



CITY OF SIMPSONVILLE,  
SOUTH CAROLINA



Comprehensive Annual Financial Report  
Year Ended June 30, 2019





**CITY OF SIMPSONVILLE, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2019**



Prepared By: Finance Department  
Dianna Gracely, City Administrator  
Christine Furino, Finance Director



# **INTRODUCTORY SECTION**

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2019

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November 15, 2019

The Honorable Mayor Janice Curtis  
Members of the Simpsonville City Council  
Citizens of the City  
Simpsonville, South Carolina

Dear Mayor Janice Curtis, 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 ("City") for the year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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's financial statements have been audited by Greene Finney, LLP, 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 year ended June 30, 2019, 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 unmodified opinion that the City's financial statements for the year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

**Population.** The City is located in the Upstate Region of South Carolina and has an estimated population of 23,037. 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.

**Form of Government.** The City was originally incorporated in the 1901. The City adopted the Council form of government pursuant to the Home Rule Act of 1975. 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, 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.

**Services Provided.** The City 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.

**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 documents 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 Economic 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 have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Residential building permit activity grew during the fiscal year. Commercial occupancy rates also appear to be steadily improving.

**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.

**Financial Policies.** The City’s Finance Director is responsible for cash management and prepares monthly cash flow projections for the General Fund. The City adopted a new comprehensive procurement policy in April 2011 that meets all state procurement standards. 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.

## **Awards and Acknowledgements**

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.

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,

A handwritten signature in blue ink that reads "Dianna Gracely". The signature is written in a cursive, flowing style.

Dianna Gracely  
City Administrator

A handwritten signature in blue ink that reads "Christine Furino". The signature is written in a cursive, flowing style.

Christine Furino  
Finance Director

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**LISTING OF PRINCIPAL OFFICIALS**

**AS OF JUNE 30, 2019**

Established

1901

MAYOR

Janice Curtis

CITY COUNCIL MEMBERS

Matthew Gooch  
Stephanie Kelley  
Jenn Hulehan  
Sherry Roche  
Ken Cummings  
Lou Hutchings

CITY ADMINISTRATOR

Dianna Gracely

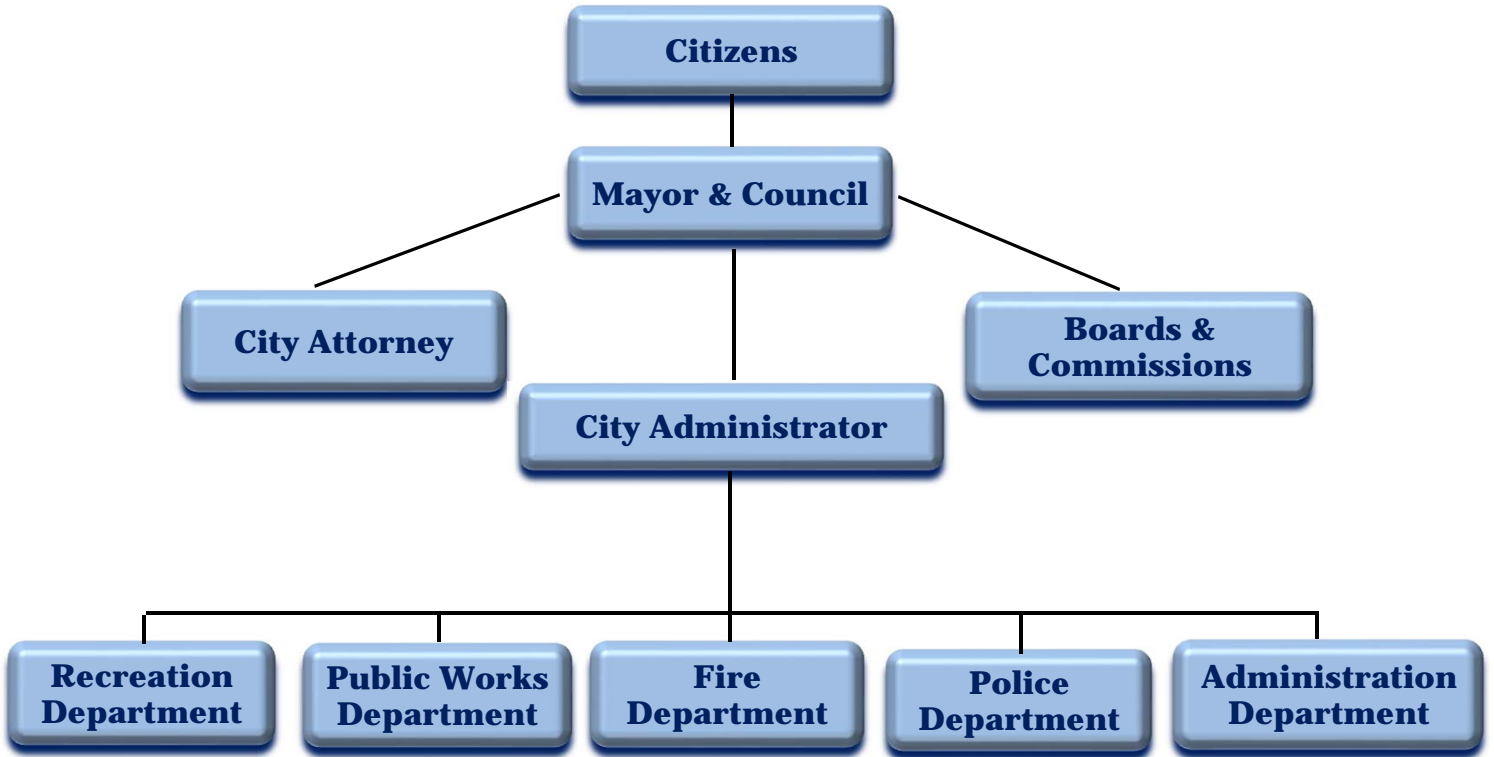
FINANCE DIRECTOR

Christine Furino

CITY ATTORNEY

David Holmes

# CITY OF SIMPSONVILLE







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Simpsonville  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

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# **FINANCIAL SECTION**





# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC  
864.232.5204

CHARLESTON, SC  
843.735.5805

SPARTANBURG, SC  
864.232.5204

ASHEVILLE, NC  
828.771.0847  
OPEN BY APPOINTMENT ONLY

## ***Other Matters***

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and the 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 15, 2019

## CITY OF SIMPSONVILLE, SOUTH CAROLINA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### YEAR ENDED JUNE 30, 2019

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As management of the City of Simpsonville ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2019 ("FY 2019" or "2019") compared to year ended June 30, 2018 ("FY 2018" or "2018"). The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in letter of transmittal, the financial statements, and the notes to the financial statements to enhance their understanding the City's overall financial performance.

#### FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately \$51,752,000. Unrestricted net position was approximately \$3,087,000.
- The City's total net position increased by approximately \$6,077,000 compared to the prior year, as revenues of approximately \$26,141,000 exceeded expenses of approximately \$20,064,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$18,049,000, an increase of approximately \$3,189,000 over the prior year ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$13,865,000, which was approximately 80% of total FY 2019 General Fund expenditures.
- The City's capital assets increased by approximately \$4,334,000. The increase in capital assets was primarily due to capital asset additions of approximately \$7,212,000, partially offset by depreciation expense of approximately \$2,878,000.
- The City's total debt (including lease purchases and capital leases) decreased by approximately \$2,408,000. This decrease was due to regularly scheduled principal payments on existing debt of approximately \$2,361,000, amortization of premiums of approximately \$47,000, and a gain on the extinguishment of debt of approximately \$10,000.
- The City's net pension liabilities related to its participation in the State retirement plans increased by approximately \$593,000 to approximately \$14,762,000.

#### OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the financial statements, the required supplementary information, and the supplementary information), the *Statistical Section*, and the *Compliance Section*.

#### Financial Statements

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

**Government-Wide Financial Statements** – The 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 Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the differences between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

# CITY OF SIMPSONVILLE, SOUTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

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### OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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 include general government, public safety, public works, and recreation and parks. The business-type activity is the City's sewer operation for which it charges its customers a fee to provide. The government-wide financial statements can be found as listed in the table of contents.

**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 and proprietary funds.

**Governmental 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 *governmental activities* (reported in the Statement of Net Position 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 two major 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 and the Accommodations and Hospitality Tax Fund. The 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 an enterprise fund to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the sewer operations, which is considered a major fund of the City. The financial statements of the proprietary fund can be found as listed in the table of contents.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

**Other Information** – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. The City adopts an annual budget for its General Fund and Accommodations and Hospitality Tax Fund, as required by General Statutes. A required budgetary comparison schedule has been provided for the General Fund and Accommodations and Hospitality Tax Fund to demonstrate compliance with these budgets. The City has also provided the required schedules for the pension plans as required by generally accepted accounting principles ("GAAP") for its participation in the State retirement plans. Required supplementary information can be found as listed in the table of contents.

Other supplementary information, referred to in the table of contents, is presented immediately following the required supplementary information. This information can be found as listed in the table of contents.



**CITY OF SIMPSONVILLE, SOUTH CAROLINA**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2019**

**OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)**

Figure A-1			
Major Features of the City’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	<ul style="list-style-type: none"> <li>▪ Statement of Net Position.</li> <li>▪ Statement of Activities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance Sheet.</li> <li>▪ Statement of Revenues, Expenditures, and Changes in Fund Balances.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of Net Position</li> <li>▪ Statement of Revenues, Expenses, and Changes in Net Position.</li> <li>▪ Statement of Cash Flows.</li> </ul>
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 Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term obligations are included.	All balance sheet elements, 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 year, regardless of when cash is received or paid.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The following table provides a summary of the City’s net position as of June 30, 2019 compared to June 30, 2018.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and Other Assets	\$ 19,370,530	16,185,293	6,189,145	9,900,538	25,559,675	\$ 26,085,831
Capital Assets, Net	38,563,675	37,528,754	18,242,727	14,943,400	56,806,402	52,472,154
<b>Total Assets</b>	<b>57,934,205</b>	<b>53,714,047</b>	<b>24,431,872</b>	<b>24,843,938</b>	<b>82,366,077</b>	<b>78,557,985</b>
<b>Deferred Outflows of Resources</b>						
Deferred Refunding Charges	151,458	181,750	-	-	151,458	181,750
Deferred Pension Charges	2,839,870	2,835,340	76,061	95,132	2,915,931	2,930,472
<b>Total Deferred Outflows of Resources</b>	<b>2,991,328</b>	<b>3,017,090</b>	<b>76,061</b>	<b>95,132</b>	<b>3,067,389</b>	<b>3,112,222</b>
<b>Liabilities</b>						
Other Liabilities	1,259,536	1,233,265	665,683	1,129,115	1,925,219	2,362,380
Net Pension Liabilities	14,160,832	13,544,827	600,949	623,815	14,761,781	14,168,642
Long-Term Liabilities	6,047,954	7,903,354	10,483,074	10,973,608	16,531,028	18,876,962
<b>Total Liabilities</b>	<b>21,468,322</b>	<b>22,681,446</b>	<b>11,749,706</b>	<b>12,726,538</b>	<b>33,218,028</b>	<b>35,407,984</b>
<b>Deferred Inflows of Resources</b>						
Deferred Pension Credits	431,202	548,503	31,853	38,267	463,055	586,770
<b>Net Position</b>						
Net Investment in Capital Assets	33,093,999	30,553,710	11,426,949	11,784,103	44,520,948	42,337,813
Restricted	3,957,154	3,339,797	186,786	186,384	4,143,940	3,526,181
Unrestricted	1,974,856	(392,319)	1,112,639	203,778	3,087,495	(188,541)
<b>Total Net Position</b>	<b>\$ 39,026,009</b>	<b>33,501,188</b>	<b>12,726,374</b>	<b>12,174,265</b>	<b>51,752,383</b>	<b>\$ 45,675,453</b>

The City’s total assets increased approximately \$3,808,000 from the prior year. Current and other assets decreased approximately \$526,000. Capital assets increased approximately \$4,334,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities decreased approximately \$2,193,000 from the prior year due to a decrease in long-term liabilities (primarily due to regularly scheduled principal payments) of approximately \$2,346,000 and a decrease in other liabilities of approximately \$440,000, partially offset by an increase of approximately \$593,000 in net pension liabilities. The changes in deferred outflows and deferred inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the City’s share of the net pension liabilities in the State retirement plans.

The City’s net investment in capital assets (i.e., land, buildings, machinery, equipment, infrastructure, vehicles, etc.) less any related outstanding debt (including lease purchases and capital leases) used to acquire those assets was approximately \$44,521,000 at June 30, 2019. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City’s net position of approximately \$4,144,000 represents resources that are subject to external restrictions on how they may be used. This portion of net position is restricted primarily for debt service or special revenue programs which are restricted by the revenue source (i.e. hospitality fee, accommodations tax, etc.). The remaining portion of the City’s net position of approximately \$3,087,000 is unrestricted.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for 2019 compared to 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,273,553	1,926,607	2,011,390	1,947,686	4,284,943	\$ 3,874,293
Operating Grants and Contributions	69,519	130,201	-	-	69,519	130,201
Capital Grants and Contributions	2,611,512	208,145	-	-	2,611,512	208,145
General Revenues:						
Taxes	18,244,266	17,165,340	-	-	18,244,266	17,165,340
Other	807,299	738,453	123,755	91,528	931,054	829,981
Total Revenues	<u>24,006,149</u>	<u>20,168,746</u>	<u>2,135,145</u>	<u>2,039,214</u>	<u>26,141,294</u>	<u>22,207,960</u>
Expenses:						
General Government	2,031,474	1,869,082	-	-	2,031,474	1,869,082
Public Safety	10,404,863	9,857,761	-	-	10,404,863	9,857,761
Public Works	3,337,616	3,043,757	-	-	3,337,616	3,043,757
Recreation and Parks	2,573,468	2,667,757	-	-	2,573,468	2,667,757
Interest and Other Charges	133,907	184,162	-	-	133,907	184,162
Sewer	-	-	1,583,036	1,668,451	1,583,036	1,668,451
Total Expenses	<u>18,481,328</u>	<u>17,622,519</u>	<u>1,583,036</u>	<u>1,668,451</u>	<u>20,064,364</u>	<u>19,290,970</u>
Change in Net Position	5,524,821	2,546,227	552,109	370,763	6,076,930	2,916,990
Net Position, Beginning of Year	<u>33,501,188</u>	<u>30,954,961</u>	<u>12,174,265</u>	<u>11,803,502</u>	<u>45,675,453</u>	<u>42,758,463</u>
Net Position, End of Year	<u>\$ 39,026,009</u>	<u>33,501,188</u>	<u>12,726,374</u>	<u>12,174,265</u>	<u>51,752,383</u>	<u>\$ 45,675,453</u>

**Governmental Activities.** Governmental activities increased the City’s net position by approximately \$5,525,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues increased approximately \$3,837,000 (19%) from the prior year primarily due to an increase in capital grants and contributions of approximately \$2,403,000 (primarily related to Fire Station #5, which was donated by Greenville County to the City in 2019). The City’s tax revenues also increased approximately \$1,079,000 primarily due to higher (a) business licenses and MASC taxes and (b) property tax revenues (primarily due to growth in the City’s assessed values).
- Total governmental activities expenses increased by approximately \$859,000 (5%) from the prior year primarily due to higher wages (3% cost of living increase), benefits, depreciation expense, and other general operating expenses.

**Business-Type Activities.** Net position for business-type activities (sewer) increased by approximately \$552,000. Please see “Proprietary Fund” discussion in the following section for details.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2019**

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**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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of approximately \$18,049,000, an increase of approximately \$3,189,000 over the prior year fund balances. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately \$13,863,000 (77%) of the total governmental fund balances of approximately \$18,049,000 constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids (\$190,000; nonspendable), (2) public safety (\$116,000; restricted), (3) tourism related expenditures (\$3,528,000; restricted), (4) unspent bond proceeds (\$38,000; restricted), (5) municipal court (\$211,000; restricted), and (6) cultural arts and other items (\$103,000; restricted).

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance was approximately \$14,305,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund (\$13,865,000) represents approximately 80% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$2,607,000. This increase was primarily due to revenues exceeding expenditures, as several revenue sources increased significantly from the prior year, including property taxes (\$464,000), MASC tax payments (\$336,000), and licenses, permits, and fees (\$484,000).

The fund balance for the Accommodations and Hospitality Tax Fund increased by approximately \$512,000. This increase was primarily due to revenues exceeding operating expenditures, capital outlay, debt payments, and transfers to the General Fund. At June 30, 2019, fund balance was approximately \$3,528,000; the entire amount is restricted for tourism-related expenditures.

In addition, the fund balances of the other governmental funds increased by approximately \$70,000 over the prior year fund balances.

**Proprietary Fund.** The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Sewer Enterprise Fund at the end of the year amounted to approximately \$12,726,000. Details on changes in the City's Sewer Fund were as follows:

- Total sewer operating revenues increased approximately \$64,000 from the prior year. Sewer operating expenses decreased approximately \$72,000 from the prior year. Net position increased approximately \$552,000 as a result of revenues exceeding expenses.

