



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

City of Simpsonville, South Carolina

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2014

**Issued by
City of Simpsonville
Finance Department**

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City of Simpsonville, South Carolina

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City of Simpsonville, South Carolina

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Introductory Section



City of
SIMPSONVILLE

December 8, 2014

The Honor Mayor Pro-Tem Geneva Lawrence
Members of the Simpsonville City Council
Citizens of the City of Simpsonville
Simpsonville, South Carolina

Dear Mayor Pro Tem Lawrence, City Council Members and Citizens:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Simpsonville, South Carolina for the fiscal year ended June 30, 2014.

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

The City of Simpsonville's financial statements have been audited by Elliott Davis, L.L.C., a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending June 30, 2014, 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 of Simpsonville's financial statements for the fiscal year ended June 30, 2014, 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 MD&A and should be read in conjunction with it. The City of Simpsonville's MD&A can be found immediately following the report of the independent auditors.

118 North East Main Street ♦ Simpsonville, SC 29681
Office 864.967.9526 ♦ Fax 864.967.9530



Community Profile

The City of Simpsonville is located in the Upstate Region of South Carolina and has an estimated population of 19,615. The City was originally incorporated in the 1901. The City adopted the Council form of government pursuant to the Home Rule Act of 1975.

Simpsonville is located in Greenville County (pop. 474,266) twelve miles southeast of downtown Greenville. Simpsonville has experienced a high rate of growth in the past twenty years, and has become the retail hub of southern Greenville County as stores follow residential rooftops. Originally founded around the Woodside textile mill, Simpsonville is now a diverse economic market with some of the highest per-capita income in Greenville County. Simpsonville has garnered national recognition for its quality of life. The City has been named one of the Ten Best Towns for Families in that nation by Family Circle magazine, and has been listed in the 25 best affordable cities in the nation by CNN/Money.

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

City Government

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

Budget Process

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

Local Economy

The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits are on a slow and steady rise, tax receipts and other revenues 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.

Cash Management Policies and Practices

The City's Finance Director is responsible for cash management and prepares monthly cash flow projections for the General Fund. 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.

Pension and Other Post-Employment Benefits

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



Other Points –

- The City's revenue base is becoming more diversified, with additional non-ad valorem revenue streams and less reliance on property tax as the funding source for primary services.
- The General Fund is supported by a revenue stream that, has been, and we expect will continue to be stable. The City continually evaluates and adjusts to fluctuation in any of its revenue streams.
- Standard & Poor's bond rating is AA.
- Moody's bond rating is Aa2.
- Other indicators of fiscal strength include a cash operating surplus each of the past two fiscal years coming out of a down economy.

Other Information

Awards

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

Acknowledgements

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,

David C. Dyrhaug, AICP
City Administrator

Judy Bishop, CPA
Finance Director

City of Simpsonville, South Carolina

Listing of Principal Officials

June 30, 2014

LISTING OF PRINCIPAL OFFICIALS

Established

1901

MAYOR PRO-TEMP

Geneva Lawrence

CITY COUNCIL MEMBERS

Matthew Gooch

Taylor Graham

Geneva Lawrence

Elizabeth Braswell

George Lee Curtis

Sylvia Lockaby

CITY ADMINISTRATOR

David Dyrhaug, AICP

FINANCE DIRECTOR

Judy Bishop, CPA

CITY ATTORNEY

David Holmes



Government Finance Officers Association

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

Presented to

**City of Simpsonville
South Carolina**

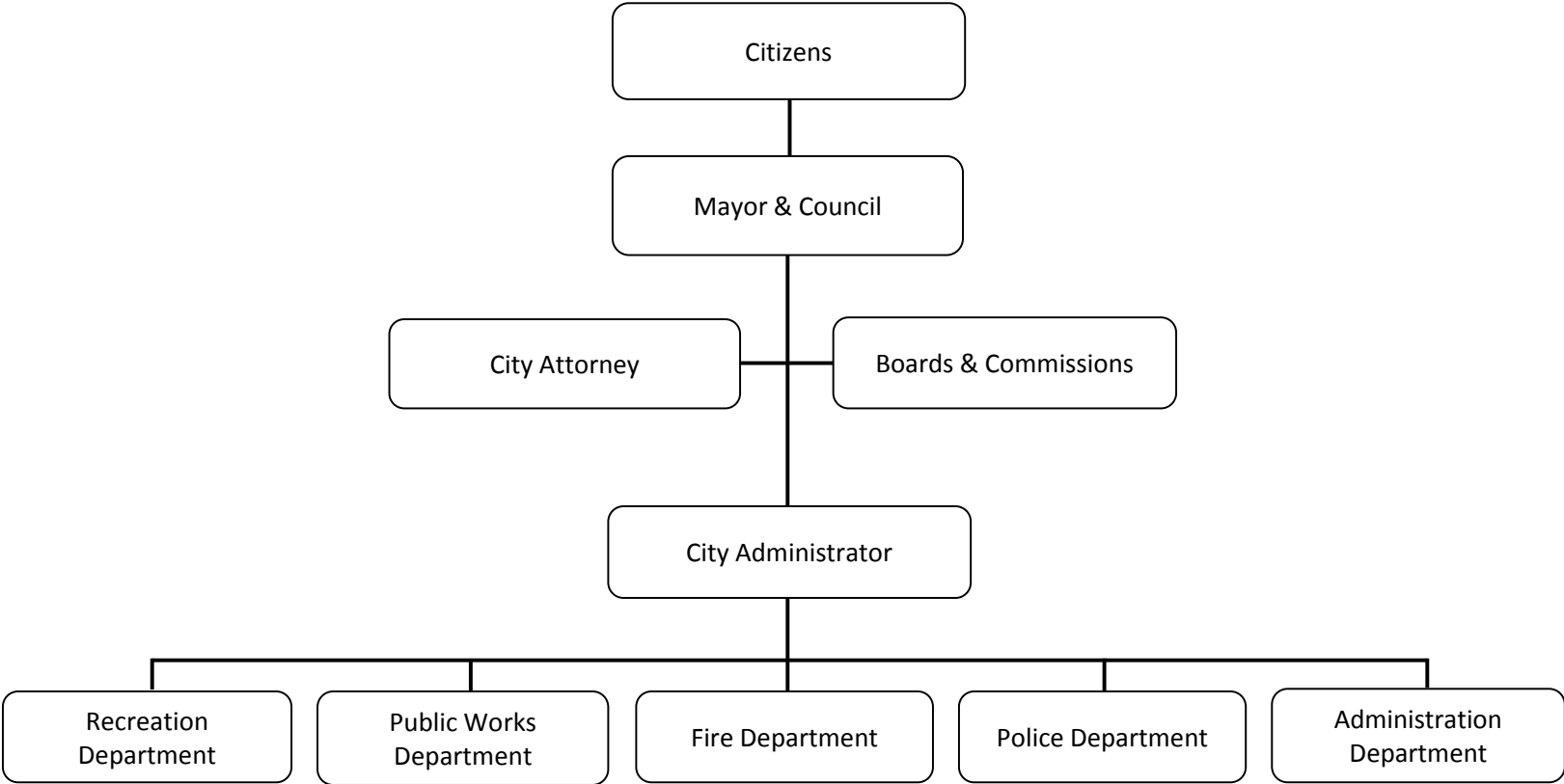
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
ORGANIZATION CHART
JUNE 30, 2014**

CITY OF SIMPSONVILLE



Financial Section



Independent Auditor's Report

The Honorable Mayor, Members of City Council, and City Administrator
City of Simpsonville
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, 2014, 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 as of June 30, 2014, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our audit opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, individual fund budgetary schedule, schedule of fines, assessments and surcharges, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, individual fund budgetary schedule and schedule of fines, assessments and surcharges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, individual fund budgetary schedule and schedule of fines, assessments and surcharges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 December 8, 2014 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.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive style with a long, sweeping underline.

