets increased from 2009 to 2010 by \$404,081 or 7.3%. The primary reason for this increase was the increase in capital grants and contributions during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund is the chief operating fund of the City.

At June 30, 2010, the City's governmental funds reported a combined ending fund balances of \$2,591,099. Of this amount, \$1,737,643 is unreserved fund balance, which is available for spending at the government's discretion.

General fund revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue at June 30, 2010 was \$12,276,304 compared to \$11,154,796 in the prior year. Taxes and licenses, permits, and fees make up 85.5% of all General Fund revenues or approximately \$10,498,000. The remaining General Fund revenue sources totaled approximately \$1,778,000 and consisted of shared revenue (with the state and county), grants, fines, and other miscellaneous sources. The increase in revenues over the prior year is primarily due to the increase in the property tax millage in the City and an increase franchise fees.

As with most municipalities in the State of South Carolina, the City is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 64.3 mills. The assessed value is 4% of market value for owner occupied property, 6% for commercial property, and 10.5% for industrial property. Local property taxes accounted for 52.9%, or \$6,491,722, of total General Fund revenue for the fiscal period ending June 30, 2010.

General fund expenditures

General Fund expenditures for the year ended June 30, 2010 totaled \$11,558,510 compared to \$11,238,301 for the prior year. The increase reflects debt service payments on general obligation bonds made from the General Fund instead of the Debt Service Fund as in prior years.

The Public Safety and Public Works functions accounted for approximately 67.5% of all General Fund expenditures (excluding capital outlay). Actual expenditures for these functions, excluding capital outlay, were \$5,442,999 for Public Safety and \$1,846,258 for Public Works. The remaining 32.5% of General Fund expenditures (excluding capital outlay) came from the areas of Recreation and Parks of \$1,284,059, General Government of \$1,372,944 and interest and debt service of \$846,831. The City also had Capital Outlay in the General Fund of \$765,419 for 2010.

General fund balance

The total fund balance for the General Fund increased primarily due to an excess of \$717,794 of revenues over expenditures. Also significantly impacting the increase in total fund balance was funds received from the issuance of a master lease for capital purchases of \$545,324 of which \$297,204 was unspent and in cash at year end. The total increase in the General Fund was \$1,200,917 for 2010, leaving the fund balance for the General Fund at \$1,902,543 at June 30, 2010. Unreserved fund balance for the General Fund was \$1,405,976, or approximately 12.2% of total General Fund expenditures.

(Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, Continued

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net Assets of the Enterprise Funds at the end of the year amounted to \$5,928,417. Factors concerning the operations of this fund have already been addressed in the discussion of the City's business-type activities.

General fund budgetary highlights

During the fiscal year, the City issued a master lease in the amount of \$545,324 to fund needed capital outlay projects. Property taxes and grant revenues exceeded budget by \$563,912.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2010, the City had invested a net amount of \$41,275,871 in capital assets.

This table shows 2010 Capital Asset balances (net of depreciation) compared to 2009:

**City of Simpsonville
Capital Assets - Primary Government**

	Governmental activities		Business-type activities		Total	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Land	\$ 6,627,706	\$ 6,627,706	\$ -	\$ -	\$ 6,627,706	\$ 6,627,706
Construction in progress	-	-	-	-	-	-
Infrastructure	10,591,403	10,556,355	5,619,840	5,469,604	16,211,243	16,025,959
Buildings and improvements	14,732,493	15,194,510	-	-	14,732,493	15,194,510
Equipment	779,716	713,452	17,424	132,854	797,140	846,306
Furniture and fixtures	15,251	21,213	-	-	15,251	21,213
Vehicles	2,803,053	2,785,743	88,985	-	2,892,038	2,785,743
Capital assets, net	\$ 35,549,622	\$ 35,898,979	\$ 5,726,249	\$ 5,602,458	\$ 41,275,871	\$ 41,501,437

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The major capital asset transactions during the year for the City were as follows:

- Depreciation expense of \$1,598,214.
- Infrastructure increases totaling \$706,054. Of this amount, \$450,756 was donated to the City.
- Vehicle and equipment purchases of approximately \$667,675.
- Disposals of assets with historic cost of \$716,421 and carrying value of \$11,824.

See Note 6 of the notes to the basic financial statements for additional information regarding the City's capital assets.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Long-term obligations

As of June 30, 2010, the City had total long-term obligations of \$16,114,703 of which \$15,366,576 consisted of long-term debt. Of this debt, \$3,105,000 was General Obligation Bond ("GOBs") debt which is backed by the full faith and credit of the City. The City also has Certificates of Participation ("COPs") debt outstanding at year-end of \$12,016,576 (net of a deferred loss on refunding of \$373,424). In addition, the City had other long-term obligations of \$245,000 for Sewer Revenue Bonds, \$593,854 for outstanding capital leases, and \$154,273 for compensated absence liabilities.

**City of Simpsonville
Long-Term Obligations - Primary Government**

	Governmental activities		Business-type activities		Total	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
Debt:						
General obligation bonds	\$ 3,105,000	\$ 3,605,000	\$ -	\$ -	\$ 3,105,000	\$ 3,605,000
Certificates of participation, net	12,016,576	12,673,915	-	-	12,016,576	12,673,915
Note payable	-	-	245,000	280,000	245,000	280,000
Total debt	15,121,576	16,278,915	245,000	280,000	15,366,576	16,558,915
Capital leases	593,854	120,209	-	-	593,854	120,209
Accrued compensated absences	147,736	132,918	6,537	2,070	154,273	134,988
Total	<u>\$ 15,863,166</u>	<u>\$ 16,532,042</u>	<u>\$ 251,537</u>	<u>\$ 282,070</u>	<u>\$ 16,114,703</u>	<u>\$ 16,814,112</u>

The major long-term obligation events for the current fiscal year included the following:

- The City's GOBs decreased \$500,000 (13.9%) during the current year. This decrease was due to principal payments of \$500,000.
- The City's COPs decreased by \$657,339 (5.2%) during the current year. This decrease was due to principal payments of \$685,000, less amortization of the deferred loss on the defeased 2000 COP of \$27,661, with no issuance of additional COP debt.
- The City's Capital leases outstanding increased by \$473,645. This increase was due to the issuance of master lease debt in the amount of \$545,324 and principal payments on existing capital lease obligations of \$71,679.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2010 was approximately \$5,012,000. The City had non-referendum bonded debt of \$3,105,000 which resulted in the City having an unused legal debt margin of approximately \$1,907,000.

See Note 8 of the notes to the basic financial statements for additional information regarding the City's long-term obligations.

(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES FOR THE CITY

Economic factors that were considered in preparing the FY 10-11 budget were as follows:

- The unemployment rate in Greenville County, in which Simpsonville is located, is at 9.6% and compares favorably with the unemployment rate of the State of South Carolina at approximately 10.7%. Rate data is as of June 30, 2010.

The adopted FY 10-11 operating budget for all funds is \$13,989,238. Highlights of FY 10 operating budget were as follows:

- The City's budget is set to provide an addition to the general fund balance of approximately \$428,000, and increase to sewer fund balance of approximately \$74,000, and an increase to victims' assistance fund balance of approximately \$5,200, with a decrease of 2.6 mills approved in the City's operating millage rate, pursuant to county-wide reassessment, and no change in the millage for debt service.
- Growth in the City's tax base of approximately 3.9% in assessed values.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Simpsonville, 118 N.E. Main Street, Simpsonville, South Carolina, 29681.

BASIC FINANCIAL STATEMENTS

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Simpsonville Industrial Development Corporation
ASSETS				
Cash and cash equivalents	\$ 1,374,957	\$ 312,219	\$ 1,687,176	\$ -
Cash and cash equivalents, restricted	794,571	-	794,571	269
Investments, restricted	575,654	-	575,654	-
Property taxes receivable, net	421,082	-	421,082	-
Accounts receivable	651,132	169,229	820,361	-
Due from County Treasurer	89,531	-	89,531	-
Internal balances	51,159	(51,159)	-	-
Other assets	155,211	25,793	181,004	-
Debt issuance costs, net	130,719	-	130,719	-
Capital assets:				
Non-depreciable	6,627,706	-	6,627,706	-
Depreciable, net	28,921,916	5,726,249	34,648,165	-
Total assets	39,793,638	6,182,331	45,975,969	269
LIABILITIES				
Accounts payable and accrued liabilities	1,120,990	-	1,120,990	-
Accrued interest payable	242,200	2,377	244,577	-
Deferred revenue - other	40,900	-	40,900	-
Long-term liabilities:				
Due within one year	1,393,286	41,537	1,434,823	-
Due in more than one year	14,469,880	210,000	14,679,880	-
Total liabilities	17,267,256	253,914	17,521,170	-
NET ASSETS				
Invested in capital assets, net of related debt	20,131,396	5,481,249	25,612,645	-
Restricted for:				
Capital assets	228,231	-	228,231	-
Unrestricted	2,166,755	447,168	2,613,923	269
Total net assets	\$ 22,526,382	\$ 5,928,417	\$ 28,454,799	\$ 269

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Simpsonville Industrial Development Corporation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business type Activities		
PRIMARY GOVERNMENT								
Governmental activities								
General government	\$ 1,646,923	\$ 2,792,443	\$ 111,640	\$ 466,934	\$ 1,724,094	\$ -	\$ 1,724,094	\$ -
Public safety	5,976,691	143,604	338,747	130,545	(5,363,795)	-	(5,363,795)	-
Public works	2,329,839	136,680	24,551	-	(2,168,608)	-	(2,168,608)	-
Recreation	1,717,238	117,434	-	-	(1,599,804)	-	(1,599,804)	-
Interest and fiscal charges	754,683	-	-	-	(754,683)	-	(754,683)	-
Total governmental activities	12,425,374	3,190,161	474,938	597,479	(8,162,796)	-	(8,162,796)	-
Business-type activities								
Sewer	589,381	776,773	-	211,838	-	399,230	399,230	-
Total business-type activities	589,381	776,773	-	211,838	-	399,230	399,230	-
Total primary government	\$ 13,014,755	\$ 3,966,934	\$ 474,938	\$ 809,317	\$ (8,162,796)	\$ 399,230	\$ (7,763,566)	\$ -
COMPONENT UNIT								
Simpsonville Ind. Development Corporation	67,072	-	-	-	-	-	-	(67,072)
Total component unit	\$ 67,072	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (67,072)
General revenues								
Property taxes levied for general purposes					6,586,793	-	6,586,793	-
Hospitality and accommodations taxes					1,348,159	-	1,348,159	-
MASC telecommunications and insurance taxes					1,556,435	-	1,556,435	-
State aid to subdivisions					372,471	-	372,471	-
Unrestricted investment earnings					21,413	4,851	26,264	-
Gain on disposal of capital assets					17,295	-	17,295	-
Miscellaneous revenues					286,298	-	286,298	-
Total general revenues					10,188,864	4,851	10,193,715	-
Change in net assets					2,026,068	404,081	2,430,149	(67,072)
Net assets beginning of year					20,500,314	5,524,336	26,024,650	67,341
Net assets end of year					\$ 22,526,382	\$ 5,928,417	\$ 28,454,799	\$ 269

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Special Revenue	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,347,908	\$ 27,049	\$ -	\$ 1,374,957
Cash and cash equivalents, restricted	347,615	95,988	350,968	794,571
Investments, restricted	-	575,654	-	575,654
Receivables, net:				
Taxes	421,082	-	-	421,082
Accounts	534,395	114,237	2,500	651,132
Due from:				
County treasurer	89,531	-	-	89,531
Other funds	535,258	-	1,036	536,294
Other assets	148,952	6,259	-	155,211
Total assets	\$ 3,424,741	\$ 819,187	\$ 354,504	\$ 4,598,432
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 617,507	\$ -	\$ -	\$ 617,507
Accrued salaries and fringe benefits	385,349	-	-	385,349
Accrued expenses	118,134	-	-	118,134
Due to other funds	-	110,558	374,577	485,135
Deferred revenue - other	40,900	-	-	40,900
Deferred revenue - property taxes	360,308	-	-	360,308
Total liabilities	1,522,198	110,558	374,577	2,007,333
FUND BALANCES				
Reserved:				
Prepays	148,952	6,259	-	155,211
Capital purposes	297,204	-	228,231	525,435
Specific purpose	50,411	-	125,399	175,810
Unreserved:				
Undesignated (deficit)	1,405,976	702,370	(373,703)	1,734,643
Total fund (deficit) balances	1,902,543	708,629	(20,073)	2,591,099
Total liabilities and fund balances	\$ 3,424,741	\$ 819,187	\$ 354,504	\$ 4,598,432

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total fund balances - Governmental funds	\$ 2,591,099
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	6,627,706
Buildings and improvements	18,823,849
Infrastructure	19,947,074
Furniture and fixtures	119,631
Machinery and equipment	2,073,432
Vehicles	6,556,447
Accumulated depreciation	<u>(18,598,517)</u>
Total capital assets	<u>35,549,622</u>
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	360,308
Debt issuance costs are amortized over the lives of the bonds; however, in governmental accounting, debt issuance costs are expenditures the year they are incurred. The debt issuance costs of \$214,136 is shown net of accumulated amortization of \$83,417	130,719
Interest is recorded as an expenditure when paid in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the interest due but unpaid at year end.	(242,200)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. The original deferred loss on refunding is shown net of accumulated amortization of \$170,576	
Long-term liabilities consisted of the following:	
Long-term debt	(15,495,000)
Long-term debt - deferred loss on refunding, net	373,424
Capital leases	(593,854)
Compensated absences (Sick pay and vacations)	<u>(147,736)</u>
Total long-term liabilities	<u>(15,863,166)</u>
Net assets of governmental activities	<u><u>\$ 22,526,382</u></u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2010