**General Fund Budgetary Highlights:** If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not have any budget amendments during 2019. The 2019 revised budget does reflect a correction of \$159,000 for an item inadvertently entered into the original budget twice.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

The City’s capital assets as of June 30, 2019 and June 30, 2018, amounted to approximately \$56,806,000 and \$52,472,000 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The City’s capital assets (net of depreciation) as of June 30, 2019 and 2018 were as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 6,724,258	6,724,258	-	-	6,724,258	\$ 6,724,258
Construction in Progress	73,324	-	8,503,033	4,698,663	8,576,357	4,698,663
Buildings and Improvements	22,457,814	20,095,906	-	-	22,457,814	20,095,906
Machinery and Equipment	4,514,273	4,227,446	400,647	375,337	4,914,920	4,602,783
Infrastructure	26,885,854	26,885,854	15,445,591	15,445,591	42,331,445	42,331,445
Vehicles	9,962,426	9,451,187	657,154	576,879	10,619,580	10,028,066
Capital Assets	70,617,949	67,384,651	25,006,425	21,096,470	95,624,374	88,481,121
Accumulated Depreciation	32,054,274	29,855,897	6,763,698	6,153,070	38,817,972	36,008,967
Capital Assets, Net	\$ 38,563,675	37,528,754	18,242,727	14,943,400	56,806,402	\$ 52,472,154

The total increase in the City’s capital assets for the current year was approximately \$4,334,000. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$3,303,000 for governmental activities which consisted primarily of the following:
  - Purchases of various machinery and equipment of approximately \$297,000.
  - Purchases of various vehicles (including two leaf trucks and a bucket truck) of approximately \$571,000.
  - Building and improvement additions of approximately \$2,362,000, primarily consisting of a new fire station (#5) of approximately \$2,236,000 (approximately \$2,103,000 of this asset was donated to the City by Greenville County).
  - Additions to construction in progress of approximately \$73,000 related to public restroom improvements.
- Capital asset additions of approximately \$3,910,000 for business-type activities which consisted primarily of the following:
  - Additions to construction in progress of approximately \$3,804,000 related to the sewer rehabilitation project.
  - Purchases of various equipment and vehicles of approximately \$106,000.
- Depreciation expense of approximately \$2,268,000 for governmental activities and approximately \$611,000 for business-type activities.

More detailed information about the City’s capital assets is included in Note III.D in the notes to the financial statements.

*Debt Administration*

As of June 30, 2019 and June 30, 2018, the City had total outstanding debt (which includes lease purchases and capital leases) of approximately \$16,133,000 and \$18,541,000, respectively. Of the City’s total long-term obligations at June 30, 2019, approximately \$868,000 was general obligation debt which is backed by the full faith and credit of the City. The City’s total debt as of June 30, 2019 and 2018 were as follows:

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

*Debt Administration (Continued)*

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Debt:						
General Obligation Bonds	\$ 867,815	1,240,409	-	-	867,815	\$ 1,240,409
Revenue Bonds	-	-	9,545,000	9,910,000	9,545,000	9,910,000
Tax Revenue Bonds	4,398,000	5,368,000	-	-	4,398,000	5,368,000
Lease Purchases/Capital Leases	393,583	969,030	94,442	172,543	488,025	1,141,573
Premium on Revenue Bonds	-	-	834,083	881,082	834,083	881,082
Total Debt	<u>\$ 5,659,398</u>	<u>7,577,439</u>	<u>10,473,525</u>	<u>10,963,625</u>	<u>16,132,923</u>	<u>\$ 18,541,064</u>

The total decrease in the City's debt for the current year was approximately \$2,408,000. Major 2019 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt decreased by approximately \$1,918,000 due to regularly scheduled principal payments.
- The City's business-type activities total debt decreased by approximately \$490,000 during the current year due to regularly scheduled principal payments and premium amortization.

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. As of June 30, 2019, the City had approximately \$868,000 of bonded debt subject to the 8% debt limit of approximately \$7,301,000 resulting in an unused legal debt margin of approximately \$6,433,000.

Other long-term obligations include the City's accrued compensated absence liability. More detailed information about the City's long-term obligations is included in Note III.E in the notes to the financial statements.

**ECONOMIC FACTORS AND 2020 BUDGET FOR THE CITY**

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2020 ("FY 20") budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City's residents were all taken into account. Economic factors and key budget highlights that were considered in preparing the FY 20 budget were as follows:

- 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 have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Commercial occupancy rates also appear to be steadily improving.
- The FY 20 budget includes an increase over the prior year's budget for real property taxes which is the result of growth due to new development.

**REQUESTS FOR INFORMATION**

This financial 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 or visit our website at [www.simpsonville.com](http://www.simpsonville.com).

# **BASIC FINANCIAL STATEMENTS**

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2019

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 13,654,143	2,390,553	\$ 16,044,696
Cash and Cash Equivalents, Restricted	3,631,061	-	3,631,061
Investments, Restricted	-	3,844,533	3,844,533
Property Taxes Receivable, Net	76,432	-	76,432
Accounts Receivable	1,015,897	231,078	1,246,975
Internal Balances	277,602	(277,602)	-
Due From County Treasurer	98,717	-	98,717
Prepays	616,678	583	617,261
Capital Assets, Net:			
Non-Depreciable	6,797,582	8,503,033	15,300,615
Depreciable, Net	31,766,093	9,739,694	41,505,787
<b>TOTAL ASSETS</b>	<b>57,934,205</b>	<b>24,431,872</b>	<b>82,366,077</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Refunding Charges	151,458	-	151,458
Deferred Pension Charges	2,839,870	76,061	2,915,931
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,991,328</b>	<b>76,061</b>	<b>3,067,389</b>
<b>LIABILITIES</b>			
Accounts Payable	341,985	-	341,985
Accrued Salaries and Fringe Benefits	643,544	-	643,544
Accrued Expenses	58,601	573,195	631,796
Developers' Escrow Liability	201,705	-	201,705
Accrued Interest Payable	5,751	91,366	97,117
Unearned Revenue	7,950	1,122	9,072
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	1,925,331	464,171	2,389,502
Long-Term Obligations - Due in More Than One Year	4,122,623	10,018,903	14,141,526
Net Pension Liabilities - Due in More Than One Year	14,160,832	600,949	14,761,781
<b>TOTAL LIABILITIES</b>	<b>21,468,322</b>	<b>11,749,706</b>	<b>33,218,028</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Credits	431,202	31,853	463,055
<b>NET POSITION</b>			
Net Investment in Capital Assets	33,093,999	11,426,949	44,520,948
Restricted For:			
Tourism and Related Expenditures	3,528,081	-	3,528,081
Debt Service	-	186,786	186,786
Court	211,298	-	211,298
Public Safety	115,545	-	115,545
Cultural Arts	3,795	-	3,795
Other	98,435	-	98,435
Unrestricted	1,974,856	1,112,639	3,087,495
<b>TOTAL NET POSITION</b>	<b>\$ 39,026,009</b>	<b>12,726,374</b>	<b>\$ 51,752,383</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.



CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
<b>PRIMARY GOVERNMENT:</b>							
Governmental Activities:							
General Government	\$ 2,031,474	1,106,806	-	-	(924,668)	-	\$ (924,668)
Public Safety	10,404,863	416,065	38,338	2,103,428	(7,847,032)	-	(7,847,032)
Public Works	3,337,616	278,345	839	508,084	(2,550,348)	-	(2,550,348)
Recreation and Parks	2,573,468	472,337	30,342	-	(2,070,789)	-	(2,070,789)
Interest and Other Charges	133,907	-	-	-	(133,907)	-	(133,907)
Total Governmental Activities	<u>18,481,328</u>	<u>2,273,553</u>	<u>69,519</u>	<u>2,611,512</u>	<u>(13,526,744)</u>	<u>-</u>	<u>(13,526,744)</u>
Business-Type Activities:							
Sewer	1,583,036	2,011,390	-	-	-	428,354	428,354
Total Business-Type Activities	<u>1,583,036</u>	<u>2,011,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,354</u>	<u>428,354</u>
<b>TOTAL - PRIMARY GOVERNMENT</b>	<b><u>\$ 20,064,364</u></b>	<b><u>4,284,943</u></b>	<b><u>69,519</u></b>	<b><u>2,611,512</u></b>	<b><u>(13,526,744)</u></b>	<b><u>428,354</u></b>	<b><u>(13,098,390)</u></b>
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					9,943,275	-	9,943,275
Hospitality and Accommodations Taxes					2,576,876	-	2,576,876
Business Licenses and MASC Taxes					4,165,273	-	4,165,273
Franchise Fees					1,558,842	-	1,558,842
Unrestricted Intergovernmental Revenue					486,192	-	486,192
Unrestricted Investment Earnings					108,856	123,755	232,611
Gain on Disposal of Capital Assets					23,399	-	23,399
Miscellaneous					188,852	-	188,852
Total General Revenues					<u>19,051,565</u>	<u>123,755</u>	<u>19,175,320</u>
<b>CHANGE IN NET POSITION</b>					<b>5,524,821</b>	<b>552,109</b>	<b>6,076,930</b>
NET POSITION, Beginning of Year					<u>33,501,188</u>	<u>12,174,265</u>	<u>45,675,453</u>
<b>NET POSITION, End of Year</b>					<b><u>39,026,009</u></b>	<b><u>12,726,374</u></b>	<b><u>\$ 51,752,383</u></b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,654,143	-	-	\$ 13,654,143
Cash and Cash Equivalents, Restricted	249,562	2,933,364	448,135	3,631,061
Receivables, Net:				
Taxes	76,432	-	-	76,432
Accounts	808,975	206,922	-	1,015,897
Interfund Receivables	365,135	-	18,341	383,476
Due From County Treasurer	98,717	-	-	98,717
Prepays	190,231	426,447	-	616,678
<b>TOTAL ASSETS</b>	<b>\$ 15,443,195</b>	<b>3,566,733</b>	<b>466,476</b>	<b>\$ 19,476,404</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 341,985	-	-	\$ 341,985
Accrued Salaries and Fringe Benefits	643,544	-	-	643,544
Accrued Expenses	58,601	-	-	58,601
Interfund Payables	18,341	38,652	48,881	105,874
Developers' Escrow Liability	-	-	201,705	201,705
Unearned Revenue	7,950	-	-	7,950
<b>TOTAL LIABILITIES</b>	<b>1,070,421</b>	<b>38,652</b>	<b>250,586</b>	<b>1,359,659</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	67,671	-	-	67,671
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>1,138,092</b>	<b>38,652</b>	<b>250,586</b>	<b>1,427,330</b>
<b>FUND BALANCES</b>				
Nonspendable - Prepays	190,231	-	-	190,231
Restricted For:				
Tourism Related Expenditures	-	3,528,081	-	3,528,081
Unspent Bond Proceeds - Capital Improvements	38,264	-	-	38,264
Court	211,298	-	-	211,298
Public Safety	-	-	115,545	115,545
Cultural Arts	-	-	3,795	3,795
Other	-	-	98,435	98,435
Unassigned	13,865,310	-	(1,885)	13,863,425
<b>TOTAL FUND BALANCES</b>	<b>14,305,103</b>	<b>3,528,081</b>	<b>215,890</b>	<b>18,049,074</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,443,195</b>	<b>3,566,733</b>	<b>466,476</b>	<b>\$ 19,476,404</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2019

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**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 18,049,074**

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

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the funds.	67,671
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$70,617,949 and the accumulated depreciation was \$32,054,274.	38,563,675
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 amount of interest due but unpaid at year-end.	(5,751)
Deferred refunding charges are amortized over the lives of the refunding bonds in the Statements of Net Position; however, the costs are recognized in the year incurred in the governmental funds.	151,458
The City's proportionate shares of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(11,752,164)
Long-term liabilities, including bonds payable, lease purchases, and capital leases, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt (Including Lease Purchases/Capital Leases)	(5,659,398)
Compensated Absences (Annual Leave)	(388,556)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 39,026,009**

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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes:				
Local	\$ 9,976,558	-	-	\$ 9,976,558
Hospitality and Accommodations	-	2,366,028	-	2,366,028
MASC Telecommunications and Insurance	2,649,703	-	-	2,649,703
Franchise	1,558,842	-	-	1,558,842
Licenses, Permits, and Fees	2,741,774	-	-	2,741,774
Grants	60,739	-	-	60,739
Fines and Forfeitures	143,759	-	18,732	162,491
Shared Revenue:				
County	506,865	-	-	506,865
State	697,039	-	-	697,039
Interest	78,690	26,760	3,406	108,856
Other	903,764	10,031	94,410	1,008,205
<b>TOTAL REVENUES</b>	<b>19,317,733</b>	<b>2,402,819</b>	<b>116,548</b>	<b>21,837,100</b>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Public Safety	1,870,375	6,095	21,224	1,897,694
Public Works	8,972,638	-	10	8,972,648
Recreation and Parks	2,342,378	-	-	2,342,378
Capital Outlay	2,071,443	-	-	2,071,443
Debt Service:				
Principal	1,124,425	288,673	24,838	1,437,936
Interest and Other Fiscal Charges	937,441	970,000	-	1,907,441
Interest and Other Fiscal Charges	32,927	84,964	-	117,891
<b>TOTAL EXPENDITURES</b>	<b>17,351,627</b>	<b>1,349,732</b>	<b>46,072</b>	<b>18,747,431</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,966,106</b>	<b>1,053,087</b>	<b>70,476</b>	<b>3,089,669</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	541,505	-	-	541,505
Transfers Out	-	(541,505)	-	(541,505)
Insurance Proceeds	75,505	-	-	75,505
Sale of Capital Assets	23,399	-	-	23,399
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>640,409</b>	<b>(541,505)</b>	<b>-</b>	<b>98,904</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,606,515</b>	<b>511,582</b>	<b>70,476</b>	<b>3,188,573</b>
FUND BALANCES, Beginning of Year	11,698,588	3,016,499	145,414	14,860,501
<b>FUND BALANCES, End of Year</b>	<b>\$ 14,305,103</b>	<b>3,528,081</b>	<b>215,890</b>	<b>\$ 18,049,074</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

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TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,188,573

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	(33,283)
Changes in the City's proportionate share of the net pension liabilities, deferred outflows of resources, and deferred inflows of resources related to the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities	(494,174)
Repayment of debt, lease purchase, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,907,441
Deferred refunding charges are expenditures the year they are incurred in governmental funds, but are amortized over the life of the bonds in the Statement of Activities. This amount is the amortization for the current year.	(30,292)
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.	3,676
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(52,041)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$2,267,669 was exceeded by capital asset additions of \$3,302,590 (which includes donated capital assets of \$2,103,428) in the current period.	<u>1,034,921</u>

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,524,821

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION - ENTERPRISE FUND

JUNE 30, 2019

	<b>SEWER FUND</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 2,390,553
Investments, Restricted	3,844,533
Receivables, Net	231,078
Prepays	583
Total Current Assets	<u>6,466,747</u>
Noncurrent Assets:	
Capital Assets, Net:	
Non-Depreciable	8,503,033
Depreciable, Net	9,739,694
Total Noncurrent Assets	<u>18,242,727</u>
<b>TOTAL ASSETS</b>	<u>24,709,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	<u>76,061</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Interest Payable	91,366
Accrued Expenses	573,195
Interfund Payables	277,602
Unearned Revenue	1,122
Current Portion of Compensated Absences	4,775
Current Portion of Lease Purchase	79,396
Current Portion of Revenue Bond	380,000
Total Current Liabilities	<u>1,407,456</u>
Noncurrent Liabilities:	
Compensated Absences, Less Current Portion	4,774
Lease Purchase, Less Current Portion	15,046
Net Pension Liability	600,949
Revenue Bond, Less Current Portion	9,999,083
Total Noncurrent Liabilities	<u>10,619,852</u>
<b>TOTAL LIABILITIES</b>	<u>12,027,308</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	<u>31,853</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,426,949
Restricted for Debt Service	186,786
Unrestricted	1,112,639
<b>TOTAL NET POSITION</b>	<u>\$ 12,726,374</u>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2019

	<b>SEWER FUND</b>
<b>OPERATING REVENUES</b>	
Sewer Maintenance Fees	\$ 1,994,390
Other	17,000
<b>TOTAL OPERATING REVENUES</b>	<b>2,011,390</b>
<b>OPERATING EXPENSES</b>	
Personnel Expenses	395,032
Contractual Services	660
Materials and Supplies	12,462
Other Operating Expenses	234,186
Depreciation	610,628
<b>TOTAL OPERATING EXPENSES</b>	<b>1,252,968</b>
<b>OPERATING INCOME</b>	<b>758,422</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	123,755
Interest Expense	(330,068)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(206,313)</b>
<b>CHANGE IN NET POSITION</b>	<b>552,109</b>
NET POSITION, BEGINNING OF YEAR	12,174,265
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,726,374</b>

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2019

	<b>SEWER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 2,307,997
Cash Paid to Vendors	(245,612)
Payments to Employees	(405,675)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,656,710</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Net Change In Interfund Balances	10,661
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>10,661</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of Capital Assets	(4,367,937)
Principal Paid on Revenue Bond and Lease Purchase	(443,101)
Interest and Fees Paid on Revenue Bond and Lease Purchase	(382,517)
<b>NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(5,193,555)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Sale of Investments	4,146,179
Interest Received	123,755
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>4,269,934</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>743,750</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,646,803</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 2,390,553</b></u>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities:</b>	
Operating Income	\$ 758,422
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	610,628
Change in Accounts Representing Operating Activities:	
Accounts Receivable	296,607
Prepaid Items	1,696
Accrued Compensated Absences	(434)
Deferred Pension Charges	19,071
Net Pension Liability	(22,866)
Deferred Pension Credits	(6,414)
Net Cash Provided by Operating Activities	<u><u>\$ 1,656,710</u></u>
<b>Noncash Capital and Related Financing Items:</b>	
Acquisition of Capital Assets Not Yet Paid For	\$ (457,982)

The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.



# CITY OF SIMPSONVILLE, SOUTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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The City of Simpsonville ("City") was incorporated in 1901 under the laws of the State of South Carolina. Section 47-26 of the 1962 Code of Laws, as amended (Home Rule Act), requires that municipalities adopt a specific form of government. The City operates under the Council form of government. City Council ("Council") is composed of a Mayor and six Council members. The six Council members are elected at-large for four-year, staggered terms and the Mayor is elected at-large for a four year term. The Mayor and Council are vested with the legislative and policymaking powers of the City. The Council appoints a City Administrator who serves as the chief executive officer of the City and is responsible to Council for proper administration of all affairs of the City.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. The Reporting Entity

The 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.

As required by GAAP, the financial statements must present the City's financial information with any of its component units (if significant). The primary criterion for determining inclusion or exclusion of a legally separate entity (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 and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all 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. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

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 in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has no significant component units.