Greenville, South Carolina
December 8, 2014

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

This discussion and analysis of the City of Simpsonville's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to present the City's financial performance as a whole; readers should also review the basic financial statements, the notes to the basic financial statements, and the supplemental schedules to enhance their understanding of the City's financial performance. We would also encourage readers to consider the information presented here in conjunction with additional information which can be found as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$38,219,567 (*net position*). Of this amount, \$6,125,761 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,817,781 as revenues of \$17,712,782 exceeded expenses of \$14,895,001.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$6,872,692, an increase of \$1,130,782.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$4,421,028, or approximately 33.7% of total General Fund expenditures for the year ended June 30, 2014.
- The City's capital assets increased by \$240,038 (0.6%) to \$41,070,238 at June 30, 2014. Increases to capital assets including infrastructure, building and improvements, equipment and vehicle purchases totaling \$1,932,757 were offset by depreciation of \$1,692,719.
- The City's long term obligations decreased by \$1,461,108 (11.4%) during the current fiscal year. The key factor in this decrease was principal and other payments of \$1,537,604 and amortization of deferred loss of \$35,902, offset by an overall increase in accrued compensated absences of \$4,692.
- The City's Governmental Activities revenues were \$15,444,966 for 2014, compared to \$15,010,028 for the prior year. This increase is primarily due to increases in charges for services, property taxes levied for general purposes, and hospitality and accommodations taxes of approximately \$295,000, \$163,000, and \$139,000, respectively, partially offset by decreases in MASC statewide business license distributions, and miscellaneous revenues of \$60,000, and \$108,000, respectively.
- The City's Governmental Activities expenses were \$14,166,067 for 2014, compared to \$13,458,177 for the prior year. This increase is primarily due to increases in general government, public safety, public works, and recreation expenditures of approximately \$84,000, \$503,000, \$208,000, and \$74,000 respectively, partially offset by a decrease in interest and fiscal charges of approximately \$161,000.
- Business-type activity revenues and expenses were \$2,267,816 and \$728,934 respectively, for 2014, compared to revenues and expenses of \$1,471,445 and \$743,710, respectively, for 2013. The increase in business-type revenues is primarily due to an increase in charges for services and capital grants and contributions of approximately \$84,000 and \$713,000, respectively. The decrease in business-type expenses is primarily due to decreases in contractual services, other operating expenses, and depreciation of approximately \$9,000, \$20,000, and \$5,000, respectively, offset by an increase in personnel services of approximately \$27,000.

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS

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

Basic financial statements

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

Government-wide financial statements

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund financial statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into the following categories: governmental and proprietary funds.

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net 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 multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, and Nonmajor Governmental Funds consisting of multiple special revenue, capital projects, and debt service funds. The basic governmental fund financial statements can be found as listed in the table of contents.

Proprietary funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the sewer operation, which is considered a major fund of the City. The basic financial statements of the proprietary fund can be found as listed in the table of contents.

Notes to the basic financial statements

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

Other information

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

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Other information, continued

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

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

	Government-wide Statements	Fund 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of Revenues, Expenditures, and changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$38,219,572 at the close of the most recent fiscal year.

This table provides a summary of the City's net position as of June 30, 2014 and 2013.

	Net Position – Primary Government					
	Governmental activities		Business-type activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Assets:						
Current assets	\$ 8,387,118	\$ 7,061,262	\$ 1,525,915	\$ 2,241,763	\$ 9,913,033	\$ 9,303,025
Capital assets, net	34,359,130	35,580,297	6,711,108	5,249,903	41,070,238	40,830,200
Total assets	<u>42,746,248</u>	<u>42,641,559</u>	<u>8,237,023</u>	<u>7,491,666</u>	<u>50,983,271</u>	<u>50,133,225</u>
Liabilities:						
Other liabilities	1,384,870	978,101	8,315	763,506	1,393,185	1,741,607
Long-term liabilities	11,273,356	12,696,130	97,163	135,497	11,370,519	12,831,627
Total liabilities	<u>12,658,226</u>	<u>13,674,231</u>	<u>105,478</u>	<u>899,003</u>	<u>12,763,704</u>	<u>14,573,234</u>
Net position:						
Invested in capital assets, net of related debt	23,246,060	23,082,643	6,621,108	5,085,536	29,867,168	28,168,179
Restricted	2,226,638	1,820,355	-	-	2,226,638	1,820,355
Unrestricted	4,615,324	4,064,330	1,510,437	1,507,127	6,125,761	5,571,457
Total net position	<u>\$ 30,088,022</u>	<u>\$ 28,967,328</u>	<u>\$ 8,131,545</u>	<u>\$ 6,592,663</u>	<u>\$ 38,219,567</u>	<u>\$ 35,559,991</u>

The net position of the City's governmental activities increased by \$1,120,694 or 3.9% to \$30,088,022 at June 30, 2014, compared to \$28,967,328 at June 30, 2013. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$4,064,330 at June 30, 2013 to \$4,615,324 at June 30, 2014. The increase in unrestricted net position is primarily due to the City's maintenance of its revenue streams at a level sufficient to meet and exceed the cost of its services.

The net position of the City's business-type activities increased by \$1,538,882 or 23.3% to \$8,131,545 at June 30, 2014, compared to \$6,592,663 at June 30, 2013.

The largest portion of the City's net position (\$29,867,168 or 78.1%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must generally be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Simpsonville, South Carolina
Management's Discussion and Analysis
Year ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

This table shows the changes in net position for the years ended June 30, 2014 and 2013.

City of Simpsonville Changes in Net Position – Primary Government						
	Governmental activities		Business-type activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Revenues:						
Program revenues:						
Charges for services	\$ 3,873,844	\$ 3,578,757	\$ 1,550,581	\$ 1,466,376	\$ 5,424,425	\$ 5,045,133
Operating grants and contributions	45,091	57,543	-	367	45,091	57,910
Capital grants and contributions	100,211	100,232	713,475	-	813,686	100,232
General Revenues:						
Property taxes	7,355,684	7,192,989	-	-	7,355,684	7,192,989
Hospitality and accommodation taxes	1,796,187	1,656,907	-	-	1,796,187	1,656,907
MASC telecommunications and insurance taxes	1,771,273	1,831,362	-	-	1,771,273	1,831,362
Unrestricted state aid to subdivisions	395,752	393,485	-	-	395,752	393,485
Unrestricted investment earnings	8,518	12,940	3,760	4,702	12,278	17,642
Miscellaneous	98,406	185,813	-	-	98,406	185,813
Total revenues	15,444,966	15,010,028	2,267,816	1,471,445	17,712,782	16,481,473
Program expenses:						
General government	1,710,715	1,626,988	-	-	1,710,715	1,626,988
Public safety	7,262,072	6,758,832	-	-	7,262,072	6,758,832
Public works	2,326,880	2,118,571	-	-	2,326,880	2,118,571
Recreation	2,538,249	2,464,220	-	-	2,538,249	2,464,220
Interest and other charges	328,151	489,566	6,156	10,708	334,307	500,274
Sewer	-	-	722,778	733,002	722,778	733,002
Total expenses	14,166,067	13,458,177	728,934	743,710	14,895,001	14,201,887
Change in net position	1,278,899	1,551,851	1,538,882	727,735	2,817,781	2,279,586
Net position, beginning of year	28,967,328	27,415,477	6,592,663	5,864,928	35,559,991	33,280,405
Change in accounting principle	(158,205)	-	-	-	(158,205)	-
Net position, beginning of year, as restated	28,809,123	27,415,477	6,592,663	5,864,928	35,401,786	33,280,405
Net position, end of year	\$ 30,088,022	\$ 28,967,328	\$ 8,131,545	\$ 6,592,663	\$ 38,219,567	\$ 35,559,991

Governmental activities

The City's net position increased from 2013 to 2014 by \$1,278,899 or 4.4%, compared to \$1,551,851 for 2013. The increase for fiscal year end June 30, 2014 is primarily due to increases in charges for services, property taxes, and accommodations and hospitality taxes, partially offset by decreases in MASC statewide business licenses, and miscellaneous revenues. Decreases in interest and fiscal charges, offset by increases in general government, public safety, public works, and recreation expenses, also factored into the increase in net position.