	General	Special Revenue	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Local	\$ 6,491,722	\$ -	\$ -	\$ 6,491,722
Hospitality and accomodations	-	1,279,757	-	1,279,757
MASC telecommunication and insurance	1,556,435	-	-	1,556,435
Franchise	1,189,307	-	-	1,189,307
Licenses, permits, and fees	1,260,505	-	-	1,260,505
Grants	503,861	-	-	503,861
Fines	108,999	-	16,025	125,024
Shared revenue:				
County	101,622	-	280,516	382,138
State	440,873	-	75,628	516,501
Interest	19,772	458	1,183	21,413
Other	603,208	180	95,872	699,260
Total revenues	<u>12,276,304</u>	<u>1,280,395</u>	<u>469,224</u>	<u>14,025,923</u>
EXPENDITURES				
Current:				
General government	1,372,944	41,854	140,830	1,555,628
Public safety	5,442,999	-	74,820	5,517,819
Public works	1,846,258	-	-	1,846,258
Recreation and parks	1,284,059	-	-	1,284,059
Capital outlay	765,419	-	10,743	776,162
Debt service:				
Principal	571,679	-	685,000	1,256,679
Interest and fiscal charges	275,152	-	453,090	728,242
Total expenditures	<u>11,558,510</u>	<u>41,854</u>	<u>1,364,483</u>	<u>12,964,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>717,794</u>	<u>1,238,541</u>	<u>(895,259)</u>	<u>1,061,076</u>
Other financing sources:				
Proceeds from the sale of capital assets	30,019	-	-	30,019
Insurance proceeds	18,579	-	-	18,579
Master lease proceeds	545,324	-	-	545,324
Transfers in	-	-	1,248,889	1,248,889
Transfers out	(110,799)	(1,138,090)	-	(1,248,889)
Total other financing sources (uses)	<u>483,123</u>	<u>(1,138,090)</u>	<u>1,248,889</u>	<u>593,922</u>
Net change in fund balances	1,200,917	100,451	353,630	1,654,998
Fund (deficits) balances, beginning of year	701,626	608,178	(373,703)	936,101
Fund (deficits) balances, end of year	<u>\$ 1,902,543</u>	<u>\$ 708,629</u>	<u>\$ (20,073)</u>	<u>\$ 2,591,099</u>

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

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2010**

Net change in fund balances - Total government funds	\$ 1,654,998
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount.	95,071
Repayment of debt principal and capital leases is an expenditure on the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Long term debt	1,185,000
Capital leases	71,679
Accrued compensated absences are not recognized in the governmental funds but are recognized in the Statement of Activities to the extent of the increase or decrease in the accrual	(14,818)
Deferred losses (capitalized costs) on refundings must be deferred and amortized over the life of the respective debt in the Statement of Activities. These costs were reported as as expenditures in the year they were incurred in the governmental funds.	(27,661)
Debt proceeds provide current financial resources to governmental fund, but issuing debt increases long-term liabilities in the Statement of Net Assets.	(545,324)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(26,417)
Debt issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the debt in the Statement of Activities. This is the amortization of existing debt issuance cost.	(17,103)
Contributed capital assets are not recognized in the governmental funds as no current financial resource has been received, but are recognized in the Statement of Activities as a General Revenue.	238,918
Capital asset disposals are not recognized in the governmental funds but are recognized in the Statement of Activities as an offset to proceeds from disposals	(11,824)
Governmental funds report capital asset additions as expenditures (\$830,918, net of contributed assets of \$238,918). However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense of (\$1,407,369). This is the amount by which depreciation expense exceeded capital asset additions in the current period.	(576,451)
Change in net assets of government activities	\$ 2,026,068

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPRIETARY FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	312,219
Receivables, net		169,229
Other assets		25,793
		507,241
Total current assets		507,241

NONCURRENT ASSETS

Depreciable capital assets		9,677,138
Less accumulated depreciation		(3,950,889)
		5,726,249
Total noncurrent assets		5,726,249
Total assets	\$	6,233,490

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Compensated absences	\$	6,537
Accrued interest payable		2,377
Bond payable, current		35,000
Due to other funds		51,159
		95,073
Total current liabilities		95,073

LONG TERM LIABILITIES

Bond payable, noncurrent		210,000
		210,000
Total long term liabilities		210,000
Total liabilities		305,073

NET ASSETS

Invested in capital assets, net of related debt		5,481,249
Unrestricted		447,168
		5,928,417
Total Net Assets	\$	5,928,417

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the year ended June 30, 2010

OPERATING REVENUES	
Sewer maintenance fees	\$ 776,773
Total operating revenues	776,773
OPERATING EXPENSES	
Personnel services	300,735
Contractual services	23,310
Materials and supplies	1,075
Other operating expenses	62,891
Depreciation	190,845
Total operating expenses	578,856
Operating income	197,917
NONOPERATING REVENUES (EXPENSES)	
Interest income	4,851
Interest expense	(10,525)
Total nonoperating revenues (expenses)	(5,674)
Income before contributions	192,243
CAPITAL CONTRIBUTIONS - INFRASTRUCTURE	211,838
Change in net assets	404,081
NET ASSETS, BEGINNING OF YEAR	5,524,336
NET ASSETS, END OF YEAR	\$ 5,928,417

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 691,744
Cash payments for goods and services	(90,569)
Payments to employees	<u>(296,268)</u>
Net cash provided by operating activities	<u>304,907</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers to other funds	<u>(18,726)</u>
Net cash used by noncapital financing activities	<u>(18,726)</u>

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(102,798)
Principal payments on revenue bond payable	(35,000)
Interest payments	<u>(6,013)</u>
Net cash used in capital and related financing activities	<u>(143,811)</u>
Net increase in cash and cash equivalents	142,370

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 169,849

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 312,219

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 197,917
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	190,845
Change in:	
Accounts receivable	(85,029)
Other assets	(3,293)
Accrued salaries and fringe benefits	<u>4,467</u>
Net cash provided by operating activities	<u><u>\$ 304,907</u></u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITY

Acquisition of capital assets through developer contribution	<u><u>\$ 211,838</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS

The City of Simpsonville ("City") is an incorporated municipality located in Greenville County, South Carolina that was established on July 25, 1901. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. Accordingly, the City operates under a council form of government. The six city council members serve 4 year staggered terms and the mayor is elected for a 4 year term ("Council").

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

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

All activities for which the Council exercises oversight responsibility have been incorporated into the basic financial statements to form the reporting entity. The City's basic financial statements include the accounts of all City operations, including, but not limited to, general governmental services (City administration and community/economic development), public safety (police and fire), public works (sanitation and environmental services), parks and recreation, and sewer services.

As required by GAAP, the basic financial statements would present the City along with its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity as a component unit is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either: 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City. In order to be considered fiscally independent, an entity must have the authority to do all three of the following: (a) determine its budget without the City having the authority to approve or modify that budget, (b) levy taxes or set rates or charges without approval by the City, and (c) issue bonded debt without approval by the City.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide basic financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has one blended and one discrete component unit.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Blended component unit

The Simpsonville Public Facilities Corporation, (the "Corporation") is a nonprofit organization whose purpose is to hold title, own, lease, finance, construct, acquire, and operate facilities functionally related to the City. The Corporation promotes the business interest of the City, including rendering assistance to the manufacturing, industrial, business, and trade development of the City and vicinity. The City has financial accountability and oversight responsibility for Simpsonville Public Facilities Corporation. The Corporation does not issue separate financial statements; all activity of the Corporation has been incorporated into these basic financial statements in the capital projects and debt service funds.

Discrete component unit

The Simpsonville Industrial Development Corporation ("SIDC") is a nonprofit corporation organized for the purpose of promoting the business interest of the City, including rendering assistance to the manufacturing, industrial, business, and trade development of the City and vicinity. The year end of the SIDC is June 30, and no separate financial statements are issued. The Corporation is governed by a board appointed by the City's elected council and is reported in these financial statements in a column separate from the primary government.

Measurement focus, basis of accounting, and basis of presentation

The government-wide basic financial statements (I.E., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the "Primary Government") and its blended component unit. For the most part, the effect of interfund activity has been removed from these basic financial 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following major funds and fund types are used by the City.

Governmental Fund Types are those through which all governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the City's major governmental funds:

The **General Fund, a major fund**, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The ***Special Revenue Fund, a major fund***, is the fund used to account for the City's specific revenue sources that are legally restricted to expenditures for specified purposes. This is a budgeted fund.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable GASB pronouncements, as well as the requirements of Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs"), issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City has elected not to follow the aforementioned guidance issued after November 30, 1989, as allowed by GAAP.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary Fund types include the following funds:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has one major Enterprise Fund:

The ***Sewer Fund, a budgeted fund***, is used to account for the City's sewer operations.

Additionally, the government reports the following nonmajor fund types:

Special revenue funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital projects funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt service fund

The debt service fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, liabilities, and equity

Cash, cash equivalents, and investments

Cash and cash equivalents

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

Investments

The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the City to invest in the following:

- (a) Obligations of the United States and agencies thereof;
- (b) General obligations of the State of South Carolina or any of its political units;
- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts are collaterally secured by securities of the type described in (a) and (b) above, held by a third party as escrow agent, or custodian of a market value, not less than the amount of the certificates or funds in deposit accounts so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- (f) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), and (e) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash investment objectives are preservation of capital, liquidity, and yield. The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The City reports its cash and investments at fair value which is normally determined by quoted market prices (except as noted). The City currently or in the past year has primarily used the following investments:

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.
- Open ended mutual funds are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.
- Repurchase agreements are a type of transaction in which a money market participant acquires immediately available funds by selling securities and simultaneously agreeing to repurchase the same or similar securities after a specified time at a given price, which typically includes interest at an agreed-upon rate. The City's repurchase agreements are considered cash and cash equivalents as they are purchased with maturities of less than three months.
- South Carolina Pooled Investment Fund (the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-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 2a 7 of the Investment Company Act of 1940. In accordance with 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.

Receivables and payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts or payables have been recorded.

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 60 days, are recorded as deferred tax revenue and thus not recognized as revenue until collected in the governmental funds.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property taxes are assessed and collected by Greenville County under a joint billing and collection agreement. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed on October 1st on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 th through February 1 st	3%
February 2 nd through March 16 th	10% of tax
March 17 th and thereafter	15% of tax plus collection cost

Current year real and personal property taxes become delinquent on March 16th. Unpaid property taxes become a lien against the property as of June 1st of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

All trade and property taxes receivable are shown net of an allowance for uncollectible receivables, if any. Trade receivables are comprised of amounts due from entities and individuals for a variety of types of fees, charges, and services, including sewer fees and charges.

Other assets - inventories and prepaid items

Inventories of the City (fuel) are stated at cost (first-in, first-out method) and are recorded as expenditures when consumed rather than when purchased (consumption method).

Prepaid items in the governmental funds are accounted for using the purchase method (expensed when paid). If significant amounts of prepaid items exist in the governmental funds, the City records these amounts in the balance sheet.

Capital assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets, but are not reported in the fund basic financial statements. Capital assets utilized by the Proprietary Fund are reported both in the business-type activities column of the government-wide Statement of Net Assets and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

Infrastructure capital assets include streets, curbs, sidewalks, sewer lines, streetlights, signs, signals, and storm drains. Major infrastructure assets - streets and curbs, and sewer lines - have been retroactively added to capital assets, including applicable depreciation. Prospectively, all infrastructure that meets the capitalization threshold will be recorded as capital assets, including donated infrastructure from developers.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Building and Improvements	10- 50 years
Furniture and Equipment	5- 15 years
Vehicles	5- 20 years
Infrastructure	40- 50 years

Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." The entire compensated absence liability and expense is reported on the governmental-wide basic financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. The governmental funds will also recognize compensated absences for termination and retirements that occurred prior to year end and are expected to be paid within a short time subsequent to year end, if they are material.

Annual leave is earned on a monthly basis. The leave year runs from January 1st to December 31st. Employees may carryover a maximum of forty hours to the following calendar year. The annual leave liability is recorded as a long-term obligation in the government-wide basic financial statements.

Sick leave is earned on a monthly basis. However, unused sick leave is not reimbursed, and therefore is not reported in the government-wide basic financial statements.

Accrued liabilities and long-term obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide basic financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. All current payables and accrued liabilities from governmental funds are reported in the governmental fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, non-current portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund basic financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund basic financial statements until due.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

In the government-wide basic financial statements for the Primary Government, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts (if any), as well as bond issuance costs, are deferred, if material, and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, if applicable, are included in other assets.

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

Deferred revenue

Deferred Revenues in the governmental funds represent receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Fund balance

In the fund financial statements, the City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

In the governmental fund financial statements, the City's use of the term "reserve" relative to the fund balance of its governmental funds is limited to indicating that portion of fund balance that is not appropriable for expenditure or is legally segregated for some specific future use. Fund balance reserves can be established for, but not limited to the following: prepaids, inventory, non-current receivables, prior year appropriations, grant projects, debt service, capital projects, and special revenue programs.

In the governmental fund financial statements, the City can establish "designations" of fund balance which are to reflect tentative plans for financial resource utilization in future periods. Designations of fund balance represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in an expenditure.

Net assets

Net assets represent the difference between assets and liabilities in the statement of net assets. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net assets component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those 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. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Subsequent Events

Subsequent events have been evaluated through December 14, 2010, the date which the financial statements were available for issue.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

A budget is presented in the required supplementary section of the basic financial statements section for the General Fund and Special Revenue Fund.

The budget has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

During the months of February and March, the City department heads develop departmental operating budgets, while the Management and Finance Departments develop revenue forecasts. During March and April, the City Administrator reviews the department budgets and revenue forecasts. After various refinements and reviews, a proposed budget is presented to the City Council. After two readings during May and June, for which public notices have been announced, the City Council adopts an annual budget ordinance for the General Fund. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

During the year, accountability for the budget for each department is primarily the responsibility of the department head. The City Administrator, with prior approval of the mayor and city council, has the authority to transfer funds within departments, but funds can only be transferred between departments by approval of the City Council. The legal level of budgetary control is at the department level, as reflected in the required supplementary information. The presented budgetary information is as originally adopted or as amended by the City Council. During the year, the City Council revised the budget once due to delays in the completion of some grant funded projects.

At yearend, unencumbered balances of appropriations lapse into the unappropriated fund balance of the General Fund and Special Revenue Fund.