#### *Potential Component Unit*

The Simpsonville Industrial Development Corporation, (the "Corporation") is a nonprofit organization whose purpose is to assist the City in promoting the economic development of the City for the benefit and welfare of the citizens of the City by providing and organizing (i) new business attraction, (ii) assisting current business retention, (iii) prospect response and follow-up, (iv) marketing and advertising, (v) data collection and research, (vi) prospect field trips, (vii) public relations, (viii) incentive negotiations, (ix) infrastructure development, and (x) fundraising. The City has financial accountability for the Corporation but the activity and the balances of the Corporation are not significant to the City and thus it has not been included in these financial statements.

#### *Major Operations*

The City's major governmental operations include: general government, public safety (police and fire), public works, and recreation and parks. In addition, the City provides sewer operations through its enterprise fund.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these 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 financial statements of the Proprietary Funds. 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 for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 generally collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, lease purchase 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, lease purchase obligations, 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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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 fund types and major funds are used by the City.

**Governmental Fund Types** are those through which most governmental functions of the City are financed. The City's expendable financial resources and related balance sheet items (except for those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The **General Fund, a major fund** and a budgeted 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 other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned 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.

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following major and non-major special revenue funds:

The **Accommodations and Hospitality Tax Fund, a major fund** and a budgeted fund, is a special revenue fund of the City and accounts for the City's specific revenue sources that are legally restricted to tourism related expenditures.

The City has the following non-major special revenue funds:

Veteran's Monument Fund	Simpsonville Elementary Improvement Fund
Animals of Simpsonville Fund	Arts and Cultural Center Fund
Economic Development Fund	Victims' Assistance Fund
Fire Prevention Fund	Seized Funds Fund
Fire Safety House Fund	Narcotics Fund

**Capital Projects Funds** are used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the acquisition of capital assets or construction of major capital facilities for the City. The City has the following non-major capital projects funds:

Bryson Meadows Project	Fowler Chase Project
Stewart Park Project	Heritage Pointe Project
Knightsbridge Project	Fox Trace Project

**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. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has one enterprise fund.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

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/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.

The City's proprietary fund type and major fund are as follows:

*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, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following Enterprise Fund:

The **Sewer Fund, a major fund** and a budgeted fund, is used to account for assets and activities of the City's sewer operations. All costs are financed through charges to utility customers.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1. Cash, Cash Equivalents, and Investments**

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 Local Government Investment 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 South Carolina Local Government Investment Pool are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**1. Cash, Cash Equivalents, and Investments (Continued)**

- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates 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 of deposit 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.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) 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), (c), and (f) 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 and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

- South Carolina Local Government Investment Pool ("LGIP" or "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. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.
- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

**2. 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 year-end, balances of interfund amounts or payables have been recorded.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

2. *Receivables and Payables (Continued)*

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

3. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method (if material). A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

4. *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 Position, but are not reported in the fund 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 Position and in the respective fund financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) or groupings of similar items with individual costs of less than \$5,000, but when purchased together the total is greater than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) at the date of donation.

Public domain (“infrastructure”) general capital assets, consist of the road network (i.e. roads, curbs, gutters, sidewalks, etc.) and sewer system assets that were acquired or that received substantial improvements. These assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Interest costs related to Proprietary Fund construction is capitalized as part of the capitalized value of the asset constructed if material. Interest costs of tax-exempt borrowings are capitalized net of related investment earnings on the proceeds.

Capital assets are depreciated on the straight-line method using the following estimated useful lives:

Buildings and Improvements	10 - 50 years
Infrastructure	40 - 50 years
Vehicles	5 - 20 years
Machinery, Equipment, and Furnishings	5 - 15 years

5. *Compensated Absences*

It is the policy of the City to provide paid annual leave (commonly referred to as vacation leave or paid time off) which is earned on a monthly basis in varying amounts based on years of service to a maximum amount per scheduled work hour classification. The annual leave year runs from January 1<sup>st</sup> to December 31<sup>st</sup>. Annual leave is depleted on the first-in, first-out (“FIFO”) basis. A maximum of 40 hours of accrued annual leave will be paid upon voluntary termination as long as the six month introductory period has been completed and proper notice has been satisfied. Sick leave is earned on a monthly basis. Sick leave can only be used for a valid illness and will not be paid at termination or retirement.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. *Compensated Absences (Continued)*

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 in the government-wide financial statements. The portion applicable to the City’s enterprise activities is also recorded in the Enterprise Fund financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method (as it approximates the effective interest method) if material. Debt is reported net of applicable bond premiums and discounts.

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, lease purchases, and capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt, lease purchases, and capital leases, compensated absences, contractually required pension contributions, special termination benefits and other related long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

7. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports *deferred refunding charges* in its Statements of Net Position. If material, deferred refunding charges, which is the difference between the reacquisition price and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds, which has the same maturity as the bonds that were refunded. Amortization of deferred refunding charges is included in interest expense. (2) The City also reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System (“Plans”). These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows/Inflows of Resources (Continued)*

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has two types of deferred inflows of resources: (1) The City reports *unavailable revenue – property taxes* only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The City also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

8. *Fund Balance*

In accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the City classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

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

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action (ordinance/resolution) made by the highest level of decision making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by an approved motion by City Council before the report issuance date.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City’s Council has set a General Fund unassigned fund balance target at 25% of current operating expenditures and a minimum unassigned fund balance target of 20% of current operating expenditures.



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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**9. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists 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 position component as the unspent proceeds. Net position is 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.

**10. Pensions**

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for its participation in the Plans, which represents the City's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the City's preceding fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**11. Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:
  - Quoted prices for similar assets and liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted market prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
  - Fair value is often based on developed models in which there are few, if any, observable inputs.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**11. Fair Value (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

**12. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

**13. 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 deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of 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.

**14. Comparative Data**

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The City has elected to present its budgetary comparison information for the General Fund and Accommodations and Hospitality Tax Fund as separate schedules (required supplementary information) and not as basic financial statements. The General Fund and the Accommodations and Hospitality Tax Fund were the only major governmental funds for which the City had a legally adopted budget. See the notes to the budgetary comparison schedule – General Fund and Accommodations and Hospitality Tax Fund (following the notes to the financial statements) for details regarding the City's budgetary information and process.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City’s deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2019, none of the City’s bank balances of approximately \$20,022,000 (with a carrying value of approximately \$19,675,000) were exposed to custodial credit risk.

*Investments*

As of June 30, 2019, the City had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity
First American Government Obligations (2)	Level 1	AAAm, Aaa-mf, AAAMmf	\$ 3,844,533	< 1 Year
South Carolina Local Government Investment Pool	N/A	Unrated	1,026	< 1 Year
Total			\$ 3,845,559	

(1) See Note I.C.11 for details of the City's fair value hierarchy.

(2) Money market mutual fund.

^ If available, credit ratings are for Standard & Poor’s, Moody’s Investors Service, and Fitch Ratings.

N/A - Not Applicable

**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.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

**Concentration of Credit Risk for Investments:** The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2019 were (a) those imposed by the revenue source (i.e. hospitality fees, accommodation taxes, grants, etc.), (b) debt service reserve funds, and (c) unspent debt/lease proceeds.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

A. Deposits and Investments (Continued)

*Reconciliation to the Financial Statements*

A reconciliation of cash and cash equivalents as shown in the Statements of Net Position for all activities is as follows:

Description	Amount
Carrying Amount of Deposits	\$ 19,674,731
Fair Value of Investments	3,845,559
	<u>\$ 23,520,290</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 16,044,696
Cash and Cash Equivalents, Restricted	3,631,061
Investments, Restricted	3,844,533
	<u>\$ 23,520,290</u>

B. Receivables and Unavailable/Unearned Revenues

*Property Taxes*

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 unavailable tax revenue and thus not recognized as revenue until collected in the governmental funds (if material).

Property taxes are assessed and collected by Greenville County. The County levies its real property taxes each September based upon current assessed valuation. Assessed values are established by the County Assessor, the County Auditor, and the South Carolina Department of Revenue and Taxation at various rates of 4 to 10.5 percent of the estimated market value.

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 in October on all property other than vehicles and are payable without penalty until January 15<sup>th</sup> of the following year. Penalties are assessed on unpaid taxes on the following dates:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection cost

After proper notification, the law requires "exclusive possession" of property necessary to satisfy the delinquent taxes. Properties with unpaid taxes are sold at a public auction during the month of October. Vehicle property taxes attach a lien and are levied throughout the year depending on when the vehicles' license tags expire. The lien and collection date for motor vehicle taxes is the last day of the month in which the motor vehicle license expires.

The City's fiscal year 2019 real and business personal property taxes (which was for tax year 2018) were levied in October 2018 based on a millage rate of 63.6 mills (same as the prior year) for the City and 32.1 mills (32.3 mills in the prior year) for the Fire Service Area, of which 2.4 mills is retained by Greenville County for debt service payments. The City's assessed value of real and personal property (including vehicles) was approximately \$91.3 million. Any amounts received by Greenville County but not yet remitted to the City at year end are included in the caption "Due from County Treasurer" in the Balance Sheet and Statement of Net Position.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

*Other Receivables*

Accounts receivable and other receivables represent amounts due to the City for grants, derived tax revenues, security services, charges for services, etc. All receivables are shown net of an allowance for uncollectibles of approximately \$6,000. The City’s net receivables at June 30, 2019 consisted of the following:

Description	General Fund	Accommodations and Hospitality Tax Fund	Sewer Fund	Totals
Property Taxes	\$ 76,432	-	-	\$ 76,432
Utilities	-	-	231,078	231,078
Accommodations Taxes	71,749	31,380	-	103,129
Hospitality Fees	-	174,948	-	174,948
MASC Insurance	194,249	-	-	194,249
Franchise Fees	352,456	-	-	352,456
Aid to Subdivisions	108,102	-	-	108,102
Grants	21,342	-	-	21,342
Other	61,077	594	-	61,671
Net Receivables	<u>\$ 885,407</u>	<u>206,922</u>	<u>231,078</u>	<u>\$ 1,323,407</u>

*Unavailable and Unearned Revenues*

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2019, the City’s governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 67,671	-	\$ 67,671
Other	General / Sewer	-	9,072	9,072
Total		<u>\$ 67,671</u>	<u>9,072</u>	<u>\$ 76,743</u>

C. Interfund Receivables, Payables and Transfers

*Interfund Receivables and Payables*

Interfund balances at June 30, 2019, consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
General Fund	\$ 365,135	\$ 18,341
Accommodations and Hospitality Tax Fund	-	38,652
Non Major Governmental Funds	18,341	48,881
Sewer Fund	-	277,602
Totals	<u>\$ 383,476</u>	<u>\$ 383,476</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

C. Interfund Receivables, Payables, and Transfers (Continued)

*Interfund Transfers*

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 541,505	\$ -
Accommodations and Hospitality Tax Fund	-	541,505
Totals	<u>\$ 541,505</u>	<u>\$ 541,505</u>

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. The City uses transfers to move unrestricted receipts so that they may be used for various programs in other funds. Transfers are most commonly made for program subsidies and grant matches. Accommodations and Hospitality Tax Fund transfers to the General Fund were to supplement tourism related expenditures at Heritage Park and the Amphitheatre. Council approves the amount transferred annually during the budget process.

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 6,724,258	-	-	\$ 6,724,258
Construction In Progress	-	73,324	-	73,324
Total Capital Assets, Non-Depreciable	<u>6,724,258</u>	<u>73,324</u>	<u>-</u>	<u>6,797,582</u>
Capital Assets, Depreciable:				
Buildings and Improvements	20,095,906	2,361,908	-	22,457,814
Machinery and Equipment	4,227,446	296,614	9,787	4,514,273
Infrastructure	26,885,854	-	-	26,885,854
Vehicles	9,451,187	570,744	59,505	9,962,426
Total Capital Assets, Depreciable	<u>60,660,393</u>	<u>3,229,266</u>	<u>69,292</u>	<u>63,820,367</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	7,996,313	574,504	-	8,570,817
Machinery and Equipment	2,761,022	246,144	9,787	2,997,379
Infrastructure	12,798,881	466,787	-	13,265,668
Vehicles	6,299,681	980,234	59,505	7,220,410
Total Accumulated Depreciation	<u>29,855,897</u>	<u>2,267,669</u>	<u>69,292</u>	<u>32,054,274</u>
Total Capital Assets, Depreciable, Net	<u>30,804,496</u>	<u>961,597</u>	<u>-</u>	<u>31,766,093</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,528,754</u>	<u>1,034,921</u>	<u>-</u>	<u>\$ 38,563,675</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

D. Capital Assets (Continued)

Capital asset additions and depreciation expense for governmental activities were charged to functions/programs as follows:

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 433,107	\$ 162,515
Public Safety	2,475,340	993,957
Public Works	238,090	642,952
Recreation and Parks	156,053	468,245
Total - Governmental Activities	<u>\$ 3,302,590</u>	<u>\$ 2,267,669</u>

During the year ended June 30, 2019, Greenville County donated Fire Station #5 to the City in the amount of approximately \$2,103,000. This amount is included in Public Safety capital asset additions noted above.

Capital asset activity for the City’s business-type activities for the year ended June 30, 2019, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Construction In Progress	\$ 4,698,663	3,804,370	-	-	\$ 8,503,033
Total Capital Assets, Non-Depreciable	<u>4,698,663</u>	<u>3,804,370</u>	<u>-</u>	<u>-</u>	<u>8,503,033</u>
Capital Assets, Depreciable:					
Infrastructure	15,445,591	-	-	-	15,445,591
Equipment	375,337	25,310	-	-	400,647
Vehicles	576,879	80,275	-	-	657,154
Total Capital Assets, Depreciable	<u>16,397,807</u>	<u>105,585</u>	<u>-</u>	<u>-</u>	<u>16,503,392</u>
Less: Accumulated Depreciation for:					
Infrastructure	5,645,514	486,629	-	-	6,132,143
Equipment	208,351	47,815	-	-	256,166
Vehicles	299,205	76,184	-	-	375,389
Total Accumulated Depreciation	<u>6,153,070</u>	<u>610,628</u>	<u>-</u>	<u>-</u>	<u>6,763,698</u>
Total Capital Assets, Depreciable, Net	<u>10,244,737</u>	<u>(505,043)</u>	<u>-</u>	<u>-</u>	<u>9,739,694</u>
Business-Type Activities Capital Assets, Net	<u>\$ 14,943,400</u>	<u>3,299,327</u>	<u>-</u>	<u>-</u>	<u>\$ 18,242,727</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) or General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Accommodations and Hospitality Tax Revenue Refunding Bonds (“AHTRRB”) are considered a special obligation of the City and are payable solely from a pledge of accommodation and hospitality taxes. Sewer Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from the sewer operations of the City. Lease Purchase (“LP”) and Capital Lease (“CL”) 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 AHTRRB, RB, LP, and CL obligations nor the interest thereon. Details on the City’s outstanding debt (which includes lease purchases and capital lease obligations) as of June 30, 2019 are as follows:

	Balance at June 30, 2019
<b><i>General Obligation Bonds</i></b>	
\$1,175,000 Series 2015 General Obligation Bond issued in September 2015 (“GOB – Series 2015”), which is due in annual principal installments of \$34,000 – \$197,000 beginning on April 1, 2016 and running through April 1, 2022. Interest is payable semi-annually on April 1 <sup>st</sup> and October 1 <sup>st</sup> with interest at 1.83%. The proceeds from these bonds were used for (i) the acquisition of fire trucks, trailers, and miscellaneous capital improvements and equipment, (ii) the acquisition of various capital improvements and equipment for the police department, and (iii) the acquisition of various capital improvements and equipment for the public works department.	\$ 425,000
\$480,000 Series 2017 General Obligation Bond issued in October 2017 (“GOB – Series 2017”), which is due in annual principal payments of \$115,000 - \$125,000 beginning April 1, 2018 and running through April 1, 2021. Interest is payable semi-annually on April 1 <sup>st</sup> and October 1 <sup>st</sup> with interest at 1.634%. The proceeds from these bonds were used for capital improvements and the acquisition of various equipment and vehicles.	245,000
<b><i>General Obligation Refunding Bonds</i></b>	
\$1,756,162 Series 2013 General Obligation Refunding Bond issued in February 2013 (“GORB – Series 2013”), which is due in annual principal installments of \$56,602 – \$457,264 beginning on April 1, 2013 and running through April 1, 2022. Interest is payable semi-annually on April 1 <sup>st</sup> and October 1 <sup>st</sup> with interest at 1.35%. The proceeds from these bonds were used to refund the Series 2000, 2001, 2003, 2006, 2007, 2007A, and 2008 General Obligation Bonds.	197,815
<b><i>Accommodations and Hospitality Tax Revenue Refunding Bonds</i></b>	
\$7,216,000 Series 2016 Accommodations and Hospitality Tax Revenue Refunding Bonds issued in June 2016 (“AHTRRB – Series 2016”), which is due in annual principal installments of \$634,000 to \$1,022,000 beginning January 1, 2017 and ending January 1, 2024. Interest is payable semi-annually on January 1 <sup>st</sup> and July 1 <sup>st</sup> with interest at 1.74%. The proceeds from the AHTRRB – Series 2016 were used to currently refund the Series 2012A and 2012B Accommodations and Hospitality Tax Revenue Refunding Bonds.	4,398,000
<b><i>Lease Purchases/Capital Leases</i></b>	
\$903,000 lease purchase agreement was entered into in June 2012 (“LP – 2012”), with 60 quarterly payments (including interest) of \$30,692 beginning January 1, 2013 through October 1, 2020 which includes interest at 1.90%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police, fire, and public works departments as well as playground equipment for the recreation department.	\$ 151,259



CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations (Continued)

	<u>Balance at June 30, 2019</u>
<i>Lease Purchases/Capital Leases (Continued)</i>	
\$750,000 lease purchase agreement was entered into in August 2014 (“LP – 2014”), with 5 annual payments (including interest) of \$156,916 beginning August 1, 2015 through August 1, 2019 which includes interest at 1.53%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police department, self-contained breathing air units and radio communication equipment for the fire department, and a communication/dispatch radio console for the police/dispatch department	\$ 154,550
\$894,813 lease purchase agreement was entered into in August 2015 (“LP – 2015”), with 20 quarterly payments (including interest) of \$46,802 beginning January 1, 2016 through October 1, 2020 which includes interest at 1.63%. The proceeds from this lease purchase obligation were used to purchase vehicles for the administration, police, fire, and public works departments and a sewer vactor truck for the public works department. Approximately 57% of this indebtedness is a governmental activity obligation and approximately 43% is an obligation of the Sewer Enterprise Fund.	182,216
<i>Revenue Bonds</i>	
\$10,270,000 Series 2016 Revenue Bonds were issued in November of 2016 (“Series 2016 Revenue Bonds”), which is due in annual principal installments of \$360,000 – \$725,000 beginning on April 1, 2018 through April 1, 2037. Interest is payable semi-annually on April 1 <sup>st</sup> and October 1 <sup>st</sup> with interest ranging from 2.0% to 5.0%. The proceeds from these bonds will be used for various capital improvements in the Sewer Fund.	\$ 9,545,000

Interest paid on the debt issued by the City is generally 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 does not believe it has an arbitrage liability at June 30, 2019.