Business-type activities

The City's net position increased from 2013 to 2014 by \$1,538,882 or 23.3%. The primary reason for this increase was the increase in sewer maintenance fees and capital grants and contributions, coupled with decreases in operating expenses, contractual services, and depreciation, which were only partially offset by increases in personnel services.

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At June 30, 2014, the City's governmental funds reported combined ending fund balances of \$6,872,692. Of this amount, \$4,421,028 is unassigned fund balance, which is available for spending at the government's discretion.

General fund revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue for the year ended June 30, 2014 was \$13,721,806 compared to \$13,215,299 in the prior year. Taxes and licenses, permits, and fees make up 88.6% of all General Fund revenues or approximately \$12,151,000. The remaining General Fund revenue sources totaled approximately \$1,571,000 and consisted of shared revenue (from the state and county), grants, fines, and other miscellaneous sources. The increase in revenues over the prior year is primarily due to an increase in property tax collections, franchise fee revenues, and licenses, permits, and fees offset by decreases in MASC telecommunication and insurance taxes, grants, and state shared revenues in the City.

As with most municipalities in the State of South Carolina, the City is dependent on local property taxes to pay for many of the services provided to its citizens. The current millage rate for local property taxes is 61.7 mills. The assessed value is 4% of market value for owner occupied property, 6% for commercial property, and 10.5% for industrial property. Local property taxes accounted for 54.0%, or \$7,410,615 of total General Fund revenue for the fiscal period ending June 30, 2014.

General fund expenditures

General Fund expenditures for the year ended June 30, 2014 totaled \$13,118,178 compared to \$15,152,279 for the prior year. The decrease reflects decreases in capital outlay, principal and interest debt service payments as well as bond issuance costs.

The Public Safety and Public Works functions accounted for approximately 66.2% of all General Fund expenditures (excluding capital outlay). Actual expenditures for these functions, excluding capital outlay, were \$6,883,736 for Public Safety and \$1,717,844 for Public Works. The remaining 33.8% of General Fund expenditures (excluding capital outlay) came from the areas of Recreation and Parks of \$2,060,494, General Government of \$1,614,216 and interest and debt service of \$710,590. The City also had Capital Outlay in the General Fund of \$131,298 for 2014.

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, Continued

General fund balance

The total fund balance for the General Fund increased primarily due to an overall increase in total revenues of \$506,507 from 2013, coupled with a \$2,034,101 decrease in total expenditures. The total increase in the General Fund was \$695,850 for 2014, leaving the fund balance for the General Fund at \$4,700,841 at June 30, 2014. Unassigned fund balance for the General Fund was \$4,421,028, or approximately 33.7% of total General Fund expenditures.

Special Revenue Fund

Accommodations tax and hospitality revenues for the current year increased compared to the prior year, increasing by \$126,204, or 8.2% over 2013. Revenues exceeded expenditures by \$1,662,247. Transfers out to the debt service fund of \$1,080,704 resulted in an overall increase of \$581,543 in the special revenue fund balance to \$1,716,733 at June 30, 2014.

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 Enterprise Fund at the end of the year amounted to \$8,131,545. Factors concerning the operations of this fund have already been addressed in the discussion of the City's business-type activities.

General fund budgetary highlights

The net change in fund balance for the general fund was \$695,850 compared to a budgeted increase of \$165,856, for a positive variance of \$529,994.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2014, the City had invested a net amount of \$41,070,238 in capital assets.

This table shows 2014 Capital Asset balances (net of depreciation) compared to 2013:

Capital Assets - Primary Government

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>6/30/2013</u>
Land	\$ 6,724,258	\$ 6,724,258	\$ -	\$ -	\$ 6,724,258	\$ 6,724,258
Construction in progress	178,570	69,657	985,824	46,985	1,164,394	116,642
Infrastructure	11,535,794	11,833,266	5,712,960	5,167,322	17,248,754	17,000,588
Buildings and improvements	13,146,269	13,635,677	-	-	13,146,269	13,635,677
Equipment	405,340	505,688	2,492	5,990	407,832	511,678
Signage	6,162	6,992	-	-	6,162	6,992
Vehicles	2,362,737	2,804,759	9,832	29,606	2,372,569	2,834,365
Capital assets, net	<u>\$ 34,359,130</u>	<u>\$ 35,580,297</u>	<u>\$ 6,711,108</u>	<u>\$ 5,249,903</u>	<u>\$ 41,070,238</u>	<u>\$ 40,830,200</u>

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

- Depreciation expense of \$1,501,608 for governmental activities.
- Infrastructure increases totaling \$808,084.
- Vehicle purchases of \$62,308.
- Construction in progress increases totaling \$1,055,343.

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

Long-term obligations

As of June 30, 2014, the City had total long-term obligations of \$11,370,519. Of this debt, \$1,256,395 was General Obligation Refunding Bond. The City also has accommodations and hospitality tax revenue refunding bond debt outstanding at year-end of \$8,902,862 net of deferred loss on refunding of \$314,138. In addition, the City had other long-term obligations of \$90,000 for Sewer Revenue Bonds, \$953,813 for outstanding capital leases, and \$167,449 for compensated absence liabilities.

City of Simpsonville Long-Term Obligations - Primary Government

	Governmental activities		Business-type activities		Total	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Debt:						
General obligation refunding bonds	\$ 1,256,395	\$ 1,699,669	\$ -	\$ -	\$ 1,256,395	\$ 1,699,669
Refunding bonds	8,902,862	9,668,960	-	-	8,902,862	9,668,960
Revenue bond	-	-	90,000	130,000	90,000	130,000
Total debt	10,159,257	11,368,629	90,000	130,000	10,249,257	11,498,629
Capital leases	953,813	1,170,241	-	-	953,813	1,170,241
Accrued compensated absences	160,286	157,260	7,163	5,497	167,449	162,757
Total	<u>\$ 11,273,356</u>	<u>\$ 12,696,130</u>	<u>\$ 97,163</u>	<u>\$ 135,497</u>	<u>\$ 11,370,519</u>	<u>\$ 12,831,627</u>

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

- Principal payments of approximately \$1,502,000 occurred during the year. Total interest payments were approximately \$336,000.

City of Simpsonville, South Carolina

Management's Discussion and Analysis

Year ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2014 was approximately \$5,584,000. The City had non-referendum bonded debt of \$1,256,395, which resulted in the City having an unused legal debt margin of approximately \$4,328,000.

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

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

Economic factors that were considered in preparing the FY 14-15 budget were as follows:

- The unemployment rate in Greenville County, in which Simpsonville is located, is at 4.8% and compares favorably with the unemployment rate of the State of South Carolina at approximately 5.3%. Rate data is as of June 30, 2014.

The adopted FY 14-15 operating budget for all funds is \$17,805,216. Highlights of FYE 15 operating budget are as follows:

- The City's budget is set to provide an addition to the general fund balance of approximately \$83,000, an increase to the sewer fund balance of approximately \$493,000, a decrease to the special revenue fund balance of approximately \$445,000, and an increase to victims' assistance fund balance of approximately \$4,000.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

City of Simpsonville, South Carolina

Statement of Net Position

As of June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,572,751	\$ 1,758,930	\$ 7,331,681
Cash and cash equivalents, restricted	927,620	-	927,620
Investments, restricted	1,014	-	1,014
Property taxes receivable, net	319,423	-	319,423
Accounts receivable, net	747,776	258,946	1,006,722
Due from County Treasurer	102,617	-	102,617
Internal balances	493,733	(493,733)	-
Other assets	222,184	1,772	223,956
Capital assets:			
Non-depreciable	6,902,828	985,824	7,888,652
Depreciable, net	27,456,302	5,725,284	33,181,586
Total assets	<u>42,746,248</u>	<u>8,237,023</u>	<u>50,983,271</u>
Liabilities			
Accounts payable and accrued liabilities	1,315,177	6,760	1,321,937
Accrued interest payable	6,849	873	7,722
Unearned revenue - other	62,844	682	63,526
Long-term liabilities:			
Due within one year	1,547,743	48,430	1,596,173
Due in more than one year	9,725,613	48,733	9,774,346
Total liabilities	<u>12,658,226</u>	<u>105,478</u>	<u>12,763,704</u>
Net Position			
Net investment in capital assets	23,246,060	6,621,108	29,867,168
Restricted			
Court funds	56,615	-	56,615
Hospitality and accommodations	1,716,733	-	1,716,733
Cultural arts	25,801	-	25,801
Public safety	74,318	-	74,318
Capital projects	353,171	-	353,171
Unrestricted	4,615,324	1,510,437	6,125,761
Total net position	<u>\$ 30,088,022</u>	<u>\$ 8,131,545</u>	<u>\$ 38,219,567</u>