The nonmajor capital projects fund carries a deficit fund balance at June 30, 2010 of \$373,303. The City plans to fund the deficit from the general operating fund in future years.

NOTE 3 - CASH AND INVESTMENTS

Custodial credit risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. Of the City's Primary Government's bank balances of \$2,497,406 as of June 30, 2010 (which had a carrying value of \$2,479,245), \$735,526 was exposed to custodial credit risk as they were uninsured and uncollateralized.

Investments

As of June 30, 2010, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Weighted average maturity</u>
SC Pooled Investment Fund	\$ 1,002	N/A
First American Government Obligation Fund	305,118	Less than 1 year
United States Treasury Bill	210,400	Less than 1 year
United States Treasury Bond	30,000	Less than 1 year
United States Treasury Note	<u>30,136</u>	Less than 1 year
Total	<u>\$ 576,656</u>	

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but they do follow the investment policy statutes of the State of South Carolina.

Credit Risk

The City has no investment policy that would further limit its investment choices other than state law. As of June 30, 2010, the underlying security ratings of the City's investment in the South Carolina Local Government Investment Pool (LGIP) may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

The State Treasurer's Office
Local Government Investment Pool
Post Office Box 11778
Columbia, SC 29211

The City's investments in U.S. Government Agency Obligations were rated Aa2 by Moody's Investors Services.

Concentration of Credit Risk for Investments

The City places no limit on the amount the City may invest in any one issuer. As of June 30, 2010, the City had investments with two issuers that exceed 5% of total investments.

(Continued)

NOTE 3 - CASH AND INVESTMENTS, Continued

Reconciliation to the financial statements

The following table is a reconciliation of cash and investments for all fund types of the Primary Government:

<u>Statement of net assets</u>		<u>Footnotes</u>	
Cash and cash equivalents	\$ 1,687,176	Petty cash	\$ 1,500
Restricted cash and cash equivalents	794,571	Carrying value of deposits	2,479,245
Investments	<u>575,654</u>	Fair value of investments	<u>576,656</u>
Total deposits and investments	<u>\$ 3,057,401</u>	Total deposits and investments	<u>\$ 3,057,401</u>

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

Greenville County, South Carolina (the "County") is responsible for processing tax bills and collecting sufficient property taxes to meet funding obligations for the City. This obligation is established each year by the City Council and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes were levied and billed by the County on real and personal properties on October 15th based on an assessed value of approximately \$62.6 million at the rate of 64.3 mills for the City and 28.3 mills for the Fire Service District of the County. These taxes are due without penalty through January 15th. Property taxes receivable includes an allowance for uncollectible taxes of approximately \$8,600 at June 30, 2010. Allowances for uncollectible receivables were not necessary for the other receivable accounts.

Governmental funds report deferred revenue 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 June 30, 2010, the City had deferred delinquent property taxes for the General Fund of \$360,308

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables

Interfund balances at June 30, 2010 (which are expected to be paid or received within one year), consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 535,258	\$ -
Special Revenue Fund	-	110,558
Sewer Enterprise Fund	-	51,159
Nonmajor funds:		
Victim Assistance Fund	1,036	
Capital Projects Fund	-	373,703
Arts & Cultural Center Fund	-	874
Totals	<u>\$ 536,294</u>	<u>\$ 536,294</u>

Interfund transfers

Interfund transfers for the year ended June 30, 2010, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ -	\$ 110,799
Special Revenue Fund	-	1,138,090
Non-major Funds:		
Debt Service Fund	1,138,090	-
Non-major Special Revenue Funds	110,799	-
Totals	<u>\$ 1,248,889</u>	<u>\$ 1,248,889</u>

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. Special Revenue transfers to the Debt Service Fund were to fund debt service payments on certificates of participation. The General Fund transfers to non-major funds were made to segregate the assets of projects formerly accounted for in the General Fund.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the City for governmental activities for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 6,627,706	\$ -	\$ -	\$ -	\$ 6,627,706
Total capital assets, non-depreciable	<u>6,627,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,627,706</u>
Capital assets, depreciable:					
Infrastructure	19,555,656	391,418	-	-	19,947,074
Building and improvements	18,813,106	10,743	-	-	18,823,849
Equipment	1,855,506	217,926	-	-	2,073,432
Furniture and fixtures	119,631	-	-	-	119,631
Vehicles	6,999,866	449,749	(716,421)	(176,747)	6,556,447
Total capital assets, depreciable	<u>47,343,765</u>	<u>1,069,836</u>	<u>(716,421)</u>	<u>(176,747)</u>	<u>47,520,433</u>
Less: accumulated depreciation for:					
Infrastructure	8,999,301	356,370	-	-	9,355,671
Building and improvements	3,618,596	472,760	-	-	4,091,356
Equipment	1,142,054	151,662	-	-	1,293,716
Furniture and fixtures	98,418	5,962	-	-	104,380
Vehicles	4,214,123	420,615	(704,597)	(176,747)	3,753,394
Total accumulated depreciation	<u>18,072,492</u>	<u>1,407,369</u>	<u>(704,597)</u>	<u>(176,747)</u>	<u>18,598,517</u>
Total capital assets, depreciable, net	<u>29,271,273</u>	<u>(337,533)</u>	<u>(11,824)</u>	<u>-</u>	<u>28,921,916</u>
Total governmental activities capital assets, net	<u>\$ 35,898,979</u>	<u>\$ (337,533)</u>	<u>\$ (11,824)</u>	<u>\$ -</u>	<u>\$ 35,549,622</u>

The carrying value of equipment recorded under capital lease was \$1,686,720, and is included above as cost of \$3,163,168 and accumulated depreciation of \$1,476,448. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

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

<u>Governmental activities</u>	<u>Depreciation expense</u>
General government	\$ 45,401
Public safety	448,075
Public works	481,791
Recreation and parks	<u>432,102</u>
Total depreciation expense governmental activities	<u>\$ 1,407,369</u>

(Continued)

NOTE 6 - CAPITAL ASSETS, Continued

Capital asset activity for the City for business-type activities for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, depreciable:					
Infrastructure	\$ 8,910,628	\$ 314,636	\$ -	\$ -	\$ 9,225,264
Equipment	275,127	-	-	(138,420)	136,707
Vehicles	-	-	-	315,167	315,167
Total capital assets, depreciable	<u>9,185,755</u>	<u>314,636</u>	<u>-</u>	<u>176,747</u>	<u>9,677,138</u>
Less: accumulated depreciation for:					
Infrastructure	3,441,024	164,400	-	-	3,605,424
Equipment	142,273	6,671	-	(29,661)	119,283
Vehicles	-	19,774	-	206,408	226,182
Total accumulated depreciation	<u>3,583,297</u>	<u>190,845</u>	<u>-</u>	<u>176,747</u>	<u>3,950,889</u>
Total capital assets, depreciable, net	<u>5,602,458</u>	<u>123,791</u>	<u>-</u>	<u>-</u>	<u>5,726,249</u>

NOTE 7 - SHORT-TERM OBLIGATIONS

The City issued Tax Anticipation Note ("TAN") in July 2009, totaling \$2,750,000 through a local bank. These TAN's were issued to provide the City cash reserves until the 2010 property taxes are levied and collected. The City repaid the TAN in April 2010 with interest of \$110,000.

The following is a summary of the changes in the City's short-term obligations for 2010:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Tax anticipation notes	\$ -	\$ 2,750,000	\$ 2,750,000	\$ -
Total governmental activities	<u>\$ -</u>	<u>\$ 2,750,000</u>	<u>\$ 2,750,000</u>	<u>\$ -</u>

NOTE 8 - LONG-TERM OBLIGATIONS

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB's") are direct obligations and pledge the full faith and credit of the City. Certificates of Participation ("COP's") are issued by the Corporation (the City's blended component unit) for the acquisition and construction of major capital facilities. The full faith, credit, and taxing powers of the City are not pledged for the payment of the COP's nor the interest thereon.

COP's evidence a proportionate interest in the right to receive payments of base rental under a lease agreement between the City and its blended component unit, the Corporation. The Corporation and the City entered into the lease on December 1, 2000 (the "Lease"), pursuant to which, the City would lease from the Corporation certain recreation facilities, which include the project acquired, constructed, and equipped with a portion of the proceeds of the related COP's. The COP's are payable solely from payments of base rental as, when, and if, received by a bank, which is trustee under the terms of a trusts agreement dated as of December 1, 2000, between the trustee and the Corporation, pursuant to which the Corporation has assigned its rights and interest under the lease to the trustee. The City is not a party to the COP's. The Corporation is reported as a blended component unit and is accounted for in a Special Revenue fund within these basic financial statements.

The Note Payable and Capital Lease obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of the note payable or capital lease obligations nor the interest thereon.

Details on the City's (including its blended component unit) outstanding debt issues and capital leases as of June 30, 2010 are as follows:

General obligation bonds

- 2000 Series - issued in September 2000 for \$850,000 with annual installments varying from \$40,000 to \$85,000 beginning April 1, 2002 and ending on April 1, 2015 with interest at 5.34%. Interest is payable semi-annually on April 1st and October 1st. The proceeds from this issuance were primarily used for the construction of the law enforcement center and for the purchase of the land for Heritage Park.
- 2001 Series - issued in September 2001 for \$525,000 with annual installments varying from \$30,000 to \$50,000 beginning April 1, 2003 and ending on April 1, 2016 with interest at 4.64%. Interest is payable semi-annually on April 1st and October 1st. The proceeds from this issuance were primarily used for the construction of Fire Station Four.
- 2003 Series - issued in July 2003 for \$600,000 with annual installments varying from \$45,000 and \$65,000 beginning April 1, 2008 and ending on April 1, 2018 with interest at 3.498%. Interest is payable semiannually on April 1st and October 1st. Debt issuance cost of approximately \$40,000 was expensed in 2003 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from this issuance were primarily used for the construction of Heritage Park.
- 2006 Series - issued in January 2006 for \$250,000 with annual installments varying from \$30,000 and \$40,000 beginning April 1, 2008 and ending on April 1, 2013 with interest at 3.82%. Interest is payable semi-annually on April 1st and October 1st. Debt issuance cost of approximately \$15,000 was expensed in 2006 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from this issuance were primarily used for the rebuilding of the bridge by Alder Park.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

- 2007 Series - issued in April 2007 for \$785,000 with annual installments varying from \$40,000 to \$70,000 beginning on April 1, 2008 and ending on April 1, 2022 with interest at 4.04%. Interest is payable semiannually on April 1 and October 1. Debt issuance cost of approximately \$35,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from this issuance were primarily used for paving city roads.
- 2007A Series - issued in October 2007 for \$1,045,000 with annual installments varying from \$45,000 to \$170,000 beginning on April 1, 2008 and ending on April 1, 2017 with interest at 3.82%. Interest is payable semi-annually on April 1 and October 1. Debt issuance cost of approximately \$45,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from this issuance were primarily used for various items of equipment and to satisfy the \$427,500 note payable to the School District of Greenville County for the purchase of a school building.
- 2008 Series- issued in October 2009 for \$755,000 with annual installments varying from \$115,000 to \$140,000 beginning on April 1, 2010 and ending on April 1, 2015 with interest at 3.99%. Interest is payable semi-annually on April 1 and October 1. Debt issuance cost of approximately \$30,500 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance costs. The proceeds from this issuance were primarily used for various items of equipment.

Certificates of participation (issued through the Corporation - a blended component unit)

- 2004 Series - issued in April 2004 for \$8,070,000 with annual principal installments varying from \$220,000 to \$525,000 beginning January 1, 2005 and ending on January 1, 2024. Interest is payable semiannually on January 1st and July 1st. Interest starts at 2.93%, but is subject to adjustment on July 1, 2009, 2014 and 2019. At June 30, 2010, the interest rate was 3.50%. Debt issuance costs of approximately \$104,000 were incurred related to the issuance of the 2004 COPS and was expensed in 2004 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance costs. The proceeds of the 2004 COPS were primarily used to refund the 2000 COPS and 2003 COPS. See the advance and current refunding debt section for more details. The reacquisition price exceeded the net carrying value of the 2003 COPS and thus resulted in a deferred loss on refunding of approximately \$544,000 which is being amortized over the 2004 COPS which was shorter than the old debt. The proceeds from the earlier issued 2000 COPS and 2003 COPS had been used to fund construction costs for Heritage Park.
- 2005 Series - issued in May 2005 for \$1,340,000 with annual principal installments varying from \$115,000 to \$160,000 beginning January 1, 2006 and ending in January 1, 2015. Interest is payable semi-annually on January 1st and July 1st with interest at 3.89%. Debt issuance cost of \$40,000 was expensed in 2005 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2005 COPS were used to pay the final costs associated with the construction of Heritage Park.
- 2006 Series - issued in November 2006 for \$2,005,000 with annual principal installments varying from \$30,000 to \$280,000 beginning January 1, 2008 and ending January 1, 2022. Interest is payable semiannually on January 1 and July 1 with interest at 3.75%. Debt issuance cost of \$60,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2006 COPS were primarily used to pay back the \$942,000 owed to the General Fund and fund the amphitheatre at Heritage Park.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

- 2007 Series- issued in December 2007 for \$2,500,000 with annual principal installments varying from \$85,000 to \$170,000 beginning January 1, 2009 and ending January 1, 2028. Interest is payable semiannually on January 1 and July 1 with interest at 3.69%. Debt issuance cost of \$70,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2007 COPS were primarily used to fund certain improvements at Heritage Park (amphitheatre) and the City's Cultural Arts Center.
- 2008 Series - issued in April 2008 for \$1,400,000 with annual principal installments varying from \$75,000 to \$120,000 beginning January 1, 2009 and ending January 1, 2023. Interest is payable semi-annually on January 1 and July 1 with interest at 3.56%. Debt issuance cost of \$70,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2008 COPS were primarily used to fund certain improvements at Heritage Park.

Revenue bond

- Sewer Revenue Bond - issued in January 6, 2006 for \$370,000 with annual installments varying from \$30,000 to \$45,000 beginning April 1, 2008 and ending on April 1, 2016. Interest is payable semi-annually on April 1 and October 1 with interest at 3.88%. Debt issuance cost \$15,788 were expensed in 2006 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2006 revenue bond was used to complete the new Bi-Lo Line and will be complete a new line in Hunter's Woods.