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, 2019, the City had approximately \$868,000 of bonded debt. The City’s 8% legal debt limit was approximately \$7,301,000 and the unused legal debt margin was approximately \$6,433,000 at June 30, 2019.

The Series 2016 Revenue Bond requires the City to maintain user rates sufficient to generate net revenues (as defined by the agreement) of 125% per any fiscal year of the combined annual principal and interest payments on all debt paid from or secured by the revenues of the Sewer Fund. The City is in compliance with all such significant financial covenants and restrictions at June 30, 2019.

All of the City’s outstanding debt, with the exception of the Series 2016 Revenue Bond, has been issued through direct borrowings/placements (“DBP”). Obligations through DBP are generally secured/collateralized by the underlying capital assets and are subject to acceleration clauses in case of an event of default (i.e. nonpayment, etc) as defined in the debt documents.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the City’s governmental activities for the year ended June 30, 2019:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Debt:					
Bonds:					
GORB - Series 2013 - DBP	\$ 260,409	-	62,594	197,815	\$ 66,014
GOB - Series 2015 - DBP	615,000	-	190,000	425,000	194,000
AHTRRB - Series 2016 - DBP	5,368,000	-	970,000	4,398,000	988,000
GOB - Series 2017 - DBP	365,000	-	120,000	245,000	120,000
<b>Total Bonds</b>	<b>6,608,409</b>	<b>-</b>	<b>1,342,594</b>	<b>5,265,815</b>	<b>1,368,014</b>
Lease Purchases/Capital Leases:					
LP - 2012 - DBP	269,681	-	118,422	151,259	120,715
LP - 2014 - DBP	306,772	-	152,222	154,550	154,550
LP - 2015 - DBP	191,177	-	103,403	87,774	87,774
CL - 2016 - DBP	201,400	-	201,400	-	-
<b>Total Lease Purchases/Capital Leases</b>	<b>969,030</b>	<b>-</b>	<b>575,447</b>	<b>393,583</b>	<b>363,039</b>
<b>Total Debt</b>	<b>6,099,919</b>	<b>-</b>	<b>1,918,041</b>	<b>5,659,398</b>	<b>1,731,053</b>
Compensated Absences	325,915	569,208	506,567	388,556	194,278
<b>Total Governmental Activities</b>	<b>\$ 7,903,354</b>	<b>569,208</b>	<b>2,424,608</b>	<b>6,047,954</b>	<b>\$ 1,925,331</b>

Presented below is a summary of changes in long-term obligations for the City’s business-type activities for the year ended June 30, 2019:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Debt:					
Bonds:					
RB - Series 2016 - Publicly Traded	\$ 9,910,000	-	365,000	9,545,000	\$ 380,000
Premium on RB - Series 2016	881,082	-	46,999	834,083	-
<b>Total Bonds</b>	<b>10,791,082</b>	<b>-</b>	<b>411,999</b>	<b>10,379,083</b>	<b>380,000</b>
Lease Purchases:					
LP - 2015 - DBP	172,543	-	78,101	94,442	79,396
<b>Total Debt</b>	<b>10,963,625</b>	<b>-</b>	<b>490,100</b>	<b>10,473,525</b>	<b>459,396</b>
Compensated Absences	9,983	14,264	14,698	9,549	4,775
<b>Total Business-Type Activities</b>	<b>\$ 10,973,608</b>	<b>14,264</b>	<b>504,798</b>	<b>10,483,074</b>	<b>\$ 464,171</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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

E. Long-Term Obligations (Continued)

Resources from the General Fund have been utilized to liquidate the governmental activities GOB, GORB, lease purchase/capital lease obligations, and compensated absences liability. Resources from the Accommodations and Hospitality Tax Fund have been used to liquidate the AHTRRB. Resources from the Sewer Fund have been utilized to liquidate all of the business-type activities long-term obligations. Payments for the City’s other long-term liabilities associated with its participation in the State retirement plans (see Note IV.B) are paid from the various funds for which the employees’ salaries are charged.

Presented below is a summary of debt service requirements to maturity by year for the City’s governmental and business-type activities as of June 30, 2019:

Year Ended June 30,	Bonds - DBP		Lease Purchases/Capital Leases - DBP		Total
	Principal	Interest	Principal	Interest	
<b>Governmental Activities:</b>					
2020	\$ 1,368,014	90,977	363,039	4,418	\$ 1,826,448
2021	1,392,280	67,382	30,544	148	1,490,354
2022	1,123,521	43,364	-	-	1,166,885
2023	748,000	24,047	-	-	772,047
2024	634,000	11,032	-	-	645,032
Totals	<u>\$ 5,265,815</u>	<u>236,802</u>	<u>393,583</u>	<u>4,566</u>	<u>\$ 5,900,766</u>

Year Ended June 30,	Revenue Bond - Publicly Traded		Lease Purchase - DBP		Total
	Principal	Interest	Principal	Interest	
<b>Business-Type Activities</b>					
2020	\$ 380,000	365,463	79,396	1,158	\$ 826,017
2021	390,000	354,063	15,046	84	759,193
2022	405,000	342,363	-	-	747,363
2023	415,000	330,213	-	-	745,213
2024	435,000	313,613	-	-	748,613
2025-2029	2,420,000	1,308,365	-	-	3,728,365
2030-2034	2,995,000	735,815	-	-	3,730,815
2035-2037	2,105,000	137,439	-	-	2,242,439
Totals	<u>\$ 9,545,000</u>	<u>3,887,334</u>	<u>94,442</u>	<u>1,242</u>	<u>\$ 13,528,018</u>

The City issued the 2004 Certificates of Participation (“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 Position. The remaining outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2019 was approximately \$365,000. Both the 2004 COPS and 2003 COPS were refunded with the AHTRRB Series 2012A and Series 2012B. The AHTRRB Series 2012A and Series 2012B were later refunded with the AHTRRB Series 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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IV. OTHER INFORMATION

A. Risk Management

**Participation in Public Entity Risk Pools for Property and Casualty Insurance**

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”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

The City pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2019, the City made premium payments totaling approximately \$285,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2018, totaled approximately \$12,619,000. 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 pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2019, the City made premium payments totaling approximately \$146,000. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2018, totaled approximately \$57,682,000. 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.

B. Retirement Plans

The City participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”). The PEBA, created on July 1, 2012 and governed by an 11-member Board of Directors (“PEBA Board”), is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, the PEBA is responsible for administering the South Carolina Retirement Systems’ (“Systems”) five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the Retirement Systems Investment Commission (“RSIC”) and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

*Plan Description*

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*Plan Description (Continued)*

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

*Plan Membership*

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*Plan Benefits*

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

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*Plan Benefits (Continued)*

Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

*Plan Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA Board, are insufficient to maintain the period set in statute, the PEBA Board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for the SCRS and the PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24 percent for the PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization period.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Plan Contributions (Continued)*

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City’s contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees’ annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates			PORS Rates		
	2017	2018	2019	2017	2018	2019
Employer Contribution Rate: <sup>^</sup>						
Retirement	11.41%	13.41%	14.41%	13.84%	15.84%	16.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>11.56%</u>	<u>13.56%</u>	<u>14.56%</u>	<u>14.24%</u>	<u>16.24%</u>	<u>17.24%</u>
Employee Contribution Rate	<u>8.66%</u>	<u>9.00%</u>	<u>9.00%</u>	<u>9.24%</u>	<u>9.75%</u>	<u>9.75%</u>

<sup>^</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2019	\$ 415,607	100%	\$ 823,511	100%
2018	352,085	100%	725,677	100%
2017	\$ 296,195	100%	\$ 591,620	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2018. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2018 (measurement date) to the City were approximately \$27,000 and \$42,000 for the SCRS and PORS, respectively.

The City recognized contributions (on-behalf benefits) from the State of approximately \$27,000 and \$42,000 for the year ended June 30, 2019. These contributions by the State are recognized as state shared revenues and pension expenditures in the City’s governmental fund financial statements.

Eligible payrolls covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2019	\$ 2,854,442	4,776,743	\$ 7,631,185
2018	2,596,500	4,468,453	7,064,953
2017	\$ 2,562,239	4,154,634	\$ 6,716,873

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Actuarial Assumptions and Methods*

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”), and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018 for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.25%	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%



CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

**B. Retirement Plans (Continued)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>47.0%</b>		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
<b>Real Assets</b>	<b>10.0%</b>		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic</b>	<b>13.0%</b>		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	100.0%		5.03%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.28%

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of the June 30, 2018 measurement date, for the SCRS and PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,821,730,067	26,414,916,370	\$ 22,406,813,697	54.1%
PORS	\$ 7,403,972,673	4,570,430,247	\$ 2,833,542,426	61.7%

The TPL is calculated by the Systems’ actuary, and each Plans’ fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems’ notes to the financial statements and required supplementary information. Liability calculations performed by the Systems’ actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans’ funding requirements.

At June 30, 2019, the City reported liabilities of approximately \$5,614,000 and \$9,148,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2018, and the TPL for the Plans used to calculate NPL were determined based on the most recent actuarial valuation report of July 1, 2017 that was projected forward to the measurement date. The City’s proportion of the NPL were based on a projection of the City’s long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the City’s SCRS proportion was 0.02506 percent, which was a decrease of 0.00034 percent from its proportion measured as of June 30, 2017. At the June 30, 2018 measurement date, the City’s PORS proportion was 0.32283 percent, which was an increase of 0.01432 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of approximately \$394,000 and \$1,260,000 for the SCRS and PORS, respectively. At June 30, 2019, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 10,134	\$ 33,038
Change in Assumptions	222,742	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	89,183	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	264,543
Employer Contributions Subsequent to the Measurement Date	388,533	-
Total SCRS	<u>710,592</u>	<u>297,581</u>
<b>PORS</b>		
Differences Between Expected and Actual Experience	281,850	-
Change in Assumptions	603,141	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	182,929	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	356,020	165,474
Employer Contributions Subsequent to the Measurement Date	781,399	-
Total PORS	<u>2,205,339</u>	<u>165,474</u>
Total SCRS and PORS	<u>\$ 2,915,931</u>	<u>\$ 463,055</u>

Approximately \$389,000 and \$781,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2020	\$ 94,190	631,375	\$ 603,403
2021	27,591	459,038	370,491
2022	(86,643)	129,290	(62,097)
2023	(10,660)	38,763	28,103
Total	<u>\$ 24,478</u>	<u>1,258,466</u>	<u>\$ 939,900</u>

*Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

*Sensitivity Analysis*

The following table presents the sensitivity of the City’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City’s proportionate share of the net pension liability of the SCRS	\$ 7,173,975	5,614,255	\$ 4,499,204
City’s proportionate share of the net pension liability of the PORS	12,332,008	9,147,526	6,539,168
Total	<u>\$ 19,505,983</u>	<u>14,761,781</u>	<u>\$ 11,038,372</u>

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plans*

The City reported a payable of approximately \$304,000 to the PEBA as of June 30, 2019, representing required employer and employee contributions for the months of May and June 2019 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in July 2019.

C. Deferred Compensation Plan

The City offers its employees the option to participate in the South Carolina 401 (k), Roth 401 (k), and 457 Deferred Compensation plans (collectively the “Deferred Compensation Plans”). The Deferred Compensation Plans are administered by the PEBA. All amounts of compensation contributed under the Deferred Compensation Plans, all income, and rights attributed to such amounts remain the sole property of the participating employee. Current year payroll covered under the Deferred Compensation Plans was approximately \$1,786,000. Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum of \$17,500, with an additional \$5,500 if participants are over age 50 or will turning 50 during the year.

Contributions are not available to employees until termination of employment, retirement, death, or foreseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There is no eligibility or vesting requirements. The City has no obligation to contribute to the Deferred Compensation Plans, and has made no contributions during the year. Employee contributions were approximately \$78,000 for the year ended June 30, 2019. There were no significant changes in plan provisions during the current year.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Postemployment Benefits Other Than Pensions**

In 2015, the GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”). GASB #75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits (“OPEB”) expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB #75 in the year ended June 30, 2018 and its implementation had no impact, as the City does not provide any OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

**E. Contingent Liabilities and Commitments**

***Litigation***

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

***Grants***

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2019.

***Fire Protection Services***

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 (“FSA”). The County will pay the City operating fees based on millage (presently 32.1 mills) of which 2.4 mills are held by the County to pay debt service payments. This agreement expired in June 2017 but has been 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. The City received approximately \$3,936,000 in tax revenues related to the FSA during the year ended June 30, 2019.

***Agreement with Renewable Water Resources***

In June 2006 and effective January 15, 2006, the City executed an agreement with Renewable Water Resources (“ReWa”), formerly known as Western Carolina Regional Sewer Authority that addresses inflow and infiltration (“I&I”) issues between the City and ReWa. The agreement was deemed mutually beneficial in the effort to reduce I&I into shared facilities and to improve the transportation system. Additionally, it was part of the City’s ongoing commitment to meet both the Environmental Protection Agency’s Capacity, Management, Operation and Maintenance Program and the South Carolina Department of Health and Environmental Control’s Satellite Sewer System Operating Permit requirements. The agreement stipulates that the City’s goal is to review and address rehabilitation and I&I abatement in all mini-systems within a fifteen year time frame. In addition, the City will perform standard operations and maintenance annually. The agreement has an initial term of three years, with automatic renewals of four successive terms of three years each, with a final termination of December 2023. Each party has reserved the right to have automatic renewals reviewed by a court of competent jurisdiction for a determination of its continuing validity.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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IV. OTHER INFORMATION (CONTINUED)

E. Contingent Liabilities and Commitments (Continued)

*Construction Contracts*

The City began a Sewer Rehabilitation Project in March 2016, and has recognized approximately \$8,503,000 as of June 30, 2019 (in Construction in Progress). The City's remaining commitment for this project is approximately \$1,700,000 as of June 30, 2019.

*Infrastructure Reimbursement Agreement*

In November 2017, the City entered into a contract with GrayBul Cotton Mill, LP ("Owner") regarding the development and improvements at the historic mill site located within the City. Under the terms of this agreement, the City will reimburse the Owner for qualified public improvements (i.e. public utilities, sidewalks, parking, landscaping, and environmental clean-up, etc.) in an amount not to exceed \$1,500,000. The City's annual reimbursements to the Owner will be paid solely from the City's portion of ad valorem tax revenues which are received by the City from the real property comprising the project (less a minimum portion that will be kept by the City) over a period of approximately 15 years. As of June 30, 2019, the City had not made any reimbursements under this contract.

F. Subsequent Events

In July 2019, the City was awarded a \$500,000 grant administered through the Appalachian Regional Commission to provide funding for renovations to the Arts Center, which will enable the City to host ticketed performing arts show and implement a STEAM education program for middle school students. As part of this agreement, the City's commitment toward phase one of the Arts Center renovation project was approximately \$1,947,000.

In August 2019, the City issued \$772,000 in Series 2019 General Obligation Bonds to partially finance the purchase of a new fire truck. Annual principal payments range from \$105,000 to \$115,000 beginning April 1, 2020 through April 1, 2026. Interest is paid semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> with interest at 1.955%.

# **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Taxes:				
Property	\$ 9,248,968	9,248,968	9,976,558	\$ 727,590
MASC Telecommunications and Insurance	2,130,000	2,130,000	2,649,703	519,703
Franchise	1,560,000	1,560,000	1,558,842	(1,158)
Licenses, Permits, and Fees	2,110,200	2,110,200	2,741,774	631,574
Grants	141,557	141,557	60,739	(80,818)
Fines	120,050	120,050	143,759	23,709
Shared Revenue:				
County	207,647	207,647	506,865	299,218
State	600,000	600,000	697,039	97,039
Interest	26,000	26,000	78,690	52,690
Other	721,300	721,300	903,764	182,464
<b>TOTAL REVENUES</b>	<b>16,865,722</b>	<b>16,865,722</b>	<b>19,317,733</b>	<b>2,452,011</b>
<b>EXPENDITURES</b>				
Current:				
General Government				
Mayor and City Council	98,899	98,899	89,667	9,232
City Administration	1,885,815	1,885,815	1,780,708	105,107
Public Safety				
Police Department	4,264,314	4,264,314	4,135,049	129,265
Fire Department	4,907,347	4,907,347	4,837,589	69,758
Public Works	2,297,070	2,297,070	2,342,378	(45,308)
Recreation and Parks	2,171,936	2,171,936	2,071,443	100,493
Capital Outlay	841,975	682,975	1,124,425	(441,450)
Debt Service:				
Principal	904,649	904,649	937,441	(32,792)
Interest	34,014	34,014	32,927	1,087
<b>TOTAL EXPENDITURES</b>	<b>17,406,019</b>	<b>17,247,019</b>	<b>17,351,627</b>	<b>(104,608)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(540,297)</b>	<b>(381,297)</b>	<b>1,966,106</b>	<b>2,347,403</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	540,297	540,297	541,505	1,208
Insurance Proceeds	-	-	75,505	75,505
Sale of Capital Assets	-	-	23,399	23,399
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>540,297</b>	<b>540,297</b>	<b>640,409</b>	<b>100,112</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>159,000</b>	<b>2,606,515</b>	<b>2,447,515</b>
FUND BALANCES, Beginning of Year	11,698,588	11,698,588	11,698,588	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 11,698,588</b>	<b>11,857,588</b>	<b>14,305,103</b>	<b>\$ 2,447,515</b>

Note: The notes to the budgetary comparison schedules are an integral part of this schedule.