See Notes to Financial Statements

City of Simpsonville, South Carolina
Statement of Activities
For the year ended June 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 1,710,715	\$ 3,366,295	\$ 32,064	\$ 100,211	\$ 1,787,855	\$ -	\$ 1,787,855
Public safety	7,262,072	166,831	3,000	-	(7,092,241)	-	(7,092,241)
Public works	2,326,880	168,072	10,027	-	(2,148,781)	-	(2,148,781)
Recreation	2,538,249	172,646	-	-	(2,365,603)	-	(2,365,603)
Interest and fiscal charges	328,151	-	-	-	(328,151)	-	(328,151)
Total governmental activities	14,166,067	3,873,844	45,091	100,211	(10,146,921)	-	(10,146,921)
Business-type activities							
Sewer	728,934	1,550,581	-	713,475	-	1,535,122	1,535,122
Total business-type activities	728,934	1,550,581	-	713,475	-	1,535,122	1,535,122
Total primary government	\$ 14,895,001	\$ 5,424,425	\$ 45,091	\$ 813,686	(10,146,921)	1,535,122	(8,611,799)
General revenues							
Property taxes levied for general purposes					7,355,684	-	7,355,684
Hospitality and accommodations taxes					1,796,187	-	1,796,187
MASC telecommunications and insurance taxes					1,771,273	-	1,771,273
Intergovernmental revenues, not restricted to specific purposes					395,752	-	395,752
Unrestricted investment earnings					8,518	3,760	12,278
Gain on disposal of capital assets					68,479	-	68,479
Miscellaneous revenues					29,927	-	29,927
Total general revenues					11,425,820	3,760	11,429,580
Change in net position					1,278,899	1,538,882	2,817,781
Net position beginning of year					28,967,328	6,592,663	35,559,991
Change in accounting principle, as originally reported (Note 15)					(158,205)	-	(158,205)
Net position beginning of year, as restated					28,809,123	6,592,663	35,401,786
Net position end of year					\$ 30,088,022	\$ 8,131,545	\$ 38,219,567

See Notes to Financial Statements

City of Simpsonville, South Carolina

Balance Sheet

Governmental Funds

As of June 30, 2014

	General Fund	Accommodations and Hospitality Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,419,158	\$ 1,153,593	\$ -	\$ 5,572,751
Cash and cash equivalents, restricted	56,615	415,827	455,178	927,620
Investments, restricted	1,014	-	-	1,014
Receivables, net:				
Taxes	319,423	-	-	319,423
Accounts	597,075	150,701	-	747,776
Due from:				
County treasurer	102,617	-	-	102,617
Other governmental funds	4,382	-	8,778	13,160
Sewer fund	493,733	-	-	493,733
Other assets	222,184	-	-	222,184
Total assets	<u>\$ 6,216,201</u>	<u>\$ 1,720,121</u>	<u>\$ 463,956</u>	<u>\$ 8,400,278</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities				
Accounts payable	\$ 869,411	\$ -	\$ -	\$ 869,411
Accrued salaries and fringe benefits	370,157	-	-	370,157
Accrued expenses	67,799	-	7,810	75,609
Due to:				
Other governmental funds	8,744	3,388	1,028	13,160
Unearned revenue - other	62,844	-	-	62,844
Total liabilities	<u>1,378,955</u>	<u>3,388</u>	<u>8,838</u>	<u>1,391,181</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	136,405	-	-	136,405
Total deferred inflows	<u>136,405</u>	<u>-</u>	<u>-</u>	<u>136,405</u>
Fund Balances				
Nonspendable	222,184	-	-	222,184
Restricted	57,629	1,716,733	455,117	2,229,479
Committed	-	-	1	1
Unassigned	4,421,028	-	-	4,421,028
Total fund balances	<u>4,700,841</u>	<u>1,716,733</u>	<u>455,118</u>	<u>6,872,692</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,216,201</u>	<u>\$ 1,720,121</u>	<u>\$ 463,956</u>	<u>\$ 8,400,278</u>

See Notes to Financial Statements

City of Simpsonville, South Carolina
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2014

Total fund balances - Governmental funds	\$	6,872,692
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of		
Land	\$	6,724,258
Construction in progress		178,570
Buildings and improvements		19,160,217
Infrastructure		22,460,002
Furniture and fixtures		119,631
Machinery and equipment		2,293,588
Vehicles		7,261,467
Signage		8,300
Accumulated depreciation		<u>(23,846,903)</u>
Total capital assets		34,359,130
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are unearned in the funds.		
		136,405
Interest is recorded as an expenditure when paid in the governmental funds, but is recorded in the government-wide statements when it is due. This amount represents the interest due but unpaid at year end.		
		(6,849)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. The deferred loss on refunding is shown net of accumulated amortization of \$80,779		
Long-term liabilities consisted of the following:		
Long-term debt		(10,473,395)
Long-term debt - deferred loss on refunding, net		314,138
Capital leases		(953,813)
Accrued compensated absences		<u>(160,286)</u>
Total long-term liabilities		(11,273,356)
Net position of governmental activities	\$	<u><u>30,088,022</u></u>

City of Simpsonville, South Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2014

	<u>General</u>	<u>Accommodations and Hospitality Special Revenue</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Local	\$ 7,410,615	\$ -	\$ -	\$ 7,410,615
Hospitality and accommodations	-	1,670,217	-	1,670,217
MASC telecommunication and insurance	1,771,273	-	-	1,771,273
Franchise	1,340,782	-	-	1,340,782
Licenses, permits, and fees	1,628,457	-	-	1,628,457
Grants	30,979	-	-	30,979
Fines	114,000	-	19,346	133,346
Shared revenue:				
County	100,211	-	-	100,211
State	654,222	-	-	654,222
Interest	5,046	2,560	912	8,518
Other	666,221	60	16,517	682,798
Total revenues	<u>13,721,806</u>	<u>1,672,837</u>	<u>36,775</u>	<u>15,431,418</u>
EXPENDITURES				
Current:				
General government	1,614,216	10,590	12,022	1,636,828
Public safety	6,883,736	-	23,202	6,906,938
Public works	1,717,844	-	-	1,717,844
Recreation and parks	2,060,494	-	-	2,060,494
Capital outlay	131,298	-	124,419	255,717
Debt service:				
Principal	659,702	-	802,000	1,461,702
Interest and fiscal charges	50,888	-	278,704	329,592
Total expenditures	<u>13,118,178</u>	<u>10,590</u>	<u>1,240,347</u>	<u>14,369,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>603,628</u>	<u>1,662,247</u>	<u>(1,203,572)</u>	<u>1,062,303</u>
Other financing sources (uses):				
Proceeds from the sale of capital assets	20,607	-	-	20,607
Insurance proceeds	47,872	-	-	47,872
Transfers in	41,246	-	1,099,302	1,140,548
Transfers out	(17,503)	(1,080,704)	(42,341)	(1,140,548)
Total other financing sources (uses)	<u>92,222</u>	<u>(1,080,704)</u>	<u>1,056,961</u>	<u>68,479</u>
Net change in fund balances	695,850	581,543	(146,611)	1,130,782
Fund balances, beginning of year	4,004,991	1,135,190	601,729	5,741,910
Fund balances, end of year	<u>\$ 4,700,841</u>	<u>\$ 1,716,733</u>	<u>\$ 455,118</u>	<u>\$ 6,872,692</u>