Capital leases

- \$868,561 capital lease was entered into in May, 2004 MEL - The City has entered into a MEL obligation that will be used for the purchase of equipment for Heritage Park, police and public works vehicles, a fueling station for city vehicles and emergency generators for three fire stations. The lease on the equipment is for a period of three to five years, which began in May 2004. Semi-annual payments begin at \$115,318 for the first three years dropping to \$59,302 in the last two years, which includes interest of 2.45% to 2.85%. The MEL was paid in full in 2010.
- \$860,000 capital lease was entered into in March, 2005 MEL - The City has entered into a MEL obligation that will be used for the purchase of two new fire trucks and one new refuse truck. The lease on the equipment is for a period of eight years, which began in March 2005. Annual payments begin at \$34,228 for the first year and rise to \$143,178 for the remaining seven years, which includes interest at 3.98%. Pursuant to the City's prepayment of the debt on the fire trucks, the payment to amortize the remaining debt decreased to \$17,481 annually at the same interest rate and maturity date.
- \$545,324 capital lease was entered into in April, 2010 MEL - The City has entered into a MEL obligation that will be used for the purchase vehicles and related equipment for the police department and public works department, rigging structure and tent for the Heritage Park Amphitheater, and vehicles and equipment for the fire department. The lease on the equipment is for a period of six years, which began in April 2010. Annual payments begin at \$24,339 for the first year and rise to \$608,288 for the remaining 5 years, which includes interest at 4.39%. At June 30, 2010, the City had unused capital lease proceeds (restricted cash and cash equivalents) of \$297,204 (which includes earned interest) for the purchase of the capital assets under the lease.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2010.

<u>Long-Term Obligations</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Debt:					
General obligation bonds:					
2000 Series	\$ 445,000	\$ -	\$ 65,000	\$ 380,000	\$ 70,000
2001 Series	300,000	-	35,000	265,000	40,000
2003 Series	505,000	-	50,000	455,000	50,000
2006 Series	150,000	-	35,000	115,000	35,000
2007 Series	705,000	-	40,000	665,000	45,000
2007A Series	745,000	-	160,000	585,000	165,000
2008 Series	<u>755,000</u>	<u>-</u>	<u>115,000</u>	<u>640,000</u>	<u>120,000</u>
	<u>3,605,000</u>	<u>-</u>	<u>500,000</u>	<u>3,105,000</u>	<u>525,000</u>
Certificates of participation:					
2004 Series	6,530,000	-	355,000	6,175,000	365,000
2004 Series - Deferred loss	(401,085)	-	(27,661)	(373,424)	-
2005 Series	865,000	-	130,000	735,000	135,000
2006 Series	1,940,000	-	35,000	1,905,000	35,000
2007 J.R. Lien Series	2,415,000	-	90,000	2,325,000	95,000
2008 J.R. Lien Series	<u>1,325,000</u>	<u>-</u>	<u>75,000</u>	<u>1,250,000</u>	<u>75,000</u>
	<u>12,673,915</u>	<u>-</u>	<u>657,339</u>	<u>12,016,576</u>	<u>705,000</u>
Total debt	16,278,915	-	1,157,339	15,121,576	1,230,000
Capital leases:					
May 2004 MEL	56,725	-	56,725	-	-
March 2005 MEL	63,484	-	14,954	48,530	15,550
April 2010 MEL	<u>-</u>	<u>545,324</u>	<u>-</u>	<u>545,324</u>	<u>-</u>
Total capital leases	120,209	545,324	71,679	593,854	15,550
Accrued compensated absences	<u>132,918</u>	<u>14,818</u>	<u>-</u>	<u>147,736</u>	<u>147,736</u>
Total governmental activities	<u>\$ 16,532,042</u>	<u>\$ 560,142</u>	<u>\$ 1,229,018</u>	<u>\$ 15,863,166</u>	<u>\$ 1,393,286</u>
Business-type activities					
Sewer Revenue Bond, Series 2006	\$ 280,000	\$ -	\$ 35,000	\$ 245,000	\$ 35,000
Accrued compensated absences	<u>2,070</u>	<u>4,467</u>	<u>-</u>	<u>6,537</u>	<u>6,537</u>
Total business-type activities	<u>\$ 282,070</u>	<u>\$ 4,467</u>	<u>\$ 35,000</u>	<u>\$ 251,537</u>	<u>\$ 41,537</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

All long-term obligations are funded from resources from the General, Special Revenue, and Sewer Funds. Normal interest cost for the year ended June 30, 2010, was approximately \$629,000, all of which was expensed.

Interest paid on the debt issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2010.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2010, the City had \$3,105,000 of bonded debt subject to the 8% limit of approximately \$5,012,230 resulting in an unused legal debt margin of approximately \$1,907,230.

The annual requirements to amortize debt outstanding for the City's governmental and business-type activities at June 30, 2010, were as follows:

<u>Years ending June 30,</u>	<u>Bonds</u>		<u>Certificates of participation</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities					
2011	\$ 525,000	\$ 127,646	\$ 705,000	\$ 411,647	\$ 1,769,293
2012	540,000	106,057	730,000	388,139	1,764,196
2013	430,000	83,886	755,000	363,837	1,632,723
2014	410,000	65,817	785,000	338,560	1,599,377
2015	430,000	48,416	815,000	312,286	1,605,702
2016-2020	635,000	85,584	4,475,000	1,139,470	6,335,054
2021-2025	135,000	8,282	3,630,000	378,864	4,152,146
2026-2030	-	-	495,000	36,900	531,900
Totals	<u>\$ 3,105,000</u>	<u>\$ 525,688</u>	<u>\$ 12,390,000</u>	<u>\$ 3,369,703</u>	<u>\$ 19,390,391</u>
Business-Type Activities					
2011	\$ 35,000	\$ 9,506	\$ -	\$ -	\$ 44,506
2012	40,000	8,148	-	-	48,148
2013	40,000	6,596	-	-	46,596
2014	40,000	5,044	-	-	45,044
2015	45,000	3,492	-	-	48,492
2016-2020	45,000	1,746	-	-	46,746
Totals	<u>\$ 245,000</u>	<u>\$ 34,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,532</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

As of June 30, 2010, future minimum lease payments under capital leases were as follows:

<u>Years ending June 30,</u>	<u>Capital leases</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
Governmental activities			
2011	\$ 15,550	\$ 26,270	\$ 41,820
2012	115,872	23,439	139,311
2013	120,991	18,204	139,195
2014	108,855	12,795	121,650
2015	113,741	7,842	121,583
<u>2016-2020</u>	<u>118,845</u>	<u>2,667</u>	<u>121,512</u>
Totals	<u>\$ 593,854</u>	<u>\$ 91,217</u>	<u>\$ 685,071</u>

Advance and current refunding

The City issued the 2004 COPS in April 2004 to (a) payoff the 2003 COPS ("Current Refunding") and to (b) advance refund the 2000 COPS (by purchasing U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments). As a result of the above, the 2000 COPS are considered defeased and the liability has been removed from the City's governmental activities column of the statement of net assets. The outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2010 was approximately \$2,955,000.

NOTE 9 - NET ASSETS

Net assets represent the difference between assets and liabilities. The restricted net asset amounts were as follows:

	<u>Governmental</u>	<u>Business-type</u>
Invested in Capital Assets, Net of Related Debt:		
Net capital assets	\$ 35,549,622	\$ 5,726,249
Less: Bonds payable, net	(15,121,576)	(245,000)
Capital lease payable	(593,854)	-
Add: Unspent lease proceeds	<u>297,204</u>	<u>-</u>
	<u>20,131,396</u>	<u>5,481,249</u>
Restricted for Capital Activity	525,435	-
Deductions:		
Unspent lease proceeds	<u>(297,204)</u>	<u>-</u>
	<u>228,231</u>	<u>-</u>
Unrestricted	<u>2,166,755</u>	<u>447,168</u>
Total net assets	<u>\$ 22,526,382</u>	<u>\$ 5,928,417</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

The City entered into a lease agreement dated December 1, 2000, with its blended component unit, the Corporation, to lease a recreation complex. The lease term ends on January 1, 2020. If, however, at the end of any fiscal year, the Council or the City has not appropriated sufficient funds for the lease payments for the ensuing fiscal year, the lease will be deemed terminated without penalty to or further obligation by the City. Continuance of payment on the lease is subject to annual appropriations from accommodation and hospitality taxes, and neither the obligations of the City, under the lease nor the COP, constitutes a legal debt of the City.

NOTE 11 - RETIREMENT PLANS

Pension Plan description

Substantially all City employees are members of the South Carolina Retirement System ("SCRS") or the Police Officers Retirement System ("PORS"). The South Carolina Retirement System and the Police Officers Retirement System are cost-sharing multi-employer defined benefit pension plans administered by the South Carolina Retirement Systems; a division of the South Carolina State Budget and Control Board. Both systems 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. Only the South Carolina State Budget and Control Board has the authority to establish and amend benefits. Comprehensive Annual Financial Reports containing financial statements and required supplementary information for the Systems are issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Pension Plan funding policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employees covered under PORS were required to contribute 6.5% of their salary. Employees covered under SCRS were required to contribute 6.5% of their salary through June 30, 2010. The City was required to contribute 10.65% of gross earnings under PORS. The City was required to contribute 9.24% under SCRS. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .20% of payroll for PORS and .15% of payroll for SCRS to provide a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The City contributed amounts equal to the required contribution to the SCRS of approximately \$210,500, PORS of \$343,000; SCRS of approximately \$226,000, PORS of \$345,000; and SCRS of \$237,000, PORS of \$332,000; for the years ended June 30, 2010, 2009, and 2008 respectively. Only the South Carolina State Budget and Control Board has authority to establish and amend the funding policy.

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program after July 1, 2005 are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit.

(Continued)

NOTE 11 - RETIREMENT PLANS, continued

Deferred Compensation Plan

The City employees may participate in the 457 and/or 401(k) deferred compensation plans, which are available to state and local governmental employees and administered by a state approved nongovernmental third party. The plans, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation plans are not available to employees until termination, retirement, death or unforeseeable emergency.

South Carolina Deferred Compensation Program, c/o ING, Post Office Box 5182, Boston, MA 02206-5182 (under state contract) is the program administrator of the 457 plan as well as the 401k plan, which is also available to County and component unit employees at their option.

NOTE 12 - OTHER POST-RETIREMENT BENEFITS (OPEB)

Employees retiring from the City with a minimum of 20 years service, or who have a total of ten years of medical coverage under the City's group health insurance program, shall be eligible to participate in the Retiree Insurance Plan, at the retiree's expense, until age 65 or Medicare eligible whichever comes first. The City retains the right to terminate or modify these benefits at any time subject to applicable law. Currently, the City has one employee that meets the eligibility requirements.

As the City incurs no cost under this arrangement, the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions do not impact the City.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The City purchases commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health insurance benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City is routinely the subject of litigation by a variety of plaintiffs. The City management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The City obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2010, the City made premium payments totaling approximately \$261,928. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

(Continued)

NOTE 13 - RISK MANAGEMENT, continued

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays a quarterly premium to SCMIT. In the year ended June 30, 2010, the City made premium payments totaling approximately \$213,276. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Grants

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2010, there were expenditures in excess of the revised budget. These overages were covered by existing fund balance.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The State of South Carolina sets an 8% general obligation debt ceiling limit on municipalities. The City has been advised by legal counsel that the debt of the Simpsonville Public Facilities Corporation does not count against the debt ceiling limit of the City. In the event that such debt of the Corporation would be determined to be a debt of the City, the impact cannot presently be determined on these basic financial statements.

In July 2005, the City entered into a new agreement with Greenville County whereby the City will provide fire protection services to the unincorporated area of Greenville County known as the Simpsonville Fire Service Area. The County will pay the City operating and debt service fees based on millage (presently 22.7 mills). This agreement expires in June 2015 but is automatically renewed each year thereafter for one year terms; however, either party may terminate the agreement subject to a 90 day written notice to the other party prior to the annual June 30 expiration date.

In addition, the County issued a \$990,000 general obligation bond, with the proceeds to be used to provide funding for the costs of (i) the acquisition and equipping of a rescue truck and fire engines; and (ii) the acquisition of property for the constructing of a fire substation, all to be owned and operated by the City, among other uses. In accordance with the terms of this agreement and the bond documents, the City has no obligation for the repayment of this indebtedness.