Note: The revised budget reflects a correction of approximately \$159,000 for an item inadvertently entered into the original budget twice.

Note: The City's expenditures exceeded its revised budget; however, Council elected to not amend the budget.



CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL ACCOMMODATIONS AND HOSPITALITY TAX FUND

YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Hospitality Tax	\$ 1,820,000	1,820,000	2,022,685	\$ 202,685
Accommodations Tax	320,000	320,000	343,343	23,343
Interest	8,700	8,700	26,760	18,060
Other Revenue	-	-	10,031	10,031
<b>TOTAL REVENUES</b>	<b><u>2,148,700</u></b>	<b><u>2,148,700</u></b>	<b><u>2,402,819</u></b>	<b><u>254,119</u></b>
<b>EXPENDITURES</b>				
Current:				
General Government	10,000	10,000	6,095	(3,905)
Capital Outlay	513,000	513,000	288,673	(224,327)
Debt Service:				
Principal	-	-	970,000	970,000
Interest and Other Fiscal Charges	-	-	84,964	84,964
<b>TOTAL EXPENDITURES</b>	<b><u>523,000</u></b>	<b><u>523,000</u></b>	<b><u>1,349,732</u></b>	<b><u>826,732</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>1,625,700</u></b>	<b><u>1,625,700</u></b>	<b><u>1,053,087</u></b>	<b><u>(572,613)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,603,700)	(1,603,700)	(541,505)	1,062,195
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>(1,603,700)</u></b>	<b><u>(1,603,700)</u></b>	<b><u>(541,505)</u></b>	<b><u>1,062,195</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>22,000</b>	<b>22,000</b>	<b>511,582</b>	<b>489,582</b>
FUND BALANCES, Beginning of Year	<u>3,016,499</u>	<u>3,016,499</u>	<u>3,016,499</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<b><u>\$ 3,038,499</u></b>	<b><u>3,038,499</u></b>	<b><u>3,528,081</u></b>	<b><u>\$ 489,582</u></b>

Note: The notes to the budgetary comparison schedules are an integral part of this schedule.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**NOTES TO THE BUDGETARY COMPARISON SCHEDULES**

**YEAR ENDED JUNE 30, 2019**

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**A. BASIS OF ACCOUNTING**

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**B. BUDGETARY INFORMATION**

The City follows the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. During the months of February and March, the City department heads develop operating budgets while the management and finance departments develop revenue forecasts.
2. 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.
3. 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, Accommodations and Hospitality Tax Fund, Victims' Assistance Fund, and Sewer Fund.
4. During the year, accountability for the budget for each department is primarily the responsibility of the department head. The City Administrator 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.
5. The presented budgetary information is as originally adopted or as amended by the City Council. During the year, the City Council did not revise the budget.
6. At the year-end, unencumbered balances of appropriations lapse into the unappropriated fund balance.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.02506%	0.02540%	0.02741%	0.02757%	0.02831%	0.02831%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,614,255	5,716,823	5,854,522	5,227,835	4,873,355	\$ 5,077,087
City's Covered Payroll	\$ 2,596,500	2,562,239	2,654,218	2,584,532	2,569,820	\$ 2,209,505
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	216.22%	223.12%	220.57%	202.27%	189.64%	229.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.10%	53.34%	52.91%	56.99%	59.92%	56.39%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year. The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 415,607	352,085	296,195	293,557	281,714
Contributions in Relation to the Contractually Required Contribution:					
Contributions from the City	388,533	325,011	296,195	293,557	281,714
Contributions from the State	27,074	27,074	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	\$ -
City's Covered Payroll	\$ 2,854,442	2,596,500	2,562,239	2,654,218	2,584,532
Contributions as a Percentage of Covered Payroll	14.56%	13.56%	11.56%	11.06%	10.90%
					10.60%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability (Asset)	0.32283%	0.30851%	0.32128%	0.30849%	0.31038%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,147,526	8,451,819	8,149,237	6,723,507	5,941,962
City's Covered Payroll	\$ 4,468,453	4,154,634	4,095,919	3,783,716	3,738,171
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	204.71%	203.43%	198.96%	177.70%	158.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.73%	60.94%	60.44%	64.57%	67.55%
					62.98%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.  
The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.  
The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM

LAST SIX FISCAL YEARS

	Year Ended June 30,				
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 823,511	725,677	591,620	562,779	507,396
Contributions in Relation to the Contractually Required Contribution:					
Contributions from the City	781,399	683,565	591,620	562,779	507,396
Contributions from the State	42,112	42,112	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-
City's Covered Payroll	\$ 4,776,743	4,468,453	4,154,634	4,095,919	3,783,716
Contributions as a Percentage of Covered Payroll	17.24%	16.24%	14.24%	13.74%	13.41%
					12.84%

Notes to Schedule:

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

# **SUPPLEMENTARY INFORMATION**

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>General Government</b>			
Mayor and City Council:			
Current:			
Salaries	\$ 46,600	46,600	\$ -
FICA	3,565	3,357	208
Retirement	4,200	4,174	26
Insurance - Group	9,129	11,193	(2,064)
Insurance - Worker's Compensation	750	733	17
Insurance - Liability	1,800	1,566	234
Discretionary Funds	17,850	10,591	7,259
Dues, Subscriptions, and Memberships	-	915	(915)
Local Meetings and Meals	-	40	(40)
Office and Printing	14,405	9,291	5,114
Supplies	-	837	(837)
Telephone, Modem, and Fax	600	370	230
Total Mayor and City Council	<u>98,899</u>	<u>89,667</u>	<u>9,232</u>
City Administration: General			
Current:			
Salaries	623,150	630,862	(7,712)
Overtime	941	120	821
Extra Duties - Overtime	3,063	2,750	313
FICA	47,671	47,230	441
Retirement	90,731	92,089	(1,358)
Unemployment	-	359	(359)
Insurance - Group	92,364	84,985	7,379
Insurance - Worker's Compensation	1,500	2,756	(1,256)
Insurance - Liability	2,000	7,386	(5,386)
Fuel Usage	3,000	1,721	1,279
Tires	2,000	-	2,000
Professional Training	18,450	11,821	6,629
Contractual Services - Professional	55,650	64,524	(8,874)
Dues, Subscriptions, and Memberships	14,010	10,243	3,767
Supplies	8,500	8,328	172
Telephone, Fax, Cell and Pagers	13,000	8,044	4,956
IT Communications	9,600	9,939	(339)
Computer Software and Support	62,916	52,771	10,145
Non-Capital Equipment	3,500	4,969	(1,469)
Utilities	165,600	164,803	797
Physical Examinations and Drug/Alcohol Testing	300	-	300
Local Meetings and Meals	5,000	2,860	2,140
Equipment Rent	14,150	20,245	(6,095)
Bank Fees	-	26,645	(26,645)
Building Inspection Fees	144,000	144,000	-
Advertising	1,200	1,560	(360)
Community Relations	155,407	102,538	52,869
Employee Recognition	3,000	2,490	510
Memorials and Awards	1,500	1,245	255
Miscellaneous	5,000	4,918	82
Postage	3,000	4,943	(1,943)
Printing	8,600	3,428	5,172
Repairs and Maintenance - Buildings	\$ 8,700	12,105	\$ (3,405)

(Continued)



CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>General Government (Continued)</b>			
City Administration: General (Continued)			
Current:			
Repairs and Maintenance - Equipment	\$ 5,650	3,375	\$ 2,275
Repairs and Maintenance - Routine	1,000	879	121
Repairs and Maintenance - Drive Train	1,500	-	1,500
Repairs and Maintenance - Vehicle Body Work	1,000	1,434	(434)
County Stormwater Fees	7,000	6,521	479
Contingency	50,000	-	50,000
Total City Administration: General	<u>1,633,653</u>	<u>1,544,886</u>	<u>88,767</u>
City Administration: Court Division			
Current:			
Salaries	150,350	152,557	(2,207)
FICA	11,425	11,559	(134)
Retirement	20,885	21,212	(327)
Insurance - Group	24,702	17,714	6,988
Insurance - Worker's Compensation	400	343	57
Insurance - Liability	2,100	1,596	504
Professional Training	3,750	3,772	(22)
Dues, Subscriptions, and Memberships	150	-	150
Supplies	2,500	2,432	68
Telephone, Fax, Cell and Pagers	1,000	785	215
IT Communications	4,200	4,012	188
Computer Software and Support	3,500	4,892	(1,392)
Printing	600	447	153
Repairs and Maintenance - Equipment	500	5	495
Postage	3,500	2,504	996
Jurors, Bailiffs, and Witnesses	6,250	2,175	4,075
Non-Capital Equipment	5,000	3,034	1,966
Rental Expense	11,100	6,578	4,522
Miscellaneous	250	205	45
Total City Administration: Court Division	<u>252,162</u>	<u>235,822</u>	<u>16,340</u>
Total City Administration	<u>1,885,815</u>	<u>1,780,708</u>	<u>105,107</u>
Total General Government	<u>1,984,714</u>	<u>1,870,375</u>	<u>114,339</u>
<b>Public Safety</b>			
Police Department: Operations			
Current:			
Salaries	1,908,208	1,930,326	(22,118)
Overtime	47,000	40,456	6,544
Extra Duties-Overtime	90,000	92,480	(2,480)
FICA	138,580	151,597	(13,017)
Retirement	312,304	350,530	(38,226)
Insurance - Group	413,490	349,645	63,845
Insurance - Worker's Compensation	70,000	60,083	9,917
Insurance - Liability	125,000	119,374	5,626
Fuel Usage	\$ 100,000	86,939	\$ 13,061

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Public Safety (Continued)</b>			
Police Department: Operations (Continued)			
Current:			
Tires	\$ 11,948	13,247	\$ (1,299)
Professional Training	26,350	24,642	1,708
Dues and Subscriptions	3,810	3,280	530
Supplies	19,500	10,372	9,128
Telephone, Fax, Cell and Pagers	48,561	47,528	1,033
Computer Software and Support	74,363	68,192	6,171
IT Communications	15,121	9,941	5,180
Utilities	14,000	13,908	92
Physical Examinations and Drug/Alcohol Testing	8,000	7,471	529
Local Meetings and Meals	3,950	3,839	111
Leases-Equipment	15,348	15,968	(620)
Advertising	1,500	1,596	(96)
Non-Capital Equipment	23,922	22,386	1,536
Community Relations	10,350	5,725	4,625
Vehicle License Fees	100	88	12
Postage	3,000	672	2,328
Uniforms	31,425	33,779	(2,354)
Employee Uniform Allowance	9,000	8,452	548
Printing	2,500	2,051	449
Animal Control	2,800	1,998	802
Repairs and Maintenance - Buildings	9,200	16,751	(7,551)
Repairs and Maintenance - Equipment	14,000	12,413	1,587
Repairs and Maintenance - Radios	5,000	1,693	3,307
Repairs and Maintenance - Drive Train	15,800	-	15,800
Repairs and Maintenance - Routine	25,200	30,651	(5,451)
Repairs and Maintenance - Vehicle Body Work	6,000	7,475	(1,475)
Firearms/Ammunition	17,838	17,641	197
Chemicals	500	473	27
Informant Fees	5,000	4,506	494
Housing - Inmate	79,837	43,116	36,721
Housing - Juvenile	6,850	7,014	(164)
Radio User Fees	39,500	35,623	3,877
UDL Enforcement	4,537	(600)	5,137
Body Armor Grant	31,656	22,423	9,233
Grant Equipment	68,223	-	68,223
Tuition Reimbursements	2,000	-	2,000
Contractual Services	-	50	(50)
Police Services	8,678	3,148	5,530
Vending	-	1,493	(1,493)
Miscellaneous	3,000	2,891	109
Total Police Department: Operations	<u>\$ 3,872,949</u>	<u>3,683,326</u>	<u>\$ 189,623</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Public Safety (Continued)</b>			
Police Department: Dispatch			
Current:			
Salaries	\$ 229,600	260,060	\$ (30,460)
Overtime	36,000	47,929	(11,929)
Extra Duties-Overtime	3,000	16	2,984
FICA	17,335	23,455	(6,120)
Retirement	32,993	44,572	(11,579)
Insurance - Group	48,330	64,885	(16,555)
Insurance - Workers' Compensation	700	538	162
Insurance - Liability	3,200	2,850	350
Professional Training	7,500	2,714	4,786
Dues, Subscriptions, and Memberships	1,006	284	722
Supplies - Other	701	679	22
Computer Software and Support	1,000	-	1,000
IT Communications	4,500	-	4,500
Physical Examinations and Drug/Alcohol Testing	1,000	626	374
Repairs and Maintenance - Equipment	1,500	1,767	(267)
Repairs and Maintenance - Radios	1,000	100	900
Uniforms	2,000	1,248	752
Total Police Department: Dispatch	<u>391,365</u>	<u>451,723</u>	<u>(60,358)</u>
Total Police Department	<u>4,264,314</u>	<u>4,135,049</u>	<u>129,265</u>
Fire Department:			
Current:			
Salaries	2,923,090	2,876,540	46,550
Extra Duties - Overtime	15,000	18,046	(3,046)
FICA	220,862	213,395	7,467
Retirement	497,734	496,404	1,330
Insurance - Group	633,660	596,936	36,724
Insurance - Workers' Compensation	64,000	81,675	(17,675)
Insurance - Liability	66,000	57,888	8,112
Insurance - Claims	-	61,267	(61,267)
Professional Training	42,000	22,844	19,156
Dues, Subscriptions, and Memberships	4,500	5,147	(647)
Supplies	16,500	11,578	4,922
Supplies - Safety	50,400	45,330	5,070
Landscaping	1,200	706	494
Telephone, Fax, Cell and Pagers	11,000	8,871	2,129
Computer Software and Support	24,050	26,225	(2,175)
IT Communications	13,000	13,514	(514)
Utilities	60,000	47,254	12,746
Equipment Rent	12,000	9,252	2,748
Fuel Usage	50,000	47,105	2,895
Tires Expenditures	25,000	21,941	3,059
Physical Examinations and Drug/Alcohol Testing	20,200	9,481	10,719
Local Meetings and Meals	3,000	1,827	1,173
Community Relations	2,500	1,711	789
Non-Capital Equipment	30,500	21,123	9,377
Postage	\$ 400	153	\$ 247

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Public Safety (Continued)</b>			
Fire Department: (Continued)			
Current:			
Uniforms	\$ 29,000	28,413	\$ 587
Printing	500	462	38
Repairs and Maintenance - Buildings	17,500	24,110	(6,610)
Repairs and Maintenance - Equipment	30,600	26,553	4,047
Repairs and Maintenance - Radios	3,500	3,731	(231)
Repairs and Maintenance - Drive Train	10,000	8,830	1,170
Repairs and Maintenance - Routine	18,000	16,115	1,885
Repairs and Maintenance - Vehicle Body Work	3,000	-	3,000
Radio User Fees	750	800	(50)
Contingency	2,000	1,294	706
Chemicals	1,650	1,400	250
Safety Equipment Grant	-	3,443	(3,443)
Professional Fees	-	24,791	(24,791)
Miscellaneous	4,251	1,434	2,817
Total Fire Department	<u>4,907,347</u>	<u>4,837,589</u>	<u>69,758</u>
Total Public Safety	<u>9,171,661</u>	<u>8,972,638</u>	<u>199,023</u>
<b>Public Works</b>			
Sanitation, Maintenance, and Administration:			
Current:			
Salaries	362,350	453,611	(91,261)
Overtime	30,000	3,185	26,815
Extra Duties - Overtime	-	240	(240)
FICA	27,184	33,702	(6,518)
Retirement	56,107	65,775	(9,668)
Insurance - Group	69,810	77,945	(8,135)
Insurance - Workers' Compensation	25,000	33,555	(8,555)
Insurance - Liability	48,500	42,510	5,990
Professional Fees	10,000	9,333	667
Professional Training	6,500	3,232	3,268
Equipment Rent	57,389	48,154	9,235
Supplies - Cement and Masonry	7,000	6,990	10
Supplies - Asphalt and Paving	20,000	8,345	11,655
Supplies - Electric and Lighting	6,000	4,769	1,231
Supplies - Other	7,500	9,233	(1,733)
Supplies - Safety	1,211	629	582
Chemicals	7,500	1,487	6,013
Landscaping	500	190	310
Printing	300	-	300
Utilities	20,000	22,430	(2,430)
Dues, Subscriptions, and Memberships	4,000	1,107	2,893
Telephone, Fax, Cell and Pagers	10,000	10,673	(673)
Computer Software and Support	9,000	4,922	4,078
IT Communications	880	4,789	(3,909)
Physical Examinations and Drug/Alcohol Testing	1,000	1,208	(208)
Employee Recognition	800	1,013	(213)
Non-Capital Equipment	\$ 5,650	5,557	\$ 93