See Notes to Financial Statements

City of Simpsonville, South Carolina

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2014**

Net change in fund balances - Total government funds	\$ 1,130,782
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are unearned in the governmental funds. Unavailable revenues increased by this amount.	(54,931)
Repayment of debt principal and capital leases is an expenditure on the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Long term debt	1,245,274
Capital leases	216,428
Current refunding of general obligation bonds	-
Accrued compensated absences are not recognized in the governmental funds but are recognized in the Statement of Activities to the extent of the increase or decrease in the accrual.	(3,026)
Deferred losses on refundings must be deferred and amortized over the life of the respective debt in the Statement of Activities. This is the amortization of deferred losses.	(35,902)
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.	1,441
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense of (\$1,501,608). This is the amount by which depreciation expense exceeded capital asset additions in the current period.	(1,221,167)
Change in net position of government activities	<u>\$ 1,278,899</u>

City of Simpsonville, South Carolina*Proprietary Fund - Sewer Fund**Statement of Net Position**June 30, 2014*

Assets**Current Assets**

Cash and cash equivalents	\$ 1,758,930
Receivables, net	258,946
Other assets	1,772
Total current assets	<u>2,019,648</u>

Noncurrent Assets

Non-depreciable capital assets	985,824
Depreciable capital assets	10,460,916
Less accumulated depreciation	<u>(4,735,632)</u>
Total noncurrent assets	<u>6,711,108</u>
Total assets	<u>8,730,756</u>

Liabilities and Net Position**Current Liabilities**

Compensated absences	3,430
Accrued interest payable	873
Accrued expenses	6,760
Unearned revenue	682
Bond payable, current	45,000
Due to other funds	493,733
Total current liabilities	<u>550,478</u>

Long-term Liabilities

Compensated absences	3,733
Bond payable, noncurrent	45,000
Total long-term liabilities	<u>48,733</u>
Total liabilities	<u>599,211</u>

Net Position

Net investment in capital assets	6,621,108
Unrestricted	<u>1,510,437</u>
Total Net Position	<u>\$ 8,131,545</u>

See Notes to Financial Statements

City of Simpsonville, South Carolina**Proprietary Fund - Sewer Fund****Statement of Revenues, Expenses and Changes in Net Position****For the year ended June 30, 2014**

Operating revenues

Sewer maintenance fees	\$ 1,550,581
Total operating revenues	<u>1,550,581</u>

Operating expenses

Personnel services	337,752
Contractual services	2,286
Materials and supplies	8,581
Other operating expenses	183,048
Depreciation	<u>191,111</u>
Total operating expenses	<u>722,778</u>
Operating income	<u>827,803</u>

Nonoperating revenues (expenses)

Interest income	3,760
Interest expense	<u>(6,156)</u>
Total nonoperating revenues (expenses)	<u>(2,396)</u>
Income before contributions	825,407

Capital contributions - infrastructure

Change in net position	<u>713,475</u>
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Net position, beginning of year6,592,663**Net position, end of year**\$ 8,131,545

City of Simpsonville, South Carolina

Proprietary Fund - Sewer Fund

Statement of Cash Flows

For the year ended June 30, 2014

Cash flows from operating activities

Cash received from customers	\$ 1,554,164
Cash payments for goods and services	(193,151)
Payments to employees	(336,086)
Net cash provided by operating activities	<u>1,024,927</u>

Cash flows from noncapital financing activities

Transfers from other funds	<u>453,932</u>
Net cash provided by noncapital financing activities	<u>453,932</u>

Cash flow from investing activities

Interest income	<u>3,760</u>
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Cash flow from capital and related financing activities

Acquisition of capital assets	(938,839)
Principal payments on bond anticipation note	(750,000)
Principal payments on revenue bond payable	(40,000)
Interest payments	(11,047)
Net cash used for capital and related financing activities	<u>(1,739,886)</u>
Net decrease in cash and cash equivalents	(257,267)

Cash and cash equivalents, beginning of year

2,016,197

Cash and cash equivalents, end of year

\$ 1,758,930

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

Operating income	\$ 827,803
Adjustments to reconcile operating income to net cash provided by operations:	
Depreciation expense	191,111
Change in:	
Accounts receivable	2,901
Other assets	1,748
Accrued salaries and fringe benefits	1,666
Accrued expenses	(984)
Unearned revenue	682
Net cash provided by operating activities	<u>\$ 1,024,927</u>

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITY

Acquisition of capital assets through developer contribution	<u>\$ 713,475</u>
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See Notes to Financial Statements

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

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

Note 1. Summary of Significant Accounting Policies

Reporting entity:

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

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

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

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the City's basic financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide basic financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has one blended component unit, and no discrete component units.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Blended component unit:

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

Measurement focus, basis of accounting, and basis of presentation:

The government-wide basic 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") and its blended component unit. For the most part, the effect of interfund activity has been removed from these basic financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

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

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

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

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, 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 and fees. Operating expenses for enterprise funds include the expense for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary Fund types include the following funds:

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

The City has one major Enterprise Fund:

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

Additionally, the government reports the following nonmajor fund types:

Special revenue funds

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

Capital projects funds

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

Debt service fund

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

Assets, liabilities, and equity:

Cash and cash equivalents

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, and equity, continued:

Investments

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

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, and equity, continued:

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

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

- Certificates of Deposit ("CD") are bond-type investments issued by a bank when a person or company deposits a certain amount of money for a determined amount of time. The maturity can be up to five years, and interest is paid to the holder of the CD at an agreed upon rate. Money removed before maturity is subject to a penalty.
- Open ended mutual funds are primarily invested in money market funds which invest in short term obligations of the United States and related agencies.
- Repurchase agreements are a type of transaction in which a money market participant acquires immediately available funds by selling securities and simultaneously agreeing to repurchase the same or similar securities after a specified time at a given price, which typically includes interest at an agreed-upon rate. The City's repurchase agreements are considered cash and cash equivalents as they are purchased with maturities of less than three months.
- South Carolina Pooled Investment Fund (the "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.

Receivables and payables:

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2014, balances of interfund amounts or payables have been recorded.

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Receivables and payables, continued:

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

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

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

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

Other assets - prepaid items:

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

Capital assets:

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

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Capital assets, continued:

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

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

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

Compensated absences:

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

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

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

Accrued liabilities and long-term obligations:

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Accrued liabilities and long-term obligations, continued:

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

In the government-wide basic financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts (if any), are deferred, if material, and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, if applicable, are expensed in the Statement of Activities in the year in which they are incurred.

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

Unearned revenue:

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

Net position/fund balances/deferred inflows/outflows:

Net position represents the difference between assets and liabilities. Net position in government-wide and proprietary fund financial statements are 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. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by enabling legislation.

The Statement of Net Position may report deferred outflows of resources following the assets section and deferred inflows of resources following the liabilities section. Deferred outflows of resources represents a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

Net position/fund balances/deferred inflows/outflows, continued:

The equity section of the governmental fund balance sheet is comprised of these major fund balance elements: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority. Assigned fund balances is a limitation imposed by a designee of the City. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

The City Council is the City's highest level of decision making. The City Council can establish, modify or rescind a fund balance commitments through adoption of an ordinance. The City Administrator has the authority to assign fund balance amounts to a specific purpose, the City Administrator is appointed by, and serves at the discretion of, the City Council.

The City considers restricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted amounts are available. When an expenditure is incurred for which committed, assigned or unassigned amounts could be used the City considers the expenditures to be used in this respective order.

The City Council has set a general fund unassigned fund balance target at twenty-five percent of current operating expenditures and a minimum unassigned fund balance target of twenty percent of current operating expenditures.

Accounting estimates:

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

New accounting pronouncements:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statement periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The City has implemented this statement in the year ended June 30, 2014. As a result, prior year bond issuance costs of \$158,205 have been removed from the prior year ending balance of net position as explained in Note 15.

Unavailable revenue – property taxes of \$136,405 has been reported as “deferred inflows of resources” in the governmental fund balance sheet and will be recognized as revenue when available.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies, Continued

New accounting pronouncements, continued:

GASB Statement No. 66, *Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62* was implemented during the year.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The Statement is effective for financial statements for fiscal years beginning after June 15, 2014.

The GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local government entities and should be applied prospectively to government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided in situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013.

Note 2. Stewardship, Compliance and Accountability

Budgetary information:

A budget is presented in the required supplementary section of this report for the General Fund and Accommodations and Hospitality Tax Special Revenue Fund.

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

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 2. Stewardship, Compliance and Accountability, Continued

Budgetary information, continued:

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

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

Note 3. Cash and Investments

Custodial credit risk – deposits:

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. Of the City's bank balances of \$8,539,481 as of June 30, 2014 (which had a carrying value of \$8,257,825), all were covered by federal depository insurance or by collateral pledged by the financial institution as of June 30, 2014.

Investments:

As of June 30, 2014, the City had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Weighted average maturity</u>
SC Local Government Investment Pool (SCLGIP)	\$ 1,014	Less than 60 days

Interest rate risk:

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates but does follow the investment policy statutes of the State of South Carolina. The maturity of the City's position in the SCLGIP is based on the average maturity of the pool's investments, without regard for the City's ability to withdraw funds on demand. It is the policy of the State Treasurer's Office that the weighted average maturity of the SCLGIP portfolio not exceed sixty days.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 3. Cash and Investments, Continued

Credit risk:

The City has no investment policy that would further limit its investment choices other than state law. As of June 30, 2014, the underlying security ratings of the City's investment in the South Carolina Local Government Investment Pool may be obtained from the SCLGIP's complete financial statements. The SCLGIP does not have a credit quality rating assigned. These financial statements may be obtained by writing to the following address:

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

The fair value of the City's position in the SCLGIP is the same as the value of the pool shares. The regulatory oversight for the SCLGIP is 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. As of June 30, 2014, the City had investments with one issuer.

Reconciliation to the financial statements:

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

<u>Statement of Net Position</u>		<u>Footnotes</u>	
Cash and cash equivalents	\$ 7,331,681	Petty cash	\$ 1,476
Restricted cash and cash equivalents	927,620	Carrying value of deposits	8,257,825
Investments	1,014	Fair value of investments	1,014
Total deposits and investments	<u>\$ 8,260,315</u>	Total deposits and investments	<u>\$ 8,260,315</u>

Note 4. Receivables and Unearned Revenue

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

Property taxes were levied and billed by the County on real and personal properties on October 15th based on an assessed value of approximately \$71.2 million at the rate of 61.7 mills for the City and 26.0 mills for the Fire Service District of the County. These taxes are due without penalty through January 15th. Property taxes receivable includes an allowance for uncollectible taxes of approximately \$6,480 at June 30, 2014. Allowances for uncollectible receivables were not necessary for the other receivable accounts.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 4. Receivables and Unearned Revenue, Continued

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2014, the City had unearned delinquent property taxes for the General Fund of \$136,405.

Note 5. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables

Interfund balances at June 30, 2014, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 498,115	\$ 8,744
Accommodations and Hospitality Tax Special Revenue Fund	-	3,388
Sewer Enterprise Fund	-	493,733
Nonmajor funds:		
Arts and Cultural Center	-	1,028
Victim Assistance Fund	8,778	-
Totals	<u>\$ 506,893</u>	<u>\$ 506,893</u>

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30, 2014 resulted from the time lag between the dates that interfund goods and services were provided or reimbursable expenses occurred and the dates that such transactions are processed for payment.

Interfund transfers

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ 41,246	\$ 17,503
Accommodations and Hospitality Tax Special Revenue Fund	-	1,080,704
Nonmajor Funds:		
Debt Service Fund	1,080,704	-
Master Lease 2012	-	41,244
Arts and Cultural Center Fund	14,978	-
Narcotics Fund	1,095	-
Seized Fund	-	1,095
Heritage Creek Project Fund	2,525	2
Totals	<u>\$ 1,140,548</u>	<u>\$ 1,140,548</u>

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. Special Revenue transfers to the Debt Service Fund were to fund debt service payments on tax revenue refunding bonds.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 6. Capital Assets

Capital asset activity for the City for governmental activities for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 6,724,258	\$ -	\$ -	\$ -	\$ 6,724,258
Construction in progress	69,657	116,504	-	(7,591)	178,570
Total capital assets, non-depreciable	6,793,915	116,504	-	(7,591)	6,902,828
Capital assets, depreciable:					
Infrastructure	22,357,804	94,607	-	7,591	22,460,002
Building and improvements	19,160,217	-	-	-	19,160,217
Equipment	2,266,792	26,796	-	-	2,293,588
Furniture and fixtures	119,631	-	-	-	119,631
Signage	8,300	-	-	-	8,300
Vehicles	7,462,955	42,534	(244,022)	-	7,261,467
Total capital assets, depreciable	51,375,699	163,937	(244,022)	7,591	51,303,205
Less accumulated depreciation for:					
Infrastructure	10,524,538	399,670	-	-	10,924,208
Building and improvements	5,524,540	489,408	-	-	6,013,948
Equipment	1,761,104	127,144	-	-	1,888,248
Furniture and fixtures	119,631	-	-	-	119,631
Signage	1,308	830	-	-	2,138
Vehicles	4,658,196	484,556	(244,022)	-	4,898,730
Total accumulated depreciation	22,589,317	1,501,608	(244,022)	-	23,846,903
Total capital assets, depreciable, net	28,786,382	(1,337,671)	-	7,591	27,456,302
Total governmental activities capital assets, net	<u>\$ 35,580,297</u>	<u>\$ (1,221,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,359,130</u>

The carrying value of equipment recorded under capital lease was \$1,598,512 and is included above as cost of \$3,977,186 and accumulated depreciation of \$2,378,674. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 6. Capital Assets, Continued

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

<u>Governmental activities</u>	<u>Depreciation expense</u>
General government	\$ 62,473
Public safety	352,929
Public works	608,670
Recreation and parks	477,536
Total depreciation expense governmental activities	<u>\$ 1,501,608</u>

Capital asset activity for the City for business-type activities for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, non-depreciable:					
Construction in progress	\$ 46,985	\$ 938,839	\$ -	\$ -	\$ 985,824
Capital assets, depreciable:					
Infrastructure	9,285,031	713,475	-	-	9,998,506
Equipment	147,243	-	-	-	147,243
Vehicles	315,167	-	-	-	315,167
Total capital assets, depreciable	<u>9,747,441</u>	<u>713,475</u>	<u>-</u>	<u>-</u>	<u>10,460,916</u>
Less: accumulated depreciation for:					
Infrastructure	4,117,709	167,837	-	-	4,285,546
Equipment	141,253	3,498	-	-	144,751
Vehicles	285,561	19,774	-	-	305,335
Total accumulated depreciation	<u>4,544,523</u>	<u>191,109</u>	<u>-</u>	<u>-</u>	<u>4,735,632</u>
Total capital assets, depreciable, net	<u>5,202,918</u>	<u>522,366</u>	<u>-</u>	<u>-</u>	<u>5,725,284</u>
Total business-type activities capital assets, net	<u>\$ 5,249,903</u>	<u>\$ 1,461,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,711,108</u>

Note 7. Short-term Obligations

The City issued a Bond Anticipation Note ("BAN") in September 2012, totaling \$750,000 through a local bank. The BAN was issued to provide the City cash reserves until the receipt of the proceeds from the sale of the sewer system revenue bonds. The BAN was due September 20, 2013 along with interest, which accrued at 0.8% per annum.

The following is a summary of the changes in the City's short-term obligations for 2014

<u>Business-type activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Bond anticipation notes	\$ 750,000	\$ -	\$ 750,000	\$ -
Total business-type activities	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>	<u>\$ -</u>

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 8. Long-term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB's") are direct obligations and pledge the full faith and credit of the City.

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

Details on the City's (including its blended component unit) outstanding debt issues and capital leases as of June 30, 2014 are as follows:

General obligation refunding bonds

- 2013 Series - issued in February 2013 for \$1,756,162 with annual principal installments varying from \$56,602 to \$457,264 beginning April 1, 2013 and ending April 1, 2022. Interest is payable semi-annually on April 1 and October 1 with interest at 1.35%. The proceeds from the 2013 refunding were used to refund the Series 2000, 2001, 2003, 2006, 2007, 2007A and 2008 General Obligation Bonds.