NOTE 15 - SUBSEQUENT EVENTS

The City issued a Tax Anticipation Note on July 1, 2010 for \$2,500,000, due April 15, 2011, bearing interest at an annual rate of 2.13%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance Over (under)
REVENUES			
Taxes:			
Property	\$ 6,204,219	\$ 6,491,722	\$ 287,503
MASC Telecommunication and Insurance	1,515,333	1,556,435	41,102
Franchise	1,156,045	1,189,307	33,262
Licenses, permits and fees	1,306,046	1,260,505	(45,541)
Grants	227,452	503,861	276,409
Fines	89,137	108,999	19,862
Shared Revenue:			
County	100,000	101,622	1,622
State	479,500	440,873	(38,627)
Interest	10,000	19,772	9,772
Other	631,548	603,208	(28,340)
Total revenues	<u>11,719,280</u>	<u>12,276,304</u>	<u>557,024</u>
EXPENDITURES			
Current:			
General government			
Mayor and City Council	90,711	74,559	16,152
City Administration	1,408,056	1,298,385	109,671
Public safety			
Police Department	2,745,187	2,621,410	123,777
Fire Department	2,803,066	2,821,589	(18,523)
Public works	2,321,068	1,846,258	474,810
Recreation and Parks	1,099,632	1,284,059	(184,427)
Capital Outlay	-	765,419	(765,419)
Debt service:			
Principal Reduction	571,703	571,679	24
Interest	213,683	275,152	(61,469)
Total expenditures	<u>11,253,106</u>	<u>11,558,510</u>	<u>(305,404)</u>
Excess (deficiency) of revenues over expenditures	<u>466,174</u>	<u>717,794</u>	<u>251,620</u>
OTHER FINANCING SOURCES			
Proceeds from the sale of capital assets	-	30,019	30,019
Insurance proceeds	-	18,579	18,579
Master Lease Proceeds	-	545,324	545,324
Transfers out	-	(110,799)	(110,799)
Total financing sources	<u>-</u>	<u>483,123</u>	<u>483,123</u>
NET CHANGE IN FUND BALANCE	466,174	1,200,917	734,743
FUND BALANCE, BEGINNING OF YEAR	<u>701,626</u>	<u>701,626</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,167,800</u>	<u>\$ 1,902,543</u>	<u>\$ 734,743</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance Over (under)
REVENUES			
Taxes:			
Hospitality and Accomodations	\$ 1,290,760	\$ 1,279,757	\$ (11,003)
Interest	-	458	458
Miscellaneous	-	180	180
Total revenues	<u>1,290,760</u>	<u>1,280,395</u>	<u>(10,365)</u>
EXPENDITURES			
Current - general government			
Professional services	-	31,989	31,989
Trust fees	4,000	9,865	5,865
Total expenditures	<u>4,000</u>	<u>41,854</u>	<u>37,854</u>
Excess (deficiency) of revenues over expenditures	<u>1,286,760</u>	<u>1,238,541</u>	<u>(48,219)</u>
OTHER FINANCING SOURCES			
Transfers out	(1,119,478)	(1,138,090)	(18,612)
Total financing sources	<u>(1,119,478)</u>	<u>(1,138,090)</u>	<u>(18,612)</u>
NET CHANGE IN FUND BALANCE	167,282	100,451	(66,831)
FUND BALANCE, BEGINNING OF YEAR	<u>608,178</u>	<u>608,178</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 775,460</u></u>	<u><u>\$ 708,629</u></u>	<u><u>\$ (66,831)</u></u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
GENERAL GOVERNMENT			
Mayor And City council:			
Current			
Salaries	\$ 46,000	\$ 47,220	\$ (1,220)
Tax-Payroll	3,482	3,324	158
Retirement	2,122	2,416	(294)
Insurance-Group	20,000	13,893	6,107
Insurance-Worker's Compensation	1,406	1,562	(156)
Auto & Truck	300	10	290
Professional Training	200	-	200
Discretionary Funds	14,000	3,472	10,528
Due, Subscriptions, and Memberships	800	365	435
Local Meetings and Meals	200	112	88
Office and Printing	600	731	(131)
Supplies	200	143	57
Employee Auto Allowance	400	-	400
Telephone, Modem and Fax	1,000	1,311	(311)
Total Mayor and City Council	<u>90,710</u>	<u>74,559</u>	<u>16,151</u>
City Administration: General			
Current			
Salaries	398,296	382,587	15,709
Overtime	-	221	(221)
Tax-Payroll	29,608	28,031	1,577
Retirement	37,400	38,232	(832)
Unemployment	5,689	1,370	4,319
Insurance-Group	45,000	35,685	9,315
Insurance- Worker's Compensation	7,784	10,546	(2,762)
Auto & Truck	4,200	3,049	1,151
Professional Training	8,550	7,972	578
Contractual Services- Professional	59,000	66,537	(7,537)
Due, Subscriptions, and Memberships	7,250	6,446	804
Supplies-Office	5,400	6,426	(1,026)
Supplies-Other	1,200	1,983	(783)
Telephone, Modem, and Fax	42,500	33,293	9,207
IT Communications	2,800	3,774	(974)
Small Equipment	1,500	251	1,249
Non-Capital Furniture	-	1,398	(1,398)
Utilities	112,300	131,166	(18,866)
Tort Liability	238,000	212,246	25,754
Physical Examinations and Drug/Alcohol Testing	2,250	100	2,150

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
City Administration: General, Continued			
Current			
Local Meetings and Meals	2,000	920	1,080
Leases-Equipment	23,800	15,751	8,049
Bank Fees	1,000	5,173	(4,173)
Building Inspection Fees	95,000	53,398	41,602
Advertising	3,600	1,185	2,415
Community Relations	79,900	49,538	30,362
Employee Recognition	2,200	-	2,200
Miscellaneous	1,500	31,547	(30,047)
Postage	6,000	5,154	846
Equipment-Tools	-	360	(360)
Business Service	1,900	1,816	84
Printing	2,050	1,071	979
Repairs & Maintenance-Buildings	8,500	5,430	3,070
Repairs & Maintenance-Equipment	1,000	4,392	(3,392)
County Stormwater Fees	3,000	5,775	(2,775)
Contingency	15,000	3,375	11,625
Total Administration	1,255,177	1,156,198	98,979
City Administration: Court Division			
Current			
Salaries	102,863	97,155	5,708
Tax-Payroll	7,422	7,452	(30)
Retirement	10,352	10,404	(52)
Insurance-Group	15,564	14,476	1,088
Insurance-Worker's Compensation	2,976	2,288	688
Auto & Truck	500	36	464
Professional Training	800	1,013	(213)
Supplies-Office	300	239	61
Telephone, Modem, and Fax	2,100	160	1,940
IT Communications	2,800	3,193	(393)
Printing	300	66	234
Jurors, Bailiffs and Witnesses	6,500	5,320	1,180
Court Equipment Grant	-	385	(385)
Contingency	400	-	400
Total Court Administration	152,877	142,187	10,690
Total City Administration	1,408,054	1,298,385	109,669

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Police Department: Operations			
Current			
Salaries	1,396,352	1,394,690	1,662
Overtime	134,000	102,380	31,620
Tax-Payroll	102,284	110,703	(8,419)
Retirement	153,337	164,152	(10,815)
Unemployment	1,630	12,313	(10,683)
Insurance-Group	206,017	191,395	14,622
Insurance-Worker's Compensation	63,561	81,225	(17,664)
Auto & Truck	142,400	73,142	69,258
Professional Training	15,000	3,267	11,733
Contractual Services-Inmate Labor	2,000	1,945	55
Due, Subscriptions, and Memberships	2,500	1,500	1,000
Supplies-Office	6,500	3,909	2,591
Supplies-Other	3,300	2,998	302
Supplies-Safety	1,500	866	634
Supplies-Police	800	50	750
Telephone, Modem, and Fax	29,720	20,897	8,823
IT Communications	1,000	167	833
Small Equipment	500	-	500
Utilities	27,000	18,422	8,578
Physical Examinations and Drug/Alcohol Testing	10,000	1,800	8,200
Local Meetings and Meals	500	470	30
Leases-Equipment	2,200	3,684	(1,484)
Advertising	200	-	200
Drug Grant Expenditures	-	1,410	(1,410)
Police Equipment Grant Expenditures	-	30,554	(30,554)
Community Relations	2,500	-	2,500
Vehicle license fees	2,512	400	2,112
Postage	1,500	1,052	448
Uniforms	27,500	9,367	18,133
Employee Uniform Allowance	7,000	-	7,000
Printing	1,000	198	802
Repairs and Maintenance- Buildings	10,000	1,579	8,421
Repairs and Maintenance- Equipment	9,000	6,031	2,969
Repairs and Maintenance-Radios	12,500	8,869	3,631
Small Tools and Equipment	600	559	41
Contingency	3,000	9,286	(6,286)
Firearms/Ammunition	6,000	520	5,480
Chemicals	500	-	500
Informant Fees	500	-	500
Housing-Inmate	27,500	24,058	3,442

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Police Department: Operations, Continued			
Current			
Housing-Juvenile	3,000	6,509	(3,509)
Police Services	4,500	3,421	1,079
Grant Fund Expenditures	-	13,600	(13,600)
Total Operations	2,421,413	2,307,388	114,025
Police Department: Dispatch			
Current			
Salaries	214,416	217,985	(3,569)
Overtime	13,000	11,509	1,491
Tax-Payroll	16,117	16,800	(683)
Retirement	20,134	21,455	(1,321)
Unemployment	1,440	-	1,440
Insurance-Group	36,398	36,917	(519)
Insurance- Worker's Compensation	4,339	5,448	(1,109)
Professional Training	3,000	-	3,000
Due, Subscriptions, and Memberships	450	-	450
Supplies-Other	200	-	200
IT Communications	6,880	3,783	3,097
Physical Examinations and Drug/Alcohol Testing	2,400	125	2,275
Repairs and Maintenance-Equipment	1,500	-	1,500
Repairs and Maintenance-Radios	1,000	-	1,000
Uniforms	1,500	-	1,500
Contingency	1,000	-	1,000
Total Dispatch	323,774	314,022	9,752
Total Police Department	2,745,187	2,621,410	123,777
Fire Department			
Current			
Salaries	1,866,918	1,839,986	26,932
Overtime	-	17,781	(17,781)
Tax-Payroll	130,698	132,628	(1,930)
Retirement	200,447	202,345	(1,898)
Unemployment	8,715	332	8,383
Insurance-Group	279,867	305,226	(25,359)
Insurance-Worker's Compensation	59,020	73,559	(14,539)
Auto & Truck	45,000	34,071	10,929
Professional Training	16,000	11,044	4,956
Due, Subscriptions, and Memberships	3,600	2,460	1,140

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Fire Department, Continued			
Current			
Supplies-Office	5,000	2,677	2,323
Supplies-Other	6,000	7,874	(1,874)
Supplies-Safety	41,800	19,062	22,738
Landscaping	750	113	637
Telephone, Modem, and Fax	18,650	14,520	4,130
IT Communications	200	150	50
Small Equipment	1,500	163	1,337
Utilities	30,000	34,250	(4,250)
Leases-Equipment	-	4,166	(4,166)
Fuel Usage	-	38	(38)
Professional Fees	-	900	(900)
Physical Examinations and Drug/Alcohol Testing	12,400	11,670	730
Local Meetings and Meals	1,000	586	414
Community Relations	1,500	1,522	(22)
Grant Expenditures	-	41,478	(41,478)
Postage	400	67	333
Uniforms	25,000	24,707	293
Printing	500	-	500
Repairs and Maintenance-Buildings	13,500	11,330	2,170
Repairs and Maintenance-Equipment	22,400	17,524	4,876
Repairs and Maintenance-Radios	5,000	3,278	1,722
Contingency	1,000	1,029	(29)
Chemicals	1,200	826	374
Equipment-Tools	1,000	90	910
Tuition Reimbursement	4,000	4,137	(137)
Total Fire Department	2,803,065	2,821,589	(18,524)
Public Works: Sanitation, Maintenance and Administration			
Current			
Salaries	863,671	771,871	91,800
Overtime	-	12,917	(12,917)
Tax-Payroll	63,198	57,866	5,332
Retirement	81,099	76,512	4,587
Unemployment	8,267	12,766	(4,499)
Insurance-Group	152,907	148,306	4,601
Insurance-Worker's Compensation	42,359	42,127	232
Auto & Truck	250,000	109,204	140,796
Professional Training	5,100	350	4,750
Contractual Services-Inmate Labor	107,000	77,996	29,004

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration, Continued			
Current			
Contractual Services-Professional	15,000	2,689	12,311
Due, Subscriptions, and Memberships	600	-	600
Leases-Equipment	1,500	2,188	(688)
Supplies-Electric and Lighting	15,000	10,457	4,543
Supplies-Cement and Masonry	9,600	3,866	5,734
Supplies-Asphalt and Paving	8,000	5,940	2,060
Supplies-Office	2,000	1,126	874
Supplies-Other	3,300	3,166	134
Supplies-Safety	4,000	1,778	2,222
Landscaping	31,000	14,214	16,786
Telephone, Modem, and Fax	15,000	8,605	6,395
Small Equipment	300	688	(388)
Utilities	19,000	22,984	(3,984)
Physical Examinations and Drug/Alcohol Testing	1,500	165	1,335
Employee Recognition	800	715	85
Miscellaneous	13,200	3,389	9,811
Local Meetings and Meals	800	-	800
Postage	300	149	151
Uniforms	13,500	11,822	1,678
Printing	500	-	500
Repairs and Maintenance-Facilities	8,000	5,955	2,045
Repairs and Maintenance-Buildings	12,000	14,631	(2,631)
Repairs and Maintenance-Equipment	3,000	7,980	(4,980)
Repairs and Maintenance-Radios	1,500	-	1,500
Repairs and Maintenance-Other	-	83	(83)
Tires	-	86	(86)
Chemicals	45,000	13,236	31,764
Inmate Health Care	2,000	-	2,000
Equipment-Tools	7,000	3,535	3,465
Cost of Waste Cans	30,000	25,211	4,789
Emergency Management Grant Expenditures	-	8,736	(8,736)
Oil Grant Expenditures	-	4,638	(4,638)
Forestry Grant Expenditures	-	15,000	(15,000)
Tipping Fees	62,000	50,384	11,616
Total Sanitation, Maintenance and Administration	1,899,001	1,553,331	345,670

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Public Works Department: Fleet Division			
Current			
Salaries	137,259	118,020	19,239
Overtime	-	1,167	(1,167)
Tax-Payroll	9,921	8,567	1,354
Retirement	12,889	11,053	1,836
Insurance-Group	22,518	26,204	(3,686)
Insurance-Worker's Compensation	3,880	4,177	(297)
Auto & Truck-General	54,500	45,227	9,273
Auto & Truck-Office	300	105	195
Auto & Truck-Other	500	552	(52)
Auto & Truck-Safety	500	37	463
Miscellaneous	1,000	636	364
Telephone, Modem, and Fax	1,200	427	773
Uniforms	2,000	2,818	(818)
Leases-Equipment	500	-	500
Repairs and Maintenance-Buildings	1,000	162	838
Repairs and Maintenance-Equipment	170,000	70,507	99,493
Repairs and Maintenance-Facilities	1,000	354	646
Postage	300	-	300
Chemicals	1,800	410	1,390
Oils and Lubricants	-	2,074	(2,074)
Equipment-Tools	1,000	430	570
Total Fleet	<u>422,067</u>	<u>292,927</u>	<u>129,140</u>
Total Public Works	<u>2,321,068</u>	<u>1,846,258</u>	<u>474,810</u>
Recreation Department			
Recreation			
Current			
Salaries	151,261	152,677	(1,416)
Overtime	-	2,885	(2,885)
Tax-Payroll	11,299	11,901	(602)
Retirement	12,250	13,745	(1,495)
Unemployment	4,470	654	3,816
Insurance-Group	25,000	20,055	4,945
Insurance-Worker's Compensation	3,624	4,666	(1,042)
Insurance-General	5,000	623	4,377
Auto& Truck	14,000	10,710	3,290
Professional Training	1,500	-	1,500
Contractual Services-Inmate Labor	3,250	3,094	156
Contactual Services- Recreation	169,000	121,454	47,546