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Public Works (Continued)</b>			
Sanitation, Maintenance, and Administration: (Continued)			
Current:			
Postage	\$ 500	162	\$ 338
Uniforms	9,000	7,418	1,582
Repairs and Maintenance - Buildings	9,000	4,840	4,160
Repairs and Maintenance - Equipment	10,400	5,704	4,696
Repairs and Maintenance - Facilities	2,600	6,050	(3,450)
Repairs and Maintenance - Street, Buildings, and Parks	8,000	8,020	(20)
Repairs and Maintenance - Routine	10,400	7,717	2,683
Repairs and Maintenance - Vehicles	31,300	14,690	16,610
Fuel Usage	63,000	44,843	18,157
Compressed Natural Gas Usage	-	12,220	(12,220)
Tires Expenditures	25,000	10,325	14,675
Cost of Waste Cans	-	60	(60)
Contractual Sanitation Services	990,000	998,874	(8,874)
Safety Grant Expenditures	2,000	885	1,115
Tipping Fees	153,160	145,420	7,740
Miscellaneous	1,000	2,240	(1,240)
Total Sanitation, Maintenance, and Administration	<u>2,109,541</u>	<u>2,124,052</u>	<u>(14,511)</u>
Fleet Division:			
Current:			
Salaries	83,400	113,923	(30,523)
Overtime	3,000	868	2,132
FICA	6,304	8,760	(2,456)
Retirement	11,997	16,553	(4,556)
Insurance - Group	16,110	17,721	(1,611)
Insurance - Workers' Compensation	2,500	2,347	153
Insurance - Liability	2,000	1,710	290
Professional Training	1,000	-	1,000
Utilities	12,000	14,373	(2,373)
Supplies - Other	4,760	4,387	373
Supplies - Safety	989	741	248
Supplies - Garage Stock	1,000	829	171
Telephone, Fax, Cell and Pagers	1,300	1,391	(91)
Computer Software and Support	2,650	3,525	(875)
Repairs and Maintenance - Buildings	5,800	6,299	(499)
Repairs and Maintenance - Equipment	1,000	931	69
Repairs and Maintenance - Facilities	2,800	4,189	(1,389)
Uniforms	2,519	1,831	688
Equipment Rent	1,500	661	839
Postage	300	33	267
Chemicals	2,000	1,731	269
Oils and Lubricants	16,000	9,660	6,340
Non-Capital Equipment	6,600	5,740	860
Physical Examinations and Drug/Alcohol Testing	-	123	(123)
Total Fleet Division	<u>187,529</u>	<u>218,326</u>	<u>(30,797)</u>
Total Public Works	<u>\$ 2,297,070</u>	<u>2,342,378</u>	<u>\$ (45,308)</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Recreation and Parks</b>			
Recreation:			
Current:			
Salaries	\$ 586,300	580,966	\$ 5,334
Overtime	16,000	14,377	1,623
Extra Duties - Overtime	500	1,920	(1,420)
FICA	44,125	43,553	572
Retirement	83,982	83,660	322
Insurance - Group	123,510	145,705	(22,195)
Insurance - Liability	31,500	27,744	3,756
Insurance - Worker's Comp.	10,000	17,855	(7,855)
Insurance - General	5,434	3,237	2,197
Temporary Employees	35,000	25,524	9,476
Professional Training	3,000	1,377	1,623
Contractual Services - Recreation	50,000	42,866	7,134
Dues, Subscriptions, and Memberships	1,000	425	575
Supplies - Cement and Masonry	1,000	995	5
Supplies - Electric and Lighting	1,987	2,143	(156)
Supplies - Office	2,500	1,922	578
Supplies - Other	8,000	8,216	(216)
Supplies - Safety	1,000	581	419
Landscaping	10,000	10,088	(88)
Telephone, Fax, Cell and Pagers	10,185	10,334	(149)
Computer Software and Support	5,900	4,120	1,780
IT Communications	3,600	2,028	1,572
Utilities	87,000	73,132	13,868
Physical Examinations and Drug/Alcohol Testing	500	142	358
Advertising	1,000	118	882
Postage	588	484	104
Uniforms	5,100	4,721	379
Non-Capital Equipment	4,500	2,489	2,011
Employee Uniform Allowance	1,000	861	139
Printing	1,000	646	354
Repairs and Maintenance - Buildings	29,144	22,297	6,847
Repairs and Maintenance - Equipment	4,670	4,388	282
Repairs and Maintenance - Facilities	16,068	13,729	2,339
Repairs and Maintenance - Drive Train	5,000	5,144	(144)
Repairs and Maintenance - Routine	1,500	1,394	106
Repairs and Maintenance - Vehicle Body Work	1,000	597	403
Fuel Usage	31,264	20,720	10,544
Tires Expenditures	1,800	1,698	102
Contingency	500	198	302
Grant Fund Expenditures	12,000	16,319	(4,319)
PARD Grant Expenditures	26,678	24,391	2,287
Chemicals	5,000	4,643	357
Equipment Rent	5,000	3,743	1,257
Miscellaneous	1,000	2,207	(1,207)
<b>Total Recreation Department</b>	<b>\$ 1,275,835</b>	<b>1,233,697</b>	<b>\$ 42,138</b>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>Recreation and Parks (Continued)</b>			
Heritage Park:			
Current:			
Salaries	\$ 172,150	167,771	\$ 4,379
Overtime	3,000	2,962	38
FICA	13,001	12,219	782
Retirement	24,745	23,229	1,516
Insurance - Group	40,812	43,667	(2,855)
Insurance - Liability	12,000	10,782	1,218
Insurance - Worker's Comp.	2,200	4,013	(1,813)
Professional Training	2,500	2,323	177
Dues, Subscriptions, and Memberships	824	445	379
Supplies - Cement and Masonry	1,500	1,387	113
Supplies - Electric and Lighting	3,500	830	2,670
Supplies - Office	2,500	1,550	950
Supplies - Other	7,800	7,359	441
Supplies - Safety	1,000	41	959
Supplies - Recreation	22,000	14,129	7,871
Landscaping	20,000	19,477	523
Telephone, Fax, Cell and Pagers	7,000	10,483	(3,483)
Computer Software and Support	4,800	4,399	401
IT Communications	2,385	1,573	812
Utilities	158,111	162,963	(4,852)
Physical Examinations and Drug/Alcohol Testing	500	-	500
Advertising	1,500	1,484	16
Postage	588	-	588
Non-Capital Equipment	4,500	3,109	1,391
Employee Uniform Allowance	1,000	322	678
Printing	1,000	154	846
Repairs and Maintenance - Buildings	8,313	6,088	2,225
Repairs and Maintenance - Equipment	8,500	7,555	945
Repairs and Maintenance - Facilities	12,000	8,792	3,208
Repairs and Maintenance - Drive Train	4,308	4,322	(14)
Repairs and Maintenance - Routine	1,200	842	358
Repairs and Maintenance - Vehicle Body Work	1,000	518	482
Fuel Usage	7,864	1,104	6,760
Tires	1,800	1,791	9
Train Repairs and Maintenance - Drive Train	7,200	6,830	370
Train Repairs and Maintenance - Routine	650	168	482
Train Wheels	8,400	1,567	6,833
Equipment Rent	6,500	5,952	548
Recreation Services	175,000	178,352	(3,352)
Chemicals	15,000	14,904	96
Little League All Stars	1,200	657	543
Cost of Concession Goods Sold	1,000	1,268	(268)
Total Heritage Park	<u>\$ 770,851</u>	<u>737,381</u>	<u>\$ 33,470</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES BY DEPARTMENT - REVISED BUDGET AND ACTUAL  
GENERAL FUND

YEAR ENDED JUNE 30, 2019

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>Recreation and Parks (Continued)</b>			
Amphitheatre:			
Current:			
Personnel and Events	\$ 80,000	67,303	\$ 12,697
Insurance - Liability	5,000	4,566	434
Telephone, Modem, and Fax	8,500	4,413	4,087
IT Communications	6,500	6,618	(118)
Repairs and Maintenance	15,000	12,660	2,340
Landscaping	750	-	750
Supplies	5,000	4,090	910
Equipment Rental	500	-	500
Electric and Lighting Supplies	2,000	-	2,000
Miscellaneous	2,000	715	1,285
Total Amphitheatre	<u>125,250</u>	<u>100,365</u>	<u>24,885</u>
Total Recreation and Parks	<u>2,171,936</u>	<u>2,071,443</u>	<u>100,493</u>
Total Current Expenditures	<u>15,625,381</u>	<u>15,256,834</u>	<u>368,547</u>
Capital Outlay	<u>682,975</u>	<u>1,124,425</u>	<u>(441,450)</u>
Debt Service:			
Principal	904,649	937,441	(32,792)
Interest	34,014	32,927	1,087
Total Debt Service	<u>938,663</u>	<u>970,368</u>	<u>(31,705)</u>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b><u>\$ 17,247,019</u></b>	<b><u>17,351,627</u></b>	<b><u>\$ (104,608)</u></b>



CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET  
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2019

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents, Restricted	\$ 245,686	202,449	\$ 448,135
Interfund Receivables	16,515	1,826	18,341
<b>Total Assets</b>	<b>\$ 262,201</b>	<b>204,275</b>	<b>\$ 466,476</b>
<b>Liabilities and Fund Balances</b>			
Interfund Payables	\$ 48,881	-	\$ 48,881
Developers' Escrow Liability	-	201,705	201,705
<b>Total Liabilities</b>	<b>48,881</b>	<b>201,705</b>	<b>250,586</b>
Fund Balances:			
Restricted:			
Public Safety	115,545	-	115,545
Cultural Arts	3,795	-	3,795
Other	95,865	2,570	98,435
Unassigned	(1,885)	-	(1,885)
<b>Total Fund Balances</b>	<b>213,320</b>	<b>2,570</b>	<b>215,890</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 262,201</b>	<b>204,275</b>	<b>\$ 466,476</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET  
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2019

	<b>Veteran's Monument Fund</b>	<b>Animals of Simpsonville Fund</b>	<b>Economic Development Fund</b>	<b>Fire Prevention Fund</b>	<b>Fire Safety House Fund</b>
<b>Assets</b>					
Cash and Cash Equivalents, Restricted	\$ 4,125	6,580	1,214	148	-
Interfund Receivables	-	-	-	10	296
<b>Total Assets</b>	<b>\$ 4,125</b>	<b>6,580</b>	<b>1,214</b>	<b>158</b>	<b>296</b>
<b>Liabilities and Fund Balances</b>					
Interfund Payables	\$ 330	1,488	85	-	-
<b>Total Liabilities</b>	<b>330</b>	<b>1,488</b>	<b>85</b>	<b>-</b>	<b>-</b>
Fund Balances:					
Restricted:					
Public Safety	-	-	-	158	-
Cultural Arts	3,795	-	-	-	-
Other	-	5,092	1,129	-	296
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>3,795</b>	<b>5,092</b>	<b>1,129</b>	<b>158</b>	<b>296</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,125</b>	<b>6,580</b>	<b>1,214</b>	<b>158</b>	<b>296</b>

<b>Simpsonville Elementary Improvement Fund</b>	<b>Arts and Cultural Center Fund</b>	<b>Victims' Assistance Fund</b>	<b>Seized Funds Fund</b>	<b>Narcotics Fund</b>	<b>Total Special Revenue Funds</b>
107,839	-	74,042	25,136	26,602	\$ 245,686
-	-	122	16,087	-	16,515
<b>107,839</b>	<b>-</b>	<b>74,164</b>	<b>41,223</b>	<b>26,602</b>	<b>\$ 262,201</b>
18,491	-	-	-	28,487	\$ 48,881
18,491	-	-	-	28,487	48,881
-	-	74,164	41,223	-	115,545
-	-	-	-	-	3,795
89,348	-	-	-	-	95,865
-	-	-	-	(1,885)	(1,885)
89,348	-	74,164	41,223	(1,885)	213,320
<b>107,839</b>	<b>-</b>	<b>74,164</b>	<b>41,223</b>	<b>26,602</b>	<b>\$ 262,201</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET  
NON MAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2019

	<u>Bryson Meadows Project</u>	<u>Stewart Park Project</u>	<u>Knightsbridge Project</u>	<u>Fowler Chase Project</u>	<u>Heritage Pointe Project</u>	<u>Fox Trace Project</u>	<u>Total Capital Projects Funds</u>
<b>Assets</b>							
Cash and Cash Equivalents, Restricted	\$ 19,468	31,553	112,902	-	1,415	37,111	\$ 202,449
Interfund Receivables	-	-	-	1,826	-	-	1,826
<b>Total Assets</b>	<b>\$ 19,468</b>	<b>31,553</b>	<b>112,902</b>	<b>1,826</b>	<b>1,415</b>	<b>37,111</b>	<b>\$ 204,275</b>
<b>Liabilities and Fund Balances</b>							
Developers' Escrow Liability	\$ 19,231	31,144	111,171	1,810	1,399	36,950	\$ 201,705
Total Liabilities	19,231	31,144	111,171	1,810	1,399	36,950	201,705
Fund Balances:							
Restricted	237	409	1,731	16	16	161	2,570
Total Fund Balances	237	409	1,731	16	16	161	2,570
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,468</b>	<b>31,553</b>	<b>112,902</b>	<b>1,826</b>	<b>1,415</b>	<b>37,111</b>	<b>\$ 204,275</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
<b>REVENUES</b>			
Fines	\$ 18,732	-	\$ 18,732
Other Income	94,410	-	94,410
Interest	1,915	1,491	3,406
<b>TOTAL REVENUES</b>	<b>115,057</b>	<b>1,491</b>	<b>116,548</b>
<b>EXPENDITURES</b>			
Current:			
General Government	21,224	-	21,224
Public Safety	10	-	10
Capital Outlay	24,838	-	24,838
<b>TOTAL EXPENDITURES</b>	<b>46,072</b>	<b>-</b>	<b>46,072</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>68,985</b>	<b>1,491</b>	<b>70,476</b>
FUND BALANCES, Beginning of Year	144,335	1,079	145,414
<b>FUND BALANCES, End of Year</b>	<b>\$ 213,320</b>	<b>2,570</b>	<b>\$ 215,890</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON MAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2019

	<b>Veteran's Monument Fund</b>	<b>Animals of Simpsonville Fund</b>	<b>Economic Development Fund</b>	<b>Fire Prevention Fund</b>
<b>REVENUES</b>				
Fines	\$ -	-	-	-
Other Income	-	660	-	-
Interest	33	19	9	21
<b>TOTAL REVENUES</b>	<b>33</b>	<b>679</b>	<b>9</b>	<b>21</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	10
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>33</b>	<b>679</b>	<b>9</b>	<b>11</b>
FUND BALANCES, Beginning of Year	3,762	4,413	1,120	147
<b>FUND BALANCES, End of Year</b>	<b>\$ 3,795</b>	<b>5,092</b>	<b>1,129</b>	<b>158</b>

<b>Fire Safety House Fund</b>	<b>Simpsonville Elementary Improvement Fund</b>	<b>Arts and Cultural Center Fund</b>	<b>Victims' Assistance Fund</b>	<b>Seized Funds Fund</b>	<b>Narcotics Fund</b>	<b>Total Special Revenue Funds</b>
-	-	-	18,732	-	-	\$ 18,732
-	93,750	-	-	-	-	94,410
56	821	-	529	201	226	1,915
<b>56</b>	<b>94,571</b>	<b>-</b>	<b>19,261</b>	<b>201</b>	<b>226</b>	<b>115,057</b>
-	3,890	-	17,334	-	-	21,224
-	-	-	-	-	-	10
-	18,584	-	-	-	6,254	24,838
<b>-</b>	<b>22,474</b>	<b>-</b>	<b>17,334</b>	<b>-</b>	<b>6,254</b>	<b>46,072</b>
<b>56</b>	<b>72,097</b>	<b>-</b>	<b>1,927</b>	<b>201</b>	<b>(6,028)</b>	<b>68,985</b>
240	17,251	-	72,237	41,022	4,143	144,335
<b>296</b>	<b>89,348</b>	<b>-</b>	<b>74,164</b>	<b>41,223</b>	<b>(1,885)</b>	<b>\$ 213,320</b>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON MAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2019

	<u>Bryson Meadows Project</u>	<u>Stewart Park Project</u>	<u>Knightsbridge Project</u>	<u>Fowler Chase Project</u>	<u>Heritage Pointe Project</u>	<u>Fox Trace Project</u>	<u>Total Capital Projects Funds</u>
<b>REVENUES</b>							
Interest	\$ 155	252	903	9	11	161	\$ 1,491
<b>TOTAL REVENUES</b>	<u>155</u>	<u>252</u>	<u>903</u>	<u>9</u>	<u>11</u>	<u>161</u>	<u>1,491</u>
<b>EXPENDITURES</b>							
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>155</u>	<u>252</u>	<u>903</u>	<u>9</u>	<u>11</u>	<u>161</u>	<u>1,491</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>155</u>	<u>252</u>	<u>903</u>	<u>9</u>	<u>11</u>	<u>161</u>	<u>1,491</u>
FUND BALANCES, Beginning of Year	<u>82</u>	<u>157</u>	<u>828</u>	<u>7</u>	<u>5</u>	<u>-</u>	<u>1,079</u>
<b>FUND BALANCES, End of Year</b>	<u>\$ 237</u>	<u>409</u>	<u>1,731</u>	<u>16</u>	<u>16</u>	<u>161</u>	<u>\$ 2,570</u>



CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETS AND ACTUAL  
 VICTIMS' ASSISTANCE FUND

YEAR ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Fines	\$ 18,500	18,500	18,732	\$ 232
Interest	55	55	529	474
<b>TOTAL REVENUES</b>	<u>18,555</u>	<u>18,555</u>	<u>19,261</u>	<u>706</u>
<b>EXPENDITURES</b>				
Current:				
General Government	18,035	18,035	17,334	(701)
<b>TOTAL EXPENDITURES</b>	<u>18,035</u>	<u>18,035</u>	<u>17,334</u>	<u>(701)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>520</b>	<b>520</b>	<b>1,927</b>	<b>1,407</b>
FUND BALANCES, Beginning of Year	<u>72,237</u>	<u>72,237</u>	<u>72,237</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<u><u>\$ 72,757</u></u>	<u><u>72,757</u></u>	<u><u>74,164</u></u>	<u><u>\$ 1,407</u></u>