Accommodations and hospitality tax revenue refunding bonds

- 2012A Series - issued in March 2012 for \$8,745,000 with annual principal installments varying from \$478,000 to \$856,000 beginning January 1, 2013 and ending January 1, 2024. Interest is payable semi-annually on January 1 and July 1 with interest at 2.79%. The proceeds from the 2012A refunding were used to refund the Series 2004, 2005, 2006 and 2008 Certificates of Participation.
- 2012B Series - issued in March 2012 for \$2,127,000 with annual principal installments varying from \$106,000 to \$164,000 beginning January 1, 2013 and ending January 1, 2028. Interest is payable semi-annually on January 1 and July 1 with interest at 3.32%. The proceeds from the 2012B refunding were used to refund the Series 2007 Certificate of Participation.

Revenue bond

- Sewer Revenue Bond - issued in January 6, 2006 for \$370,000 with annual installments varying from \$30,000 to \$45,000 beginning April 1, 2008 and ending on April 1, 2016. Interest is payable semi-annually on April 1 and October 1 with interest at 3.88%. The proceeds from the 2006 revenue bond were used to complete the Bi-Lo sewer line and the sewer line in Hunter's Woods.

Capital leases

- \$545,324 capital lease was entered into in April, 2010 Master Equipment Lease (MEL) - The City has entered into a MEL obligation that was used for the purchase of vehicles and related equipment for the police department and public works department, rigging structure and tent for the Heritage Park Amphitheater, and vehicles and equipment for the fire department. The lease on the equipment is for a period of six years, which began in April 2010. Annual payments begin at \$24,605 for the first year and rise to approximately \$122,000 for each of the remaining 5 years, which includes interest at 4.39%.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 8. Long-term Obligations, Continued

Capital leases, continued

- \$903,000 capital lease entered into in June, 2012 Master Equipment Lease (MEL) - The City has entered into a MEL obligation that was used to purchase vehicles and related equipment for the police, fire, and public works departments as well as playground equipment for the recreation department. The lease on the equipment is for a period from June 2012 through October 2020. Payments of \$30,692 are due the first day after each quarter-end, beginning January 1, 2013 and include interest of 1.9%. Upon closing of the agreement, \$12,000 of the proceeds were used to pay issuance costs.

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2014.

<u>Long-Term Obligations</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Debt:					
General obligation bonds:					
Refunding 2013 Series	\$1,699,669	\$ -	\$ 443,274	\$ 1,256,395	\$ 457,264
	<u>1,699,669</u>	<u>-</u>	<u>443,274</u>	<u>1,256,395</u>	<u>457,264</u>
Tax revenue refunding bonds:					
2012A Series	8,011,000	-	696,000	7,315,000	716,000
2012A Series - Deferred loss	(350,040)	-	(35,902)	(314,138)	(35,902)
2012B Series	<u>2,008,000</u>	<u>-</u>	<u>106,000</u>	<u>1,902,000</u>	<u>111,000</u>
	<u>9,668,960</u>	<u>-</u>	<u>766,098</u>	<u>8,902,862</u>	<u>791,098</u>
Total debt	<u>11,368,629</u>	<u>-</u>	<u>1,209,372</u>	<u>10,159,257</u>	<u>1,248,362</u>
Capital leases:					
April 2010 MEL	341,441	-	108,855	232,587	113,741
June 2012 MEL	<u>828,800</u>	<u>-</u>	<u>107,573</u>	<u>721,226</u>	<u>82,038</u>
Total capital leases	<u>1,170,241</u>	<u>-</u>	<u>216,428</u>	<u>953,813</u>	<u>195,779</u>
Accrued compensated absences	<u>157,260</u>	<u>301,366</u>	<u>298,340</u>	<u>160,286</u>	<u>103,602</u>
Total governmental activities	<u>\$ 12,696,130</u>	<u>\$ 301,366</u>	<u>\$ 1,724,140</u>	<u>\$ 11,273,356</u>	<u>\$ 1,547,743</u>
Business-type activities					
Sewer Revenue Bond, Series 2006	\$ 130,000	\$ -	\$ 40,000	\$ 90,000	\$ 45,000
Accrued compensated absences	<u>5,497</u>	<u>6,655</u>	<u>4,989</u>	<u>7,163</u>	<u>3,430</u>
Total business-type activities	<u>\$ 135,497</u>	<u>\$ 6,655</u>	<u>\$ 44,989</u>	<u>\$ 97,163</u>	<u>\$ 48,430</u>

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 8. Long-term Obligations, Continued

All long-term obligations are funded from resources from the General, Special Revenue, and Sewer Funds. Interest cost for the year ended June 30, 2014, was approximately \$341,000, all of which was expensed.

Interest paid on the debt issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City had no arbitrage liability at June 30, 2014.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no 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 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, 2014, the City had \$1,256,395 of bonded debt subject to the 8% limit of approximately \$5,584,000 resulting in an unused legal debt margin of approximately \$4,327,605.

The annual requirements to amortize debt outstanding for the City's governmental and business-type activities at June 30, 2014, were as follows:

Years ending June 30,	General obligation bonds		Tax revenue refunding bonds		Totals
	Principal	Interest	Principal	Interest	
Governmental Activities					
2015	\$ 457,264	\$ 16,960	\$ 827,000	\$ 267,235	\$ 1,568,459
2016	230,619	10,787	836,000	243,573	1,320,979
2017	178,287	7,673	865,000	219,661	1,270,621
2018	129,818	5,267	889,000	194,918	1,219,003
2019	260,407	8,871	913,000	169,479	1,351,757
2020-2024	-	-	4,257,000	447,878	4,704,878
2025-2028	-	-	630,000	53,020	683,020
Totals	<u>\$ 1,256,395</u>	<u>\$ 49,558</u>	<u>\$ 9,217,000</u>	<u>\$ 1,595,764</u>	<u>\$ 12,118,717</u>

Years ending June 30,	Revenue bonds		
	Principal	Interest	Totals
Business-Type Activities			
2015	\$ 45,000	\$ 3,492	\$ 48,492
2016	45,000	1,746	46,746
Totals	<u>\$ 90,000</u>	<u>\$ 5,238</u>	<u>\$ 95,238</u>

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 8. Long-term Obligations, Continued

As of June 30, 2014, future minimum lease payments under capital leases were as follows:

Years ending June 30,	Capital leases		Totals
	Principal	Interest	
Governmental activities			
2015	\$ 195,779	\$ 17,881	\$ 213,660
2016	230,071	14,211	244,282
2017	113,412	9,357	122,769
2018	115,613	7,156	122,769
2019	117,856	4,913	122,769
2020-22	<u>181,082</u>	<u>3,072</u>	<u>184,154</u>
Totals	<u>\$ 953,813</u>	<u>\$ 56,590</u>	<u>\$ 1,010,403</u>

Advance and current refunding

The City issued the 2004 COPS (Certificates of Participation) 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 outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2014 was approximately \$1,955,000. Both the 2004 COPS and 2003 COPS were refunded with the Accommodations and Hospitality Tax Revenue Refunding Bonds, Series 2012A and 2012B.

The City issued the General Obligation Refunding Bond, Series 2013 to pay off the Series 2000, 2001, 2003, 2006, 2007, 2007A and 2008 General Obligation Bonds ("Current Refunding"). The refunding was undertaken to reduce total future debt service payments. The reacquisition price was equal to the net carrying amount of the old debt.