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Recreation, Continued			
Current			
Due, Subscriptions, and Memberships	1,200	125	1,075
Supplies-Recreation	-	1,480	(1,480)
Supplies- Electric and Lighting	2,000	762	1,238
Supplies- Cement and Masonry	-	46	(46)
Supplies-Office	2,200	1,108	1,092
Supplies-Other	6,000	3,600	2,400
Supplies-Safety	500	315	185
Supplies-Landscaping	2,500	484	2,016
Telephone, Modem and Fax	9,600	5,922	3,678
Temporary Employees	1,000	-	1,000
Small Equipment	1,055	-	1,055
Utilities	65,000	62,180	2,820
Physical Examinations and Drug/Alcohol Testing	-	135	(135)
Leases-Equipment	970	-	970
Advertising	1,500	428	1,072
Postage	450	23	427
Uniforms	2,100	2,488	(388)
Printing	800	245	555
Repairs and Maintenance-Facilities	4,000	3,948	52
Repairs and Maintenance- Buildings	9,000	11,413	(2,413)
Repairs and Maintenance- Equipment	4,500	5,060	(560)
Contingency	1,000	186	814
Grant Fund Expenditures	27,621	12,039	15,582
Chemicals	400	-	400
Equipment- Rent	-	3,790	(3,790)
Equipment-Tools	1,000	946	54
Total Recreation	545,050	459,187	85,863
Heritage Park			
Current			
Salaries	110,332	115,293	(4,961)
Overtime	-	742	(742)
Tax-Payroll	7,945	8,631	(686)
Retirement	7,438	7,947	(509)
Insurance-Group	25,000	17,990	7,010
Insurance-Worker's Compensation	2,517	2,531	(14)
Auto & Truck	4,500	3,936	564
Professional Training	500	-	500
Due, Subscriptions, and Memberships	1,200	60	1,140
Supplies-Recreation	10,000	4,021	5,979

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Heritage Park, Continued			
Current			
Supplies-Electric and Lighting	-	21	(21)
Supplies-Office	2,200	768	1,432
Supplies-Other	7,800	3,859	3,941
Supplies-Safety	1,000	411	589
Telephone, Modem and Fax	7,000	3,504	3,496
IT Communications	-	1,368	(1,368)
Utilities	137,000	155,144	(18,144)
Advertising	1,500	563	937
Community Relations	-	1,325	(1,325)
Postage	450	218	232
Uniforms	-	240	(240)
Printing	900	500	400
Repairs and Maintenance- Facilities	5,000	6,146	(1,146)
Repairs and Maintenance- Buildings	7,500	9,453	(1,953)
Repairs and Maintenance- Equipment	11,000	6,122	4,878
Contingency	1,000	-	1,000
Equipment- Rent	-	1,978	(1,978)
NonCapital Equipment	-	2,361	(2,361)
Promotional	2,000	1,168	832
Cost of Concession Goods Sold	60,000	43,345	16,655
Total Heritage Park	<u>413,782</u>	<u>399,645</u>	<u>14,137</u>
Amphitheatre			
Current			
Personnel and Events	137,000	318,970	(181,970)
Ticket Booth	-	850	(850)
Telephone, Modem, and Fax	300	11,234	(10,934)
IT Communications	3,500	5,354	(1,854)
Supplies	-	8,180	(8,180)
Repairs and Maintenance	-	17,317	(17,317)
Landscaping	-	3,600	(3,600)
Tools and Small Equipment	-	489	(489)
Equipment Rental	-	808	(808)
Non-Capital Equipment	-	2,691	(2,691)
Miscellaneous	-	193	(193)
Printing	-	41	(41)
Professional Fees	-	55,500	(55,500)
Total Amphitheatre	<u>140,800</u>	<u>425,227</u>	<u>(284,427)</u>
Total Recreation and Parks	<u>1,099,632</u>	<u>1,284,059</u>	<u>(184,427)</u>

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET AND ACTUAL
For the year ended June 30, 2010

	Budget - original and final	Actual	Variance
Capital Outlay	<u>-</u>	<u>765,419</u>	<u>(765,419)</u>
Debt Service			
Principal Reduction	571,703	571,679	24
Interest	<u>213,683</u>	<u>275,152</u>	<u>(61,469)</u>
Total Expenditures	<u>\$ 11,253,102</u>	<u>\$ 11,558,510</u>	<u>\$ (305,408)</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Total Non-Major Funds
ASSETS				
Cash and cash equivalents, restricted	\$ 122,737	\$ 228,231	\$ -	\$ 350,968
Receivables, net:				
Accounts	2,500	-	-	2,500
Due from:				
Other funds	1,036	-	-	1,036
Total assets	<u><u>\$ 126,273</u></u>	<u><u>\$ 228,231</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 354,504</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 874	\$ 373,703	\$ -	\$ 374,577
Total liabilities	<u>874</u>	<u>373,703</u>	<u>-</u>	<u>374,577</u>
FUND BALANCES				
Reserved:				
Capital purposes	-	228,231	-	228,231
Specific purposes	125,399	-	-	125,399
Unreserved:				
Undesignated (deficit)	-	(373,703)	-	(373,703)
Total fund (deficit) balances	<u>125,399</u>	<u>(145,472)</u>	<u>-</u>	<u>(20,073)</u>
Total liabilities and fund balances	<u><u>\$ 126,273</u></u>	<u><u>\$ 228,231</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 354,504</u></u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Victims' Assistance Fund	Non-Major Special Revenue Funds
ASSETS							
Cash and cash equivalents, restricted	\$ 3,710	\$ 27,071	\$ 13,126	\$ 100	\$ 40,510	\$ 38,220	\$ 122,737
Receivables, net:							
Accounts	-	-	-	-	2,500	-	2,500
Due from:							
Other funds	-	-	-	-	-	1,036	1,036
Total assets	<u>\$ 3,710</u>	<u>\$ 27,071</u>	<u>\$ 13,126</u>	<u>\$ 100</u>	<u>\$ 43,010</u>	<u>\$ 39,256</u>	<u>\$ 126,273</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 874	\$ -	\$ 874
Total liabilities	-	-	-	-	874	-	874
FUND BALANCES							
Reserved:							
Specific items	3,710	27,071	13,126	100	42,136	39,256	125,399
Total fund balances	3,710	27,071	13,126	100	42,136	39,256	125,399
Total liabilities and fund balances	<u>\$ 3,710</u>	<u>\$ 27,071</u>	<u>\$ 13,126</u>	<u>\$ 100</u>	<u>\$ 43,010</u>	<u>\$ 39,256</u>	<u>\$ 126,273</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Capital Projects Fund	Bryson Meadows Project Fund	Stewart Park Project Fund	Non-Major Capital Project Funds
ASSETS				
Cash and cash equivalents, restricted	\$ -	\$ 197,445	\$ 30,786	\$ 228,231
Total assets	\$ -	\$ 197,445	\$ 30,786	\$ 228,231
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 373,703	\$ -	\$ -	\$ 373,703
Total liabilities	<u>373,703</u>	<u>-</u>	<u>-</u>	<u>373,703</u>
FUND BALANCES				
Reserved:				
Capital purposes	-	197,445	30,786	228,231
Specific purposes	-	-	-	-
Unreserved:				
Undesignated (deficit)	<u>(373,703)</u>	<u>-</u>	<u>-</u>	<u>(373,703)</u>
Total fund (deficit) balances	<u>(373,703)</u>	<u>197,445</u>	<u>30,786</u>	<u>(145,472)</u>
Total liabilities and fund balances	\$ -	\$ 197,445	\$ 30,786	\$ 228,231

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2010

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Debt Service Fund	Total Non-Major Governmental Funds
REVENUES				
Fines	\$ 16,025	\$ -	\$ -	\$ 16,025
Shared Revenue:				
County	52,500	228,016	-	280,516
State	75,628	-	-	75,628
Interest	968	215	-	1,183
Other	95,872	-	-	95,872
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	240,993	228,231	-	469,224
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General government				
City Administration	140,830	-	-	140,830
Public safety				
Fire Department	74,820	-	-	74,820
Capital Outlay	10,743	-	-	10,743
Debt service:				
Principal Reduction	-	-	685,000	685,000
Interest	-	-	453,090	453,090
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	226,393	-	1,138,090	1,364,483
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	14,600	228,231	(1,138,090)	(895,259)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES				
Transfers in	110,799	-	1,138,090	1,248,889
	<hr/>	<hr/>	<hr/>	<hr/>
Total financing sources	110,799	-	1,138,090	1,248,889
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	125,399	228,231	-	353,630
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, BEGINNING OF YEAR	-	(373,703)	-	(373,703)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, END OF YEAR	\$ 125,399	\$ (145,472)	\$ -	\$ (20,073)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2010

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Victims' Assistance Fund	Non-Major Special Revenue Funds
REVENUES							
Fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,025	\$ 16,025
Shared Revenue:							-
County	-	-	-	-	52,500	-	52,500
State	-	-	75,628	-	-	-	75,628
Interest	35	275	15	-	379	264	968
Other	630	95,142	-	100	-	-	95,872
Total revenues	665	95,417	75,643	100	52,879	16,289	240,993
EXPENDITURES							
Current:							
General government							
City Administration	-	132,507	-	-	-	8,323	140,830
Public safety							
Fire Department	-	-	74,820	-	-	-	74,820
Capital Outlay	-	-	-	-	10,743	-	10,743
Total expenditures	-	132,507	74,820	-	10,743	8,323	226,393
Excess (deficiency) of revenues over expenditures	665	(37,090)	823	100	42,136	7,966	14,600
OTHER FINANCING SOURCES							
Transfers in	3,045	64,161	12,303	-	-	31,290	110,799
Total financing sources	3,045	64,161	12,303	-	-	31,290	110,799
NET CHANGE IN FUND BALANCE	3,710	27,071	13,126	100	42,136	39,256	125,399
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	\$ 3,710	\$ 27,071	\$ 13,126	\$ 100	\$ 42,136	\$ 39,256	\$ 125,399

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NON-MAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2010

	Capital Projects Fund	Bryson Meadows Project Fund	Stewart Park Project Fund	Non-Major Capital Project Funds
REVENUES				
Shared Revenue:				
County	\$ -	\$ 197,250	\$ 30,766	\$ 228,016
Interest	-	195	20	215
Total revenues	-	197,445	30,786	228,231
EXPENDITURES				
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	-	197,445	30,786	228,231
FUND BALANCE, BEGINNING OF YEAR	(373,703)	-	-	(373,703)
FUND BALANCE, END OF YEAR	\$ (373,703)	\$ 197,445	\$ 30,786	\$ (145,472)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
For the year ended June 30, 2010

Court fines	
Court fines collected	\$ 108,999
Court fines retained by the City	<u>108,999</u>
Court fines remitted to the State Treasurer	<u><u>\$ -</u></u>
Court assessments	
Court assessments collected	\$ 117,335
Court assessments retained by the City	<u>12,494</u>
Court assessments remitted to the State Treasurer	<u><u>\$ 104,841</u></u>
Court surcharges	
Court surcharges collected	\$ 62,468
Court surcharges retained by the City	<u>3,531</u>
Court surcharges remitted to the State Treasurer	<u><u>\$ 58,937</u></u>
Victim Services	
Court assessments allocated to Victim Services	\$ 12,494
Court surcharges allocated to Victim Services	<u>3,531</u>
	16,025
Funds allocated to Victim Services	
Victim Services expenditures	<u>8,323</u>
Funds available for carryforward	<u><u>\$ 7,702</u></u>

STATISTICAL SECTION (UNAUDITED)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 17,922,370	\$ 18,639,103	\$ 14,649,377	\$ 15,570,428	\$ 18,430,994	\$ 19,499,855	\$ 20,131,396
Restricted	161,226	-	339,862	355,787	-	-	228,231
Unrestricted	<u>1,191,804</u>	<u>483,822</u>	<u>1,964,980</u>	<u>530,234</u>	<u>481,188</u>	<u>1,000,459</u>	<u>2,166,755</u>
Total governmental activities net assets	<u>\$ 19,275,400</u>	<u>\$ 19,122,925</u>	<u>\$ 16,954,219</u>	<u>\$ 16,456,449</u>	<u>\$ 18,912,182</u>	<u>\$ 20,500,314</u>	<u>\$ 22,526,382</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,724,234	\$ 3,033,775	\$ 5,471,158	\$ 5,322,458	\$ 5,481,249
Restricted	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>613,288</u>	<u>936,143</u>	<u>992,584</u>	<u>201,878</u>	<u>447,168</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,337,522</u>	<u>\$ 3,969,918</u>	<u>\$ 6,463,742</u>	<u>\$ 5,524,336</u>	<u>\$ 5,928,417</u>
Primary government							
Invested in capital assets, net of related debt	\$ 17,922,370	\$ 18,639,103	\$ 17,373,611	\$ 18,604,203	\$ 23,902,152	\$ 24,822,313	\$ 25,612,645
Restricted	161,226	-	339,862	355,787	-	-	228,231
Unrestricted	<u>1,191,804</u>	<u>483,822</u>	<u>2,578,268</u>	<u>1,466,377</u>	<u>1,473,772</u>	<u>1,202,337</u>	<u>2,613,923</u>
Total primary government net assets	<u>\$ 19,275,400</u>	<u>\$ 19,122,925</u>	<u>\$ 20,291,741</u>	<u>\$ 20,426,367</u>	<u>\$ 25,375,924</u>	<u>\$ 26,024,650</u>	<u>\$ 28,454,799</u>