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2019

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
<b>Court Fines and Assessments:</b>				
Court fines and assessments collected			\$ 319,516	\$ 319,516
Court fines and assessments remitted to State Treasurer			(157,025)	(157,025)
<b>Total Court Fines and Assessments retained</b>			<b>162,491</b>	<b>162,491</b>
<b>Surcharges and Assessments retained for victim services:</b>				
Surcharges collected and retained			4,985	4,985
Assessments retained			13,747	13,747
<b>Total Surcharges and Assessments retained for victim services</b>			<b>\$ 18,732</b>	<b>\$ 18,732</b>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
<b>Carryforward from Previous Year – Beginning Balance</b>	\$ 72,237		\$ 72,237
<b>Victim Service Revenue:</b>			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	13,747		13,747
Victim Service Surcharges Retained by City/County Treasurer	4,985		4,985
Interest Earned	529		529
Grant Funds Received			
Grant from:			
General Funds Transferred to Victim Service Fund			
<b>Contribution Received from Victim Service Contracts:</b>			
(1) Town of			
(2) Town of			
(3) City of			
<b>Total Funds Allocated to Victim Service Fund + Beginning Balance (A)</b>	<b>\$ 91,498</b>		<b>\$ 91,498</b>
<b>Expenditures for Victim Service Program:</b>	<b>Municipal</b>	<b>County</b>	<b>Total</b>
Salaries and Benefits	\$ 12,539		\$ 12,539
Operating Expenditures	4,795		4,795
<b>Victim Service Contract(s):</b>			
(1) Entity's Name			
(2) Entity's Name			
<b>Victim Service Donation(s):</b>			
(1) Domestic Violence Shelter:			
(2) Rape Crisis Center:			
(3) Other local direct crime victims service agency:			
Transferred to General Fund			
<b>Total Expenditures from Victim Service Fund/Program (B)</b>	<b>\$ 17,334</b>		<b>\$ 17,334</b>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
<b>Less: Prior Year Fund Deficit Repayment</b>			
<b>Carryforward Funds – End of Year</b>	<b>\$ 74,164</b>		<b>\$ 74,164</b>

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# **STATISTICAL SECTION**

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# STATISTICAL SECTION

This part of the City of Simpsonville’s (“City”) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	95
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i>	102
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	106
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	111
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	113

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 *	2016	2017	2018	2019
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 20,131,396	21,549,558	22,532,462	23,082,643	23,246,060	25,386,868	27,193,768	29,760,910	30,553,710	\$ 33,093,999
Restricted	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710	2,013,994	2,921,779	3,339,797	3,957,154
Unrestricted	2,166,755	2,403,009	3,311,927	4,064,330	4,615,324	(4,813,221)	(2,979,408)	(1,727,728)	(392,319)	1,974,856
<b>Total Governmental Activities Net Position</b>	<b>\$ 22,526,382</b>	<b>25,138,130</b>	<b>27,415,477</b>	<b>28,967,328</b>	<b>30,088,022</b>	<b>23,049,357</b>	<b>26,228,354</b>	<b>30,954,961</b>	<b>33,501,188</b>	<b>\$ 39,026,009</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 5,481,249	5,388,111	5,229,196	5,085,536	6,621,108	8,591,110	10,825,894	11,278,595	11,784,103	\$ 11,426,949
Restricted	-	-	-	-	-	-	-	-	186,384	186,786
Unrestricted	447,168	504,838	635,732	1,507,127	1,510,437	422,006	777,098	524,907	203,778	1,112,639
<b>Total Business-Type Activities Net Position</b>	<b>\$ 5,928,417</b>	<b>5,892,949</b>	<b>5,864,928</b>	<b>6,592,663</b>	<b>8,131,545</b>	<b>9,013,116</b>	<b>11,602,992</b>	<b>11,803,502</b>	<b>12,174,265</b>	<b>\$ 12,726,374</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 25,612,645	26,937,669	27,761,658	28,168,179	29,867,168	33,977,978	38,019,662	41,039,505	42,337,813	\$ 44,520,948
Restricted	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710	2,013,994	2,921,779	3,526,181	4,143,940
Unrestricted	2,613,923	2,907,847	3,947,659	5,571,457	6,125,761	(4,391,215)	(2,202,310)	(1,202,821)	(188,541)	3,087,495
<b>Total Primary Government Net Position</b>	<b>\$ 28,454,799</b>	<b>31,031,079</b>	<b>33,280,405</b>	<b>35,559,991</b>	<b>38,219,567</b>	<b>32,062,473</b>	<b>37,831,346</b>	<b>42,758,463</b>	<b>45,675,453</b>	<b>\$ 51,752,383</b>

\* The City implemented GASB #68/71 in 2015 which significantly reduced unrestricted net position going forward.

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 *	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 1,646,923	1,643,424	1,717,403	1,626,988	1,710,715	1,701,247	1,886,308	2,008,607	1,869,082	\$ 2,031,474
Public Safety	5,976,691	6,334,292	6,336,564	6,758,832	7,262,072	7,665,770	8,362,290	9,506,408	9,857,761	10,404,863
Public Works	2,329,839	1,928,297	2,126,388	2,118,571	2,326,880	2,322,940	2,389,424	2,814,137	3,043,757	3,337,616
Recreation and Parks	1,717,238	2,260,768	2,413,145	2,464,220	2,538,249	2,422,580	2,411,881	2,655,560	2,667,757	2,573,468
Interest and Fiscal Charges	754,683	625,421	328,780	489,566	328,151	334,404	431,374	198,482	184,162	133,907
Total Governmental Activities Expenses	12,425,374	12,792,202	12,922,280	13,458,177	14,166,067	14,446,941	15,481,277	17,183,194	17,622,519	18,481,328
Business-Type Activities:										
Sewer	589,381	714,284	753,428	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036
Total Business-Type Activities Expenses	589,381	714,284	753,428	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036
Total Primary Government Expenses	\$ 13,014,755	13,506,486	13,675,708	14,201,887	14,895,001	15,227,234	16,301,407	18,714,358	19,290,970	\$ 20,064,364
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,792,443	3,176,911	3,236,825	3,077,677	3,366,295	669,777	831,858	743,636	803,535	\$ 1,106,806
Public Safety	143,604	175,394	129,275	137,374	166,831	417,364	370,742	385,648	475,329	416,065
Public Works	136,680	154,776	165,504	167,832	168,072	203,702	206,634	174,378	264,384	278,345
Recreation and Parks	117,434	156,310	196,541	195,874	172,646	479,762	429,671	359,375	383,359	472,337
Operating Grants and Contributions	474,938	257,091	279,253	57,543	45,091	49,191	138,979	187,586	130,201	69,519
Capital Grants and Contributions	597,479	1,218,353	678,249	100,232	100,211	338,588	1,143,307	3,104,844	208,145	2,611,512
Total Governmental Activities Program Revenues	4,262,578	5,138,835	4,685,647	3,736,532	4,019,146	2,158,384	3,121,191	4,955,467	2,264,953	4,954,584
Business-Type Activities:										
Charges for Services	776,773	669,778	722,359	1,466,376	1,550,581	1,604,692	1,657,735	1,706,102	1,947,686	2,011,390
Operating Grants and Contributions	-	-	-	367	-	-	-	-	-	-
Capital Grants and Contributions	211,838	6,525	727	-	713,475	507,850	1,700,210	-	-	-
Total Business-Type Activities Program Revenues	988,611	676,303	723,086	1,466,743	2,264,056	2,112,542	3,357,945	1,706,102	1,947,686	2,011,390
Total Primary Government Program Revenues	\$ 5,251,189	5,815,138	5,408,733	5,203,275	6,283,202	4,270,926	6,479,136	6,661,569	4,212,639	\$ 6,965,974
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (8,162,796)	(7,653,367)	(8,236,633)	(9,721,645)	(10,146,921)	(12,288,557)	(12,360,086)	(12,227,727)	(15,357,566)	\$ (13,526,744)
Business-Type Activities	399,230	(37,981)	(30,342)	723,033	1,555,122	1,332,249	2,537,815	174,938	279,235	428,354
Total Primary Government Net (Expense)/Revenue	\$ (7,763,566)	(7,691,348)	(8,266,975)	(8,998,612)	(8,611,799)	(10,956,308)	(9,822,271)	(12,052,789)	(15,078,331)	\$ (13,098,390)

(Continued)

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS**

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015 *	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 6,586,793	6,848,897	6,858,254	7,192,989	7,355,684	7,441,317	8,583,366	8,975,602	9,517,849	\$ 9,943,275
Hospitality and Accommodations Tax	1,348,159	1,379,556	1,563,786	1,656,907	1,796,187	2,001,682	2,082,167	2,264,750	2,475,732	2,576,876
MASC Telecommunications and Insurance Tax	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985	1,994,342	2,101,552	2,313,859	2,649,703
Business Licenses	-	-	-	-	-	1,204,963	1,255,961	1,322,763	1,358,682	1,515,570
Franchise Fees	-	-	-	-	-	1,445,108	1,414,408	1,419,668	1,499,218	1,558,842
Unrestricted Intergovernmental Revenue	372,471	342,522	333,489	393,485	395,752	399,222	410,435	414,058	496,024	486,192
Unrestricted Investment Earnings	21,413	14,758	13,740	12,940	8,518	17,845	25,917	32,136	64,165	108,856
Gains on Disposal/Sale of Capital Assets	17,295	26,675	158,462	48,068	68,479	38,218	98,674	119,508	83,848	23,399
Miscellaneous Revenues	286,298	107,963	123,484	137,745	29,927	38,909	14,819	304,297	94,416	188,852
Total Governmental Activities	10,188,864	10,265,115	10,513,980	11,273,496	11,425,820	14,421,249	15,880,089	16,954,334	17,903,793	19,051,565
Business-Type activities:										
Unrestricted Investment Earnings	4,851	2,513	2,321	4,702	3,760	3,443	4,730	18,317	91,528	123,755
Gain on Disposal/Sale of Capital Assets	-	-	-	-	-	-	47,331	-	-	-
Miscellaneous Revenues	-	-	-	-	-	-	-	7,255	-	-
Total Business-Type Activities	4,851	2,513	2,321	4,702	3,760	3,443	52,061	25,572	91,528	123,755
Total Primary Government	\$ 10,193,715	10,267,628	10,516,301	11,278,198	11,429,580	14,424,692	15,932,150	16,979,906	17,995,321	\$ 19,175,320
<b>Change in Net Position:</b>										
Governmental Activities	\$ 2,026,068	2,611,748	2,277,347	1,551,851	1,278,899	2,132,692	3,520,003	4,726,607	2,546,227	\$ 5,524,821
Business-Type Activities	404,081	(35,468)	(28,021)	727,735	1,538,882	1,335,692	2,589,876	200,510	370,763	552,109
Total Primary Government	\$ 2,430,149	2,576,280	2,249,326	2,279,586	2,817,781	3,468,384	6,109,879	4,927,117	2,916,990	\$ 6,076,930

\* Beginning in FY 2015, business license and franchise fee revenues were moved from "Charges for Services" to "Taxes by Source"

FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Pre-GASB #54*										
Reserved	\$ 496,567.00	-	-	-	-	-	-	-	-	\$ -
Unreserved	1,405,976	-	-	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	178,366	192,461	66,303	222,184	383,086	1,074,678	43,482	271,773	190,231
Restricted	-	66,359	62,455	124,815	57,629	398,485	484,453	195,304	233,529	249,562
Assigned	-	-	3,992	-	-	180,000	-	-	-	-
Unassigned	-	2,545,374	2,966,605	3,813,873	4,421,028	5,386,547	7,298,425	9,316,521	11,193,286	13,865,310
Total General Fund	\$ 1,902,543	2,790,099	3,225,513	4,004,991	4,700,841	6,348,118	8,857,556	9,555,307	11,698,588	\$ 14,305,103
All Other Governmental Funds										
Pre-GASB #54*										
Reserved	\$ 359,889	-	-	-	-	-	-	-	-	\$ -
Unreserved Reported In:										
Special Revenue Funds	702,370	-	-	-	-	-	-	-	-	-
Capital Projects Funds	(373,703)	-	-	-	-	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	6,262	81,707	-	-	378	-	-	-	-
Restricted	-	1,119,204	2,399,691	1,736,756	2,171,850	2,404,500	1,900,798	2,776,768	3,161,913	3,745,856
Committed	-	135	163	163	1	-	-	-	-	-
Unassigned	-	(373,703)	-	-	-	-	-	-	-	(1,885)
Total All Other Governmental Funds	\$ 688,556	751,898	2,481,561	1,736,919	2,171,851	2,404,878	1,900,798	2,776,768	3,161,913	\$ 3,743,971
Total Governmental Funds	\$ 2,591,099	3,541,997	5,707,074	5,741,910	6,872,692	8,752,996	10,758,354	12,332,075	14,860,501	\$ 18,049,074

(\*) The City implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes by Source:										
Property Tax	\$ 6,491,722	6,905,847	7,030,133	7,133,132	7,410,615	7,473,598	8,558,134	9,009,254	9,512,599	\$ 9,976,558
Hospitality and Accommodations Tax	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217	1,844,952	1,939,169	2,078,213	2,256,807	2,366,028
MASC Telecommunications and Insurance	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985	1,994,342	2,101,552	2,313,859	2,649,703
Franchise	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108	1,414,408	1,419,668	1,499,218	1,558,842
Intergovernmental	898,639	828,563	1,436,765	825,727	754,433	787,040	768,792	1,140,517	922,031	1,203,904
Fines	125,024	149,997	109,591	92,432	133,346	149,617	141,131	140,474	208,676	162,491
Licenses, Permits and Fees	1,260,505	1,415,823	1,508,799	1,469,897	1,628,457	2,022,159	2,249,468	2,195,346	2,258,217	2,741,774
Investment Earnings	21,413	14,758	13,740	12,940	8,518	17,845	25,917	32,136	17,522	108,856
Grants	503,861	156,858	179,569	55,743	30,979	25,855	122,320	177,132	122,058	60,739
Miscellaneous	699,260	759,928	825,851	687,686	682,798	733,537	618,245	554,381	891,320	1,008,205
Total Revenues	\$ 14,025,923	14,308,028	15,213,044	14,902,109	15,431,418	16,333,696	17,831,926	18,848,673	20,002,307	\$ 21,837,100

**Expenditures**

Current:

General Government	\$ 1,555,628	1,549,495	1,619,705	1,536,034	1,636,828	1,690,475	1,826,119	1,889,808	1,728,275	\$ 1,897,694
Public Safety	5,517,819	5,917,218	5,959,060	6,364,352	6,906,938	7,218,720	7,783,058	8,131,574	8,428,966	8,972,648
Public Works	1,846,258	1,415,210	1,601,153	1,624,484	1,717,844	1,722,366	1,723,950	2,087,881	2,197,392	2,342,378
Parks and Recreation	1,284,059	1,808,893	1,949,589	1,983,221	2,060,494	1,912,506	1,856,219	2,064,361	2,256,970	2,071,443
Capital Outlay	776,162	881,335	725,131	1,505,839	255,717	896,654	2,164,112	1,579,471	1,440,767	1,437,936
Debt Service:										
Principal	1,256,679	1,240,550	1,380,872	3,154,684	1,461,702	1,507,665	1,705,799	1,774,959	1,957,520	1,907,441
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	7,700,990	-	-	-
Interest and Fiscal Charges	728,242	642,743	529,077	505,860	329,592	293,224	176,330	168,415	143,802	117,891
Bond Issuance Costs	-	-	-	70,679	-	-	72,751	-	11,945	-
Total Expenditures	12,964,847	13,455,444	13,764,587	16,745,153	14,369,115	15,241,610	25,009,328	17,696,469	18,165,637	18,747,431

Excess of Revenues Over (Under) Expenditures \$ 1,061,076 852,584 1,448,457 (1,843,044) 1,062,303 1,092,086 (7,177,402) 1,152,204 1,836,670 \$ 3,089,669

(Continued)

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(Modified Accrual Basis of Accounting)

**UNAUDITED**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 1,248,889	1,151,844	12,722,618	2,126,809	1,140,548	1,693,338	2,149,993	1,205,239	1,429,860	\$ 541,505
Transfers Out	(1,248,889)	(1,151,844)	(12,722,618)	(2,126,809)	(1,140,548)	(1,693,338)	(2,149,993)	(1,205,239)	(1,429,860)	(541,505)
Issuance of Bonds	-	-	-	1,756,162	-	-	1,175,000	-	480,000	-
Issuance of Capital Lease	-	-	-	-	-	-	519,400	-	-	-
Issuance of Lease Purchase	545,324	-	903,000	-	-	750,000	509,775	-	-	-
Issuance of Refunding Debt	-	-	10,872,000	-	-	-	7,216,000	-	-	-
Payment to Refund Debt Escrow Agent	-	-	(11,216,842)	-	-	-	-	-	-	-
Sale of Capital Assets	30,019	63,177	14,846	56,572	20,607	32,357	71,786	128,667	134,415	23,399
Insurance Proceeds	18,579	35,137	143,616	65,146	47,872	5,861	31,805	292,850	77,341	75,505
Total Other Financing Sources (Uses)	593,922	98,314	716,620	1,877,880	68,479	788,218	9,523,766	421,517	691,756	98,904
Net Change in Fund Balances	\$ 1,654,998	950,898	2,165,077	34,836	1,130,782	1,880,304	2,346,364	1,573,721	2,528,426	\$ 3,188,573
Debt Service as a Percentage of Noncapital Expenditures	16.3%	15.0%	14.6%	24.5%	12.7%	12.6%	42.3%	12.1%	12.6%	11.7%

CITY OF SIMPSONVILLE, SOUTH CAROLINA

GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

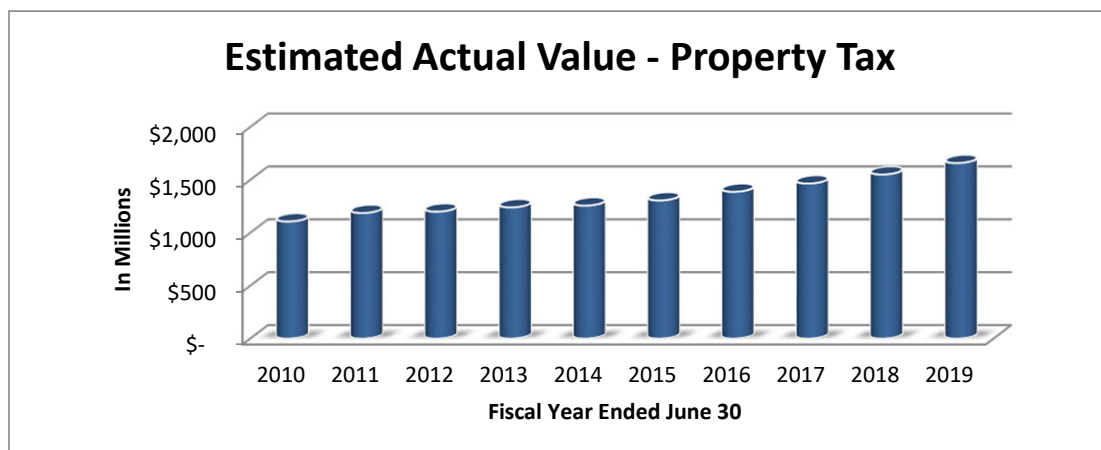
UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Taxes by Source:										
Property Tax	\$ 6,491,722	6,905,847	7,030,133	7,133,132	7,410,615	7,473,598	8,558,134	9,009,254	9,512,599	\$ 9,976,558
Hospitality and Accommodations Tax	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217	1,844,952	1,939,169	2,078,213	2,256,807	2,366,028
MASC Telecommunications and Insurance Tax	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985	1,994,342	2,101,552	2,313,859	2,649,703
Franchise Fees	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108	1,414,408	1,419,668	1,499,218	1,558,842
Total Revenues	\$ 10,517,221	10,982,101	11,138,729	11,757,684	12,192,887	12,597,643	13,906,053	14,608,687	15,582,483	\$ 16,551,131

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

**UNAUDITED**

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2010	\$ 24,117,688	30,691,548	6,344,131	\$ 61,153,367	64.30	\$ 1,107,276,983	5.52%
2011	26,818,000	30,811,870	5,023,860	62,653,730	61.70	1,187,704,783	5.28%
2012	27,397,420	30,832,080	8,333,450	66,562,950	61.70	1,200,261,766	5.55%
2013	28,044,530	32,063,800	9,252,750	69,361,080	61.70	1,240,563,809	5.59%
2014	28,111,620	32,857,610	10,276,550	71,245,780	61.70	1,257,368,573	5.67%
2015	29,334,770	34,105,280	10,968,530	74,408,580	61.70	1,306,168,707	5.70%
2016	31,493,970	35,906,270	11,685,320	79,085,560	63.60	1,387,873,759	5.70%
2017	33,493,150	37,537,010	12,470,420	83,500,580	63.60	1,465,902,366	5.70%
2018	35,585,930	39,246,570	12,966,580	87,799,080	63.60	1,551,108,806	5.66%
2019	\$ 35,120,630	41,293,300	13,037,200	\$ 89,451,130	63.60	\$ 1,659,696,264	5.39%



Source: Greenville County Information Systems and Services.



CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 7

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>City Direct Rates:</b>										
Operating	44.2	41.6	41.6	41.6	54.9	54.9	56.8	56.8	56.8	56.8
Reserve Account	7.4	7.4	7.4	7.4	-	-	-	-	-	-
Debt Service	12.7	12.7	12.7	12.7	6.8	6.8	6.8	6.8	6.8	6.8
	64.3	61.7	61.7	61.7	61.7	61.7	63.6	63.6	63.6	63.6
<b>County Rates:</b>										
Greenville County	47.6	47.3	47.3	47.3	51.9	51.9	51.9	51.9	51.9	67.3
<b>School District Rates:</b>										
Greenville County Schools	156.7	157.8	162.5	168.6	177.5	182.4	184.9	191.8	196.9	202.9
<b>Fire District Rates:</b>										
Simpsonville Fire District	28.3	28.1	27.5	27.5	26.0	26.0	32.8	32.3	32.1	37.5

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).

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

**UNAUDITED**

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,530,470	1	1.71%	\$ 1,111,730	1	1.82%
Walmart Real Estate	1,103,960	2	1.23%			
Garden District Realty Partner	995,220	3	1.11%			
Martin Family Limited Partners	986,480	4	1.10%			
6520 Dorchester Road LLC	900,630	5	1.01%			
Realty Income Properties	885,630	6	0.99%			
Jasmine Cove LLLP	884,930	7	0.99%	695,090	4	1.14%
Mark III Properties	749,605	8	0.84%			
Simpsonville 2017 Exchange LLC	661,620	9	0.74%			
Centro Bradley Fairview Finance	635,700	10	0.71%	602,210	7	0.98%
Verizon South				848,980	3	1.39%
Wares Delaware Corp.				882,850	2	1.44%
Developers Diversified Finance				586,710	8	0.96%
Rohman Development Realty I				644,050	5	1.05%
Enclave Grandview				618,000	6	1.01%
NNN Arbors at Fairview				538,660	9	0.88%
Lowes Home Center				515,560	10	0.84%
Totals	<u>\$ 9,334,245</u>		<u>10.4%</u>	<u>\$ 7,043,840</u>		<u>11.5%</u>

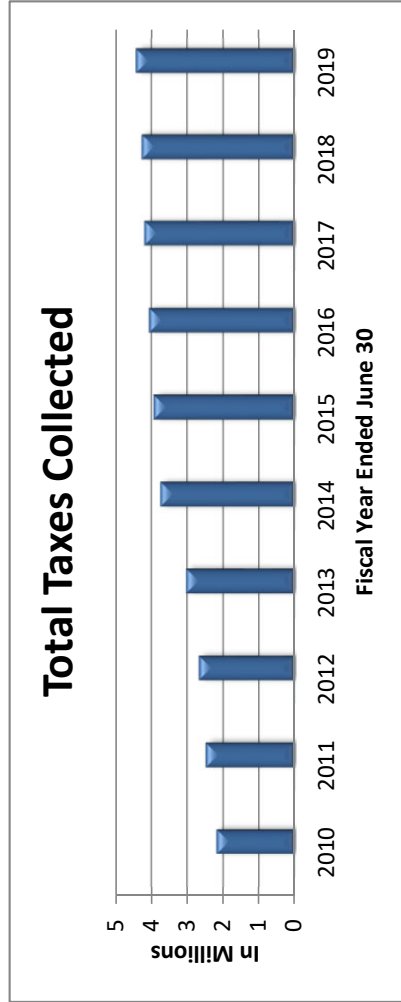
Source: Greenville County Information Systems and Services.

Note: Percentage is based on the Assessed Value of 2019.

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

**UNAUDITED**

Fiscal Year Ended June 30	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	
	Original Tax Levy for Fiscal Year	Fiscal Year		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 3,932,161	-	3,932,161	\$ 3,579,126	91.0%	173,390	\$ 3,752,516	95.4%
2011	4,205,622	-	4,205,622	3,832,047	91.1%	104,959	3,937,006	93.6%
2012	4,225,831	-	4,225,831	3,901,389	92.3%	158,561	4,059,950	96.1%
2013	4,361,006	-	4,361,006	4,089,564	93.8%	106,712	4,196,276	96.2%
2014	4,435,678	-	4,435,678	4,213,640	95.0%	58,064	4,271,704	96.3%
2015	4,652,272	(36,215)	4,616,057	4,427,840	95.9%	49,231	4,477,071	97.0%
2016	4,871,523	-	4,871,523	4,811,194	98.8%	-	4,811,194	98.8%
2017	5,224,884	-	5,224,884	5,066,391	97.0%	70,312	5,136,703	98.3%
2018	5,419,676	-	5,419,676	5,260,774	97.1%	-	5,260,774	97.1%
2019	\$ 5,814,421	-	5,814,421	\$ 5,722,987	98.4%	-	\$ 5,722,987	98.4%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Revenue Bonds	Lease Purchases	Capital Leases	Revenue Bonds	Lease Purchases	Bond Anticipation Note	Revenue Bonds	Lease Purchases			
2010	\$ 3,105,000	12,016,576	-	593,854	-	245,000	-	-	-	-	\$ 15,960,430	3.65%	\$ 875
2011	2,585,000	11,339,237	-	578,304	-	210,000	-	-	-	-	14,712,541	3.26%	789
2012	2,050,000	-	10,872,000	1,365,429	-	170,000	-	-	-	-	14,457,429	2.96%	759
2013	1,699,669	-	10,019,000	1,170,241	-	130,000	-	750,000	-	-	13,768,910	2.59%	706
2014	1,256,395	-	9,217,000	953,813	-	90,000	-	-	-	-	11,517,208	2.20%	587
2015	799,132	-	8,390,000	1,480,411	-	45,000	-	-	-	-	10,714,543	2.06%	532
2016	1,553,513	-	7,216,000	1,541,005	519,400	-	329,943	-	-	-	11,159,861	1.95%	538
2017	1,192,226	-	6,323,000	1,179,333	360,400	11,198,081	254,376	-	-	-	20,507,416	3.37%	962
2018	1,240,409	-	5,368,000	767,630	201,400	10,791,082	172,543	-	-	-	18,541,064	2.95%	840
2019	\$ 867,815	-	4,398,000	393,583	-	10,379,083	94,442	-	-	-	\$ 16,132,923	2.38%	\$ 700

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

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

**UNAUDITED**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2010	\$ 3,105,000	-	\$ 3,105,000	0.3%	\$ 170
2011	2,585,000	-	2,585,000	0.2%	139
2012	2,050,000	-	2,050,000	0.2%	108
2013	1,699,669	-	1,699,669	0.1%	87
2014	1,256,395	-	1,256,395	0.1%	64
2015	799,132	-	799,132	0.1%	40
2016	1,553,513	-	1,553,513	0.1%	75
2017	1,192,226	-	1,192,226	0.1%	56
2018	1,240,409	-	1,240,409	0.1%	56
2019	\$ 867,815	-	\$ 867,815	0.1%	\$ 38

Note: Details regarding the City of Simpsonville 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.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2019**

**UNAUDITED**

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>County:</b>			
Greenville County	\$ 94,858,341	3.76%	\$ 3,566,674
<b>School District:</b>			
Greenville County School District	673,761,000	3.40%	22,907,874
Subtotal, Overlapping Debt			26,474,548
City of Simpsonville Direct Debt			
General Obligation Bonds	867,815	100%	867,815
Revenue Bonds	4,398,000	100%	4,398,000
Lease Purchases	\$ 393,583	100%	393,583
			5,659,398
Total Direct and Overlapping Debt			\$ 32,133,946

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 City of Simpsonville's taxable assessed value that is within the government's boundaries and dividing it by the City of Simpsonville's total taxable assessed value.

Note 2: Overlapping rates are those of county and local governments that apply to property owners within the City of Simpsonville. Not all overlapping rates apply to all of the City of Simpsonville's 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).

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**UNAUDITED**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 4,783,139	5,012,298	5,325,036	5,548,886	5,584,283	5,823,200	6,196,180	6,540,213	6,878,257	\$ 7,300,762
Total Net Debt Applicable to Debt Limit	3,105,000	2,585,000	2,050,000	1,699,669	1,256,395	799,132	1,553,513	1,192,226	1,240,409	867,815
Legal Debt Margin	\$ 1,678,139	2,427,298	3,275,036	3,849,217	4,327,888	5,024,068	4,642,667	5,347,987	5,637,848	\$ 6,432,947
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	64.9%	51.6%	38.5%	30.6%	22.5%	13.7%	25.1%	18.2%	18.0%	11.9%

**Legal Debt Margin Calculation for Fiscal Year June 30, 2019**

Total Assessed Value	\$ 91,259,519
Debt Limit Percentage	8.0%
Debt Limit 8% of Total Assessed Value	7,300,762
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	867,815
Total Amount of Debt Applicable to Debt Limit	867,815
Legal Debt Margin	\$ 6,432,947

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 8% percent of the assessed value of the property therein without voter approval.

**PLEDGED REVENUE COVERAGE - SEWER REVENUE BOND  
LAST TEN FISCAL YEARS**

**UNAUDITED**

Fiscal Year Ended June 30	Sewer Revenue Bond						Coverage
	Charges and Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2010	\$ 993,462	388,011	605,451	35,000	\$ 10,864	13.2	
2011	672,291	506,677	165,614	35,000	9,166	3.7	
2012	774,680	546,753	227,927	40,000	7,760	4.8	
2013	1,471,078	536,725	934,353	40,000	6,593	20.1	
2014	1,554,341	531,662	1,022,679	40,000	5,044	22.7	
2015	1,608,135	579,796	1,028,339	45,000	3,056	21.4	
2016	1,662,465	564,419	1,098,046	45,000	1,746	23.5	
2017	1,724,419	540,527	1,183,892	-	146,299	8.1	
2018	2,039,214	734,564	1,304,650	441,833	390,494	1.6	
2019	\$ 2,135,145	642,340	1,492,805	459,396	\$ 366,621	1.8	

Notes: Details regarding the City of Simpsonville's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation. Debt service represents scheduled revenue bond and lease purchase payments for the following fiscal year.



**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

**UNAUDITED**

<b>Fiscal Year Ended June 30</b>	<b>Population <sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>2</sup></b>	<b>Median Age <sup>2</sup></b>	<b>Unemployment Rate <sup>2</sup></b>
2010	18,244	\$ 437,107,996	\$ 23,959	36.5	8.5
2011	18,652	451,341,096	24,198	36.7	7.7
2012	19,056	488,386,224	25,629	37.1	7.6
2013	19,496	530,603,136	27,216	37.9	7.1
2014	19,615	522,877,055	26,657	38.5	4.8
2015	20,148	520,725,060	25,845	37.6	4.1
2016	20,736	572,292,864	27,599	37.8	4.6
2017	21,314	608,237,618	28,537	39.7	4.1
2018	22,072	629,471,368	28,519	37.7	3.3
2019	23,037	\$ 678,324,465	\$ 29,445	38.8	2.8

Data Sources:

- 1 Based on 2000 and 2010 Census plus estimated growth rate and annexations
- 2 Represents data as reported by the U.S. Census Bureau based on census results in the years 2000 and 2010, with non-census years data estimated based on trends reported by the U.S. Census Bureau for Greenville County.

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**UNAUDITED**

Employer	2019			2010		
	Number of Employees	Rank	Percentage	Number of Employees	Rank	Employment
Prisma Health (Previously Greenville Health Systems)	15,941	1	28.24%	6,738	2	22.46%
School District of Greenville County	10,095	2	17.88%	7,273	1	24.24%
Michelin North America	7,120	3	12.61%	1,900	6	6.33%
Bi-Lo Supermarkets	4,600	4	8.15%			
Bon Secours St. Francis Health Systems	4,355	5	7.72%	2,188	5	7.29%
GE Power	3,400	6	6.02%	3,000	3	10.00%
Duke Energy	3,300	7	5.85%			
Greenville County Government	2,685	8	4.76%	1,650	9	5.50%
State of South Carolina	2,552	9	4.52%	2,556	4	8.52%
Flour Corporation	2,400	10	4.25%	1,700	7	5.67%
Sealed Air Corp-Cryovac Division	-	-	-	1,700	8	5.67%
MCI Worldcom	-	-	-	1,300	10	4.33%
Totals	<u>56,448</u>		<u>100.00%</u>	<u>30,005</u>		<u>100.00%</u>

Source: Greenville County (Greenville Area Development Corporation, SC Appalachian Council of Governments, SC Employment Security Commission)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 17

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

UNAUDITED

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Business Licenses	1,515	1,568	1,478	1,319	1,421	1,144	1,487	1,349	1,401	1,462
Building Permits Issued	510	425	417	264	376	653	709	922	782	947
Building Inspections Conducted	1,437	1,681	2,069	2,501	3,728	4,707	4,682	7,357	5,787	4,789
Public Safety - Police										
Physical Arrests	649	470	981	897	991	1,183	956	485	632	618
Parking and Traffic Violations	4,362	4,151	2,842	2,238	3,350	2,818	2,925	4,936	3,693	3,076
Public Safety - Fire										
Emergency Responses	1,998	2,144	2,220	2,381	2,434	2,500	2,635	3,101	3,306	2,740
Fires Extinguished	90	105	106	90	94	94	80	117	84	98
Inspections	1,313	1,089	705	968	939	1,022	1,083	1,202	1,228	1,074
Public Service										
Potholes Repaired	43	43	52	29	20	27	68	73	204	264
Roads Maintained (in Miles)	68	68	68	73	73	73	74	78	80	80
Parks and Recreation										
Recreational Participants	1,786	1,173	2,661	2,472	3,266	2,822	2,222	2,064	2,121	2,230

Sources: City of Simpsonville Department records

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**Table 18**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

**UNAUDITED**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
General Government	8	8	9	9	10	11	10	11	11	11
Justice and Legal	3	3	3	3	2	2	2	2	2	4
Public Safety	99	97	104	104	106	106	107	107	111	121
Public Works	27	29	23	23	22	22	21	18	19	22
Parks and Recreation	28	21	18	18	19	19	18	19	18	17
Total	165	158	157	157	159	160	158	157	161	175

Source: City of Simpsonville Payroll Records

**CITY OF SIMPSONVILLE, SOUTH CAROLINA**

**Table 19**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

**UNAUDITED**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Justice and Legal										
Correction/Jail Cell Facility Capacity	2	2	2	2	2	2	2	2	2	2
Public Safety - Police										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	30	32	28	24	25	25	26	26	25	24
Public Safety - Fire										
Number of Fire Stations	4	4	4	4	4	4	4	4	5	5
Number of Fire Trucks	7	10	10	10	10	10	10	12	12	12
Public Service										
Streets (in Miles)	68	68	68	73	101	73	74	100	102	102
Traffic Signals	22	22	22	22	22	22	22	23	22	22
Parks and Recreation										
Parks Acreage	162	162	162	165	165	165	167	171	171	171
Parks	9	9	9	8	8	8	8	9	9	9
Ball Fields	12	12	13	13	13	13	13	13	13	13
Solid Waste										
Collection/Refuse Trucks	20	20	20	22	22	22	22	4	1	1

Sources: Various City of Simpsonville Departments

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# **COMPLIANCE SECTION**

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# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2019.

#### Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

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GREENEFINNEY.COM · INFO@GREENEFINNEY.COM

MAULDIN, SC  
864.232.5204

CHARLESTON, SC  
843.735.5805

SPARTANBURG, SC  
864.232.5204

ASHEVILLE, NC  
828.771.0847  
OPEN BY APPOINTMENT ONLY

## **Purpose of this Report**

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

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 15, 2019