(A) GASB 34 was not implemented until the 2004 fiscal year; net asset information is not available prior to that fiscal year.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 1,349,029	\$ 1,218,642	\$ 2,057,419	\$ 1,057,852	\$ 1,884,087	\$ 2,053,126	\$ 1,646,923
Public safety	4,431,552	4,763,954	4,495,325	5,564,184	6,037,966	5,798,629	5,976,691
Public service	2,174,271	2,511,132	2,731,964	2,393,753	143,939	2,299,782	2,329,839
Parks and recreation	1,058,845	1,070,130	1,282,466	2,098,220	1,670,735	1,856,827	1,717,238
Interest and other charges	495,663	538,508	711,440	682,171	758,389	605,924	754,683
Total governmental activities expenses	<u>9,509,360</u>	<u>10,102,366</u>	<u>11,278,614</u>	<u>11,796,180</u>	<u>10,495,116</u>	<u>12,614,288</u>	<u>12,425,374</u>
Business-type activities							
Sewer	-	-	-	407,449	628,172	557,810	589,381
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,449</u>	<u>628,172</u>	<u>557,810</u>	<u>589,381</u>
Total primary government activities expenses	<u>\$ 9,509,360</u>	<u>\$ 10,102,366</u>	<u>\$ 11,278,614</u>	<u>\$ 12,203,629</u>	<u>\$ 11,123,288</u>	<u>\$ 13,172,098</u>	<u>\$ 13,014,755</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 1,232,749	\$ 1,796,781	\$ 2,295,599	\$ 2,430,732	\$ 2,659,159	\$ 2,563,737	\$ 2,792,443
Public safety	144,062	216,581	257,659	261,601	170,680	156,833	143,604
Public works	175,550	413,047	470,913	-	-	130,536	136,680
Parks and recreation	-	96,640	95,231	112,025	103,878	128,319	117,434
Operating grants and contributions	508,372	362,913	511,303	389,889	311,778	183,278	474,938
Capital grants and contributions	-	-	-	-	342,452	1,225,236	597,479
Total governmental activities program revenues	<u>2,060,733</u>	<u>2,885,962</u>	<u>3,630,705</u>	<u>3,194,247</u>	<u>3,587,947</u>	<u>4,387,939</u>	<u>4,262,578</u>
Business-type activities							
Charges for services							
Sewer	-	-	-	767,310	686,456	600,603	776,773
Capital grants and contributions	-	-	-	272,535	2,435,540	-	211,838
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,845</u>	<u>3,121,996</u>	<u>600,603</u>	<u>988,611</u>
Total primary government program revenues	<u>\$ 2,060,733</u>	<u>\$ 2,885,962</u>	<u>\$ 3,630,705</u>	<u>\$ 4,234,092</u>	<u>\$ 6,709,943</u>	<u>\$ 4,988,542</u>	<u>\$ 5,251,189</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue							
Governmental activities	\$ (7,448,627)	\$ (7,216,404)	\$ (7,647,909)	\$ (8,601,933)	\$ (6,907,169)	\$ (8,226,349)	\$ (8,162,796)
Business-type activities	-	-	-	632,396	2,493,824	42,793	399,230
Total primary government net expense	<u>\$ (7,448,627)</u>	<u>\$ (7,216,404)</u>	<u>\$ (7,647,909)</u>	<u>\$ (7,969,537)</u>	<u>\$ (4,413,345)</u>	<u>\$ (8,183,556)</u>	<u>\$ (7,763,566)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes by source:							
Property tax	\$ 3,917,605	\$ 4,121,781	\$ 4,509,198	\$ 4,639,605	\$ 5,000,728	\$ 5,646,655	\$ 6,586,793
Accommodations taxes	747,092	925,893	1,116,394	1,199,782	1,274,349	1,131,741	1,348,159
MASC Telecommunications and insurance taxes	1,168,256	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435
Unrestricted state grants	113,469	364,373	397,018	419,589	467,349	450,697	372,471
Unrestricted investment earnings	14,577	37,808	35,419	71,793	114,637	17,709	21,413
Unrestricted donations and contributions	-	-	-	-	553,650	35,390	-
Gains on disposal/sale of capital assets	-	-	-	-	6,789	-	17,295
Miscellaneous revenues	-	168,869	217,014	273,409	303,182	68,810	286,298
Special item - gain on retirement plan termination	-	-	-	105,983	-	-	-
Transfers	-	-	-	-	-	983,909	-
Total governmental activities	<u>5,960,999</u>	<u>6,863,453</u>	<u>7,755,927</u>	<u>8,104,163</u>	<u>9,362,902</u>	<u>9,814,481</u>	<u>10,188,864</u>
Business-type activities							
Unrestricted investment earnings	-	-	-	-	-	1,481	4,851
Miscellaneous revenues	-	-	-	-	-	229	-
Transfers	-	-	-	-	-	(983,909)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(982,199)</u>	<u>4,851</u>
Total primary government	<u>5,960,999</u>	<u>6,863,453</u>	<u>7,755,927</u>	<u>8,104,163</u>	<u>9,362,902</u>	<u>8,832,282</u>	<u>10,193,715</u>
Change in Net Assets							
Governmental activities	\$ (1,487,628)	\$ (352,951)	\$ 108,018	\$ (497,770)	\$ 2,455,733	\$ 1,588,132	\$ 2,026,068
Business-type activities	-	-	-	632,396	2,493,824	(939,406)	404,081
Total primary government	<u>\$ (1,487,628)</u>	<u>\$ (352,951)</u>	<u>\$ 108,018</u>	<u>\$ 134,626</u>	<u>\$ 4,949,557</u>	<u>\$ 648,726</u>	<u>\$ 2,430,149</u>

(A) GASB 34 was not implemented until the 2004 fiscal year; change in net asset information is not available prior to that fiscal year.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007 *	2008	2009	2010
General Fund										
Reserved	\$ 936,395	\$ -	\$ -	\$ 868,561	\$ 1,139,681	\$ -	\$ -	\$ 143,632	\$ 35,166	\$ 496,567
Unreserved	2,415,928	2,961,303	2,590,778	1,247,665	728,841	2,077,903	1,583,179	669,173	666,460	1,405,976
Total General Fund	<u>3,352,323</u>	<u>2,961,303</u>	<u>2,590,778</u>	<u>2,116,226</u>	<u>1,868,522</u>	<u>2,077,903</u>	<u>1,583,179</u>	<u>812,805</u>	<u>701,626</u>	<u>1,902,543</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,889
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue funds	3,776,199	3,729,291	2,771,906	161,226	(191,155)	212,967	355,787	(95,123)	608,178	702,370
Capital projects funds	-	-	-	-	9,067	(992,017)	-	25,900	(373,703)	(373,703)
Debt service funds	-	-	-	921,384	-	-	-	-	-	-
Total all other governmental funds	<u>3,776,199</u>	<u>3,729,291</u>	<u>2,771,906</u>	<u>1,082,610</u>	<u>(182,088)</u>	<u>(779,050)</u>	<u>355,787</u>	<u>(69,223)</u>	<u>234,475</u>	<u>688,556</u>
Total all governmental funds	<u>\$ 7,128,522</u>	<u>\$ 6,690,594</u>	<u>\$ 5,362,684</u>	<u>\$ 3,198,836</u>	<u>\$ 1,686,434</u>	<u>\$ 1,298,853</u>	<u>\$ 1,938,966</u>	<u>\$ 743,582</u>	<u>\$ 936,101</u>	<u>\$ 2,591,099</u>

* \$623,899 was removed from the general fund and placed into the sewer fund

CITY OF SIMPSONVILLE, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes by source:										
Property tax	\$ 3,514,611	\$ 4,234,921	\$ 3,933,218	\$ 3,928,550	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722
Accommodations tax	377,470	638,476	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757
MASC Telecommunications and insurance	876,765	937,393	978,130	1,119,143	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435
Franchise	-	-	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307
Intergovernmental	608,955	907,578	724,087	598,060	727,286	1,006,777	809,480	661,586	615,454	898,639
Charges for services	47,277	43,760	10,316	178,965	413,047	470,913	357,780	-	-	-
Fines and forfeitures	221,742	144,439	161,261	144,066	228,842	246,307	231,614	150,340	119,085	125,024
Licenses and fees	1,223,042	1,233,042	1,502,222	1,275,547	1,046,996	1,520,817	1,616,881	1,805,451	1,307,375	1,260,505
Investment earnings	334,650	196,145	120,297	14,577	37,808	35,314	177,776	114,636	17,709	21,413
Grants	-	-	-	-	-	-	-	554,230	470,378	503,861
Miscellaneous	146,382	279,258	68,741	26,681	227,994	311,023	34,744	388,649	677,947	699,260
Total revenues	7,350,894	8,615,012	8,194,785	8,032,681	9,736,982	11,383,982	11,293,753	12,314,176	12,229,869	14,025,923
Expenditures										
Current:										
General government	1,155,649	983,582	1,218,761	1,305,418	1,185,460	1,412,882	1,422,182	1,530,712	1,659,602	1,555,628
Public safety	3,020,281	3,426,842	3,797,223	4,023,450	4,373,203	4,915,917	5,000,999	5,505,964	5,473,652	5,517,819
Public service	1,178,685	1,513,217	1,525,374	1,577,701	1,837,692	2,048,782	2,146,540	2,211,741	2,174,587	1,846,258
Parks and recreation	541,456	579,088	592,448	632,704	839,791	948,822	1,105,072	1,221,422	1,437,988	1,284,059
	786,513	63,836	40,388	-	-	-	-	-	-	-
Contingencies	29,150	13,703	2,850	-	-	-	-	-	-	-
Capital outlay	2,594,136	2,211,170	1,342,574	6,090,631	3,506,755	1,880,171	1,929,021	5,572,186	858,596	776,162
Debt service:										
Principal	520,371	943,021	895,887	1,004,638	1,203,356	1,354,815	1,561,648	1,744,663	1,554,788	1,256,679
Interest and fiscal charges	185,422	446,054	448,194	492,681	465,639	527,377	491,835	582,871	656,649	728,242
Bond issuance costs	179,179	-	-	238,636	40,000	24,453	80,930	129,500	-	-
Total expenditures	10,190,842	10,180,513	9,863,699	15,365,859	13,451,896	13,113,219	13,738,227	18,499,059	13,815,862	12,964,847
Excess of revenues over (under) expenditures	\$ (2,839,948)	\$ (1,565,501)	\$ (1,668,914)	\$ (7,333,178)	\$ (3,714,914)	\$ (1,729,237)	\$ (2,444,474)	\$ (6,184,883)	\$ (1,585,993)	\$ 1,061,076

(Continued)

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)										
Transfers in	-	-	-	12,092,039	1,895,777	3,064,511	2,329,945	3,821,931	4,533,205	1,248,889
Transfers out	-	-	-	(12,092,039)	(1,895,777)	(3,064,511)	(2,953,844)	(3,821,931)	(3,549,296)	(1,248,889)
Issuance of bonds	5,490,000	525,000	-	-	-	-	-	1,045,000	755,000	-
Proceeds from capital lease	1,443,500	572,500	353,678	-	860,000	-	-	-	-	545,324
Issuance of note payable	-	-	-	-	103,150	-	33,193	-	-	-
Issuance of certificate of participation	-	-	-	-	1,340,000	1,047,500	2,790,000	3,900,000	-	-
Issuance of refunding debt	-	-	-	12,015,000	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	(8,057,032)	-	-	-	-	-	-
Sale of capital assets	19,270	30,073	54,100	929,656	-	-	-	6,789	22,441	30,019
Insurance Proceeds	-	-	-	-	-	-	-	37,710	17,162	18,579
Total other financing sources (uses)	<u>6,952,770</u>	<u>1,127,573</u>	<u>407,778</u>	<u>4,887,624</u>	<u>2,303,150</u>	<u>1,047,500</u>	<u>2,199,294</u>	<u>4,989,499</u>	<u>1,778,512</u>	<u>593,922</u>
Net Change in fund balances	<u>\$ 4,112,822</u>	<u>\$ (437,928)</u>	<u>\$ (1,261,136)</u>	<u>\$ (2,445,554)</u>	<u>\$ (1,411,764)</u>	<u>\$ (681,737)</u>	<u>\$ (245,180)</u>	<u>\$ (1,195,384)</u>	<u>\$ 192,519</u>	<u>\$ 1,654,998</u>
Debt service as a percentage of noncapital expenditures	11.6%	17.4%	15.8%	18.7%	17.2%	17.0%	18.1%	21.3%	16.4%	16.0%

Note: Changes in 2006 were primarily due to recognition of cash in the Special Revenue Fund and monies due the General Fund from Capital Projects Fund

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Property tax	\$ 3,514,611	\$ 4,234,921	\$ 3,933,218	\$ 3,928,550	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722
Hospitality & accommodations tax	377,470	638,476	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757
MASC Telecommunications and insurance taxes	876,765	937,978	978,130	1,119,143	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435
Franchise fees	-	-	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307
Total	<u>\$ 4,768,846</u>	<u>\$ 5,811,375</u>	<u>\$ 5,607,861</u>	<u>\$ 5,794,785</u>	<u>\$ 7,055,009</u>	<u>\$ 7,792,831</u>	<u>\$ 8,065,478</u>	<u>\$ 8,639,284</u>	<u>\$ 9,021,921</u>	<u>\$ 10,517,221</u>

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	\$ 11,801,751	\$ 10,681,269	\$ 12,028,800	\$ 34,511,820	53.2	\$ 673,544,925	5.1%
2002	14,330,873	12,970,271	9,936,630	37,237,774	50.7	740,053,508	5.0%
2003	15,430,557	13,694,805	9,656,848	38,782,210	50.7	774,958,142	5.0%
2004	15,916,355	15,366,165	9,316,099	40,598,619	50.7	800,946,608	5.1%
2005	16,227,943	15,947,037	9,324,058	41,499,038	50.7	813,421,489	5.1%
2006	17,138,640	16,312,030	9,791,260	43,241,930	50.7	826,883,492	5.2%
2007	18,501,160	18,912,840	8,386,851	45,800,851	50.7	840,253,021	5.5%
2008	21,767,698	27,087,547	9,537,027	58,392,272	48.6	1,009,964,314	5.8%
2009	22,942,152	29,194,001	6,753,429	58,889,582	51.5	1,051,275,887	5.6%
2010	24,117,688	30,691,548	6,344,131	61,153,367	64.3	1,107,276,983	5.5%

Source: Greenville County Tax Receipt Reports

Note: Property in the City was last reassessed for fiscal year 2000. Tax rates are per \$1,000 of assessed value.

Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate is lowered to 6% in fiscal year 2008.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Direct Rates:										
Basic rate	53.20	50.70	50.70	50.70	50.70	50.70	50.70	48.60	51.50	64.30
County Rates:										
Greenville County	49.90	49.90	49.90	49.90	49.90	49.90	49.90	47.60	47.60	47.60
School District Rates:										
Greenville County Schools	138.90	140.10	144.10	144.10	147.80	147.90	156.40	150.70	156.70	156.70
Fire District Rates:										
Simpsonville Fire District	23.40	23.40	23.40	23.40	23.40	23.40	23.40	22.70	26.80	28.30

Source: Greenville County Millage Rate Sheets

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Simpsonville. Not all overlapping rates apply to all of the City of Simpsonville property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the City of Simpsonville's property owners whose property is located within the geographic boundaries of the fire/special purpose district).

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value *	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,111,730	1	1.82%	\$ 524,820	2	1.52%
Wares Delaware Corp.	882,850	2	1.44%	427,710	4	1.24%
Verizon South	848,980	3	1.39%	-	-	0.00%
Jasmine Cove Apartments	695,090	4	1.14%	-	-	0.00%
Rohman Development Realty I	644,050	5	1.05%	-	-	0.00%
Enclave Grandview	618,000	6	1.01%	-	-	0.00%
Centro Bradley Fairview Corner	602,210	7	0.98%	-	-	0.00%
Developers Diversified Finance	586,710	8	0.96%	378,510	6	1.10%
NNN Arbors at Fairview	538,660	9	0.88%	-	-	0.00%
Lowes Home Centers	515,560	10	0.84%	-	-	0.00%
Total	\$ 7,043,840		11.5%	\$ 1,331,040		3.9%

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 1,836,029	-	\$ 1,836,029	\$ 1,717,906	93.6%	101,040	1,818,946	99.1%
2002	1,981,050	-	1,981,050	1,897,761	95.8%	68,664	1,966,425	99.3%
2003	2,081,347	-	2,081,347	1,935,771	93.0%	139,569	2,075,340	99.7%
2004	2,058,350	-	2,058,350	1,966,385	95.5%	74,124	2,040,509	99.1%
2005	2,104,001	-	2,104,001	2,049,860	97.4%	40,998	2,090,858	99.4%
2006	2,192,365	-	2,192,365	2,064,408	94.2%	111,143	2,175,551	99.2%
2007	2,322,103	174,500	2,496,603	2,374,301	95.1%	108,124	2,482,425	99.4%
2008	2,837,864	-	2,837,864	2,551,356	89.9%	117,753	2,669,109	94.1%
2009	3,032,813	-	3,032,813	2,862,424	94.4%	165,192	3,027,616	99.8%
2010	3,932,161	-	3,932,161	3,579,126	91.0%	-	3,579,126	91.0%

Source: Greenville County Auditor and Tax Collector

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Debt	Certificates of Participation	Notes	Revenue Bonds	Capital Leases	Revenue Bonds			
2001	\$ 2,380,000	4,640,000	-	-	-	2,186,289	-	9,206,289	2.4%	641
2002	2,635,000	4,500,000	-	-	-	2,153,337	-	9,288,337	2.3%	625
2003	2,320,000	4,335,000	-	-	-	1,719,234	-	8,374,234	1.9%	555
2004	2,595,000	-	7,475,610	-	-	2,226,364	-	12,296,974	2.7%	804
2005	2,255,000	-	8,504,342	103,150	-	2,561,937	-	13,424,429	2.7%	866
2006	2,155,000	-	8,275,932	505,498	370,000	1,364,847	-	12,671,277	2.3%	774
2007	2,540,000	-	9,868,593	427,500	-	1,364,827	340,000	14,540,920	2.5%	866
2008	3,225,000	-	13,311,254	-	-	892,685	310,000	17,738,939	4.1%	1,022
2009	3,605,000	-	12,673,915	-	-	120,209	280,000	16,679,124	3.8%	938
2010	3,105,000	-	12,016,576	-	-	593,854	245,000	15,960,430	3.3%	831

Note: Details regarding Simpsonville's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2001	2,380,000	-	2,380,000	0.4%	\$ 166
2002	2,635,000	-	2,635,000	0.4%	\$ 177
2003	2,320,000	-	2,320,000	0.3%	\$ 154
2004	2,595,000	550,000	2,045,000	0.3%	\$ 134
2005	2,255,000	-	2,255,000	0.3%	\$ 145
2006	2,155,000	-	2,155,000	0.3%	\$ 132
2007	2,540,000	-	2,540,000	0.3%	\$ 151
2008	3,225,000	-	3,225,000	0.3%	\$ 186
2009	3,605,000	-	3,605,000	0.3%	\$ 203
2010	3,105,000	-	3,105,000	0.3%	\$ 162

Note: Details regarding Simpsonville's outstanding debt can be found in the notes to the basic financial statements.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
See the Schedule of Demographic and Economic Statistics for population data.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
County:			
Greenville County	\$ 65,435,000	3.3%	\$ 2,159,355
School District:			
Greenville County Schools	1,097,906,780	8.0%	<u>87,832,542</u>
Subtotal, Overlapping Debt			<u>89,991,897</u>
City of Simpsonville			<u>3,105,000</u>
Total Direct and Overlapping Debt			<u>\$ 93,096,897</u>

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by the applicable government.

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Simpsonville's taxable assessed value that is within the government's boundaries and dividing it by the total taxable assessed value.

Note 2: Overlapping rates are those of county and local governments that apply to property owners within Simpsonville. Not all overlapping rates apply to all of the Simpsonville property owners (i.e., the rates for fire/special purpose districts apply only to the proportion of the property owners whose property is located within the geographic boundaries of the fire/special

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 2,760,946	\$ 2,979,022	\$ 3,105,697	\$ 3,247,890	\$ 3,319,923	\$ 3,459,354	\$ 3,664,068	\$ 4,742,365	\$ 4,783,139	\$ 5,012,298
Total net debt applicable to debt limit	<u>2,380,000</u>	<u>2,635,000</u>	<u>2,320,000</u>	<u>2,595,000</u>	<u>2,515,000</u>	<u>2,155,000</u>	<u>2,540,000</u>	<u>3,225,000</u>	<u>3,605,000</u>	<u>3,105,000</u>
Legal debt margin	<u>\$ 380,946</u>	<u>\$ 344,022</u>	<u>\$ 785,697</u>	<u>\$ 652,890</u>	<u>\$ 804,923</u>	<u>\$ 1,304,354</u>	<u>\$ 1,124,068</u>	<u>\$ 1,517,365</u>	<u>\$ 1,178,139</u>	<u>\$ 1,907,298</u>
Total net debt applicable to debt limit as a percentage of debt limit	86.2%	88.5%	74.7%	79.9%	75.8%	62.3%	69.3%	68.0%	75.4%	61.9%

**Legal Debt Margin Calculation
for Fiscal Year 2010**

Total assessed value	\$ 62,653,730
Debt Limit (8 % of total assessed value)	5,012,298
Amount of debt applicable to debt limit:	
Total bonded debt	3,105,000
Less: debt service fund balance	-
Less: debt issued through referendum	-
Total amount of debt applicable to debt limit	<u>3,105,000</u>
Legal debt margin	<u>\$ 1,907,298</u>

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein without voter approval.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PLEDGED REVENUE COVERAGE

Fiscal Year Ended June 30,	Sewer Revenue Bond							
	Charges and Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		
				Principal	Interest			
2006	\$ 470,913	\$ 278,528	\$ 192,385	\$ -	\$ -	-		
2007	1,039,845	270,540	769,305	30,000	14,065	17.46		
2008	3,121,996	452,851	2,669,145	30,000	13,192	61.80		
2009	602,313	352,543	249,770	30,000	12,028	5.94		
2010	993,462	388,011	605,451	35,000	10,864	13.20		

Note: In 2006, the City of Simpsonville issued a sewer revenue bond with a face value of \$370,000. There were no payments due on 2006. See notes to financial statements.

Note: Operating expenses do not include interest or depreciation.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Population ¹	Personal Income ²	Per Capita Personal Income ³	Median Age ¹	Unemployment Rate ¹
2001	14,352	\$ 376,266,384	\$ 26,217	33.9	2.4%
2002	14,850	405,672,300	27,318	33.9	2.8%
2003	15,100	435,423,600	28,836	33.7	4.6%
2004	15,300	461,371,500	30,155	33.5	4.5%
2005	15,500	497,658,500	32,107	33.5	5.2%
2006	16,380	551,252,520	33,654	33.5	4.8%
2007	16,800	589,680,000	35,100	33.5	4.7%
2008	17,365	434,437,570	25,018	36.1	5.0%
2009	17,778	434,458,764	24,438	36.1	10.7%
2010	19,200	480,000,000	25,000	36.1	7.8%

(1) Based on 2000 Cesus plus estimated growth rate and annexations

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2010			2001		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
School District of Greenville County	8,838	1	4.00%	7,273	1	3.63%
Greenville Hospital System	7,500	2	3.40%	6,738	2	3.36%
Michelin North America	4,000	3	1.81%	1,900	6	0.95%
Bon Secours St. Francis	3,500	4	1.58%	2,188	5	1.09%
State of South Carolina	3,347	5	1.52%	2,556	4	1.28%
General Electric Company	3,200	6	1.45%	3,000	3	1.50%
Flour Corporation	2,300	7	1.04%	1,700	7	0.85%
Bob Jones University	1,795	8	0.81%	-		
Greenville County Government	1,627	9	0.74%	1,650	9	0.82%
Sealed Air Corp-Cryovac Division	1,510	10	0.68%	1,700	8	0.85%
MCI Worldcom	-			1,300	10	0.65%
Total	37,617		17.03%	22,732		14.98%

Source: Greenville County 2010 Audit

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Business licenses	965	1,175	1,246	1,256	1,192	1,360	1,338	1,238	1,249	1,515
Building permits issued	518	466	1,205	654	609	744	713	651	485	510
Building inspections conducted	3,152	3,728	4,094	3,966	3,515	3,693	3,394	4,080	931	1,437
Justice and legal										
Number of cases	-	-	-	-	-	-	-	-	-	-
Jail bookings	-	-	-	-	-	-	-	-	-	-
Public safety - police										
Physical Arrests	-	-	-	-	-	-	-	300	601	649
Parking and traffic violations	-	-	-	4,139	3,807	4,191	4,207	2,836	3,374	4,362
Public safety - fire										
Emergency responses	-	1,209	1,266	1,284	1,485	1,613	1,780	1,786	2,087	1,998
Fires extinguished	134	128	115	110	125	112	120	146	42	90
Inspections	-	1,205	1,531	1,361	1,308	1,428	1,438	2,252	1,524	1,313
Public service										
Potholes repaired	-	-	-	-	-	-	-	87	121	43
Roads maintained (in miles)	50	52	53	55	57	61	63	67	67	68
Parks and recreation										
Recreational participants	1,578	1,578	1,565	1,847	2,039	2,103	2,231	1,675	1,686	1,786

Source: City Departmental Records

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
General government	6	6	6	6	6	6	6	11	8	8
Justice and legal	3	3	3	3	3	3	3	4	3	3
Public safety	88	91	90	93	93	93	93	99	98	99
Public works	40	42	41	44	44	44	44	34	28	27
Parks and recreation	5	6	6	6	12	12	12	31	18	28
Total	<u>142</u>	<u>148</u>	<u>146</u>	<u>152</u>	<u>158</u>	<u>158</u>	<u>158</u>	<u>179</u>	<u>155</u>	<u>165</u>

Source: Payroll records

Note: The opening of Heritage Park on April 2, 2005 added 6 full-time equivalent employees

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Justice and legal										
Correction/jail cell facility capacity	4	4	4	4	4	4	4	2	2	2
Public safety - police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	25	25	27	27	29	29	29	29	29	30
Public safety - fire										
Number of fire stations	3	3	4	4	4	4	4	4	4	4
Number of fire trucks	6	6	6	6	8	8	8	7	7	7
Public service										
Streets (in miles)	50	52	53	55	57	61	63	67	67	68
Traffic signals	11	11	16	16	16	17	17	22	2	22
Parks and recreation										
Parks Acreage	35	35	35	35	125	125	125	125	162	162
Parks	8	8	8	8	9	9	9	9	9	9
Ball fields	6	6	6	6	12	12	12	12	12	12
Solid waste										
Collection/refuse trucks	5	5	5	5	5	6	6	21	20	20

Sources: Various City of Simpsonville departments.

COMPLIANCE SECTION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor, Members of City Council, and City Administrator
City of Simpsonville
Simpsonville, South Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-1.

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

This report is intended solely for the information and use of management, City Council, others within the City, and other government entities with oversight responsibility and is not intended to be and should not be used by anyone other than these specified parties.



Greenwood, South Carolina
December 14, 2010

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES**

FINDINGS - 2010 FINANCIAL STATEMENTS AUDIT

2010-1: Noncompliance with laws and regulations

Condition	The City of Simpsonville's ("City") bank deposits were under collateralized by approximately \$735,526 at June 30, 2010.
Criteria	State law requires all monies deposited by a government entity at a financial institution be collateralized for any amount in excess of FDIC insurance.
Effect	The City was not fully collateralized at June 30, 2010.
Cause	The City was unaware that their primary bank's collateral review controls did not function in a timely manner to detect under-collateralization.
Recommendation	We recommend that the City coordinate with the bank in order to maintain sufficient collateral on these deposits at all times.
Response	Management at the City has coordinated with management at the bank to ensure that collateralization is reviewed in accordance with policy to prevent future instances of under-collateralization. Subsequent to June 30, 2010, the bank pledged additional assets when the under-collateralization was discovered.