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 9. Net Position/Fund Balance

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

	<u>Governmental</u>	<u>Business type</u>
Net investment in capital assets		
Net capital assets	\$ 34,359,130	\$ 6,711,108
Less: Bonds payable, net	(10,159,257)	(90,000)
Capital lease payable	<u>(953,813)</u>	<u>-</u>
	<u>23,246,060</u>	<u>6,621,108</u>
Restricted city court funds	56,615	-
Restricted hospitality and accommodations	1,716,733	-
Restricted cultural arts	25,801	-
Restricted public safety	74,318	-
Restricted for capital projects	<u>353,171</u>	<u>-</u>
	<u>2,226,638</u>	<u>-</u>
Unrestricted	<u>4,615,324</u>	<u>1,510,437</u>
Total net position	<u>\$ 30,088,022</u>	<u>\$ 8,131,545</u>

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 9. Net Position/Fund Balance, Continued

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2014 are as follows:

	General Fund	Accommodations and Hospitality Tax Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable				
Prepaid items	\$ 222,184	\$ -	\$ -	\$ 222,184
Restricted for:				
Accommodations and hospitality tax revenue refunding bond debt service	-	1,716,733	-	1,716,733
General government - City Court Funds	56,615	-	-	56,615
General government - Investments	1,014	-	-	1,014
Special revenue - Veterans' Monument	-	-	3,747	3,747
Special revenue - Animals of Simpsonville	-	-	1,827	1,827
Special revenue - Arts and Cultural Center	-	-	22,054	22,054
Special revenue -Victims' Assistance	-	-	48,106	48,106
Special revenue - Seized Funds	-	-	5,021	5,021
Special revenue - Narcotics	-	-	21,191	21,191
Capital projects - Bryson Meadows	-	-	32,118	32,118
Capital projects - Stewart Park	-	-	31,082	31,082
Capital projects - Knightsbridge	-	-	110,624	110,624
Capital projects - Heritage Pointe	-	-	1,398	1,398
Capital projects - Fowler Chase	-	-	177,949	177,949
Committed to:				
Special revenue - fire prevention	-	-	1	1
Unassigned	4,421,028	-	-	4,421,028
Total fund balances	<u>\$ 4,700,841</u>	<u>\$ 1,716,733</u>	<u>\$ 455,118</u>	<u>\$ 6,872,692</u>

Note 10. Transactions with Component Units

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 11. Retirement Plans

Pension Plan description

Substantially all City employees are members of the South Carolina Retirement System ("SCRS") or the Police Officers Retirement System ("PORS") (collectively referred to as the "Plans"). The SCRS and the PORS are cost-sharing multi-employer defined benefit pension plans administered by the Retirement Division of the South Carolina Benefit Authority ("PEBA"), a public employee retirement system. Both systems offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plans' provisions are established under Title 9 of the SC Code of Laws. Only the South Carolina State Budget and Control Board has the authority to establish and amend benefits. Comprehensive Annual Financial Reports containing financial statements and required supplementary information for the Systems are issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

Pension Plan funding policy

Both employees and employers are required to contribute to the Plans under authority of Title 9 of the SC Code of Laws. Employees covered under PORS were required to contribute 7.84% of their salary. Employees covered under SCRS were required to contribute 7.5% of their salary through June 30, 2014. The City was required to contribute 12.44%, 11.90%, and 11.36% of gross earnings under PORS for the years ended June 30, 2014, June 30, 2013 and June 30, 2012, respectively. The City was required to contribute 10.45% for the year ended June 30, 2014, 10.45% for the year ended June 30, 2013, and 9.39% for the year June 30, 2012, under SCRS. In addition to the above rates, participating employers of the Plans contribute 0.20% of payroll for PORS and 0.15% of payroll for SCRS to provide a group life insurance benefit for their participants. Participating employers of PORS also contribute 0.20% for an accidental death benefit for their participants. All employers contribute at the actuarially required contribution rates. The City contributed amounts equal to the required contribution to the SCRS of approximately \$269,000, PORS of \$465,000; SCRS of approximately \$231,000, PORS of \$417,000; and SCRS of \$215,000, PORS of \$388,000; for the years ended June 30, 2014, 2013, and 2012 respectively. Only the South Carolina State Budget and Control Board has authority to establish and amend the funding policy.

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program after July 1, 2005 are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit. The TERI program will end effective June 30, 2018.

Deferred Compensation Plan

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 11. Retirement Plans, Continued

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

Note 12. Other Post Employment Benefits (OPEB)

The City provides no continuation of employee insurance coverage upon retirement. Accordingly, there are no post-employment benefits to be accrued.

Note 13. Risk Management

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

The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The City obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2014, the City made premium payments totaling approximately \$262,000. 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 has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays a quarterly premium to SCMIT. For the year ended June 30, 2014, the City made premium payments totaling approximately \$99,000. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

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

Note 14. Commitments and Contingencies

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

City of Simpsonville, South Carolina

Notes to the Basic Financial Statements

June 30, 2014

Note 14. Commitments and Contingencies, Continued

In July 2005, the City entered into a new agreement with Greenville County whereby the City will provide fire protection services to the unincorporated area of Greenville County known as the Simpsonville Fire Service Area. The County will pay the City operating and debt service fees based on millage (presently 26.0 mills). This agreement expires in June 2015 but is automatically renewed each year thereafter for one year terms; however, either party may terminate the agreement subject to a 90 day written notice to the other party prior to the annual June 30 expiration date.

Note 15. Restatement

Changes were made to reflect the effect of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement requires that bond issuance costs be shown as current period outflows of resources (expenditures). The beginning net position of Governmental Activities was decreased \$158,205.

Note 16. Subsequent Event

In August 2014, the City entered into a lease agreement (the lease) with a financial institution for \$750,000. The lease was issued under the Master Lease Agreement dated June 14, 2012. Equipment to be purchased under the lease will be for the police, dispatch, and fire departments. Interest accrues at a rate of 1.53 percent per annum with principal and interest payments due annually. The lease expires in August 2019.

Required Supplementary Information

City of Simpsonville, South Carolina

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Revenues			
Taxes:			
Property	\$ 7,536,083	\$ 7,410,615	\$ (125,468)
MASC Telecommunication and Insurance	1,534,920	1,771,273	236,353
Franchise	1,314,007	1,340,782	26,775
Licenses, permits and fees	1,412,626	1,628,457	215,831
Grants	276,085	30,979	(245,106)
Fines	83,077	114,000	30,923
Shared Revenue:			
County	100,232	100,211	(21)
State	431,346	654,222	222,876
Interest	10,724	5,046	(5,678)
Other	711,862	666,221	(45,641)
Total revenues	<u>13,410,962</u>	<u>13,721,806</u>	<u>310,844</u>
Expenditures			
Current:			
General government			
Mayor and City Council	74,784	64,084	10,700
City Administration	1,430,091	1,550,132	(120,041)
Public safety			
Police Department	3,300,553	3,399,052	(98,499)
Fire Department	3,785,725	3,484,684	301,041
Public works	1,735,612	1,717,844	17,768
Recreation and Parks	2,042,201	2,060,494	(18,293)
Capital Outlay	155,500	131,298	24,202
Debt service:			
Principal Reduction	659,190	659,702	(512)
Interest	61,450	50,888	10,562
Total expenditures	<u>13,245,106</u>	<u>13,118,178</u>	<u>126,928</u>
Excess of revenues over expenditures	<u>165,856</u>	<u>603,628</u>	<u>437,772</u>
Other financing sources			
Proceeds from the sale of capital assets	-	20,607	20,607
Insurance proceeds	-	47,872	47,872
Transfers in	-	41,246	41,246
Transfers out	-	(17,503)	(17,503)
Total other financing sources	<u>-</u>	<u>92,222</u>	<u>92,222</u>
Net change in fund balance	165,856	695,850	529,994
Fund balance, beginning of year	<u>3,516,044</u>	<u>4,004,991</u>	<u>488,947</u>
Fund balance, end of year	<u>\$ 3,681,900</u>	<u>\$ 4,700,841</u>	<u>\$ 1,018,941</u>

City of Simpsonville, South Carolina**Required Supplementary Information****Accommodations and Hospitality Tax Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance -****Budget (GAAP Basis) and Actual****For the year ended June 30, 2014**

	Budget - original and final	Actual	Variance
Revenues			
Taxes:			
Hospitality and Accommodations	\$ 1,302,451	\$ 1,670,217	\$ 367,766
Interest	2,700	2,560	(140)
Miscellaneous	155	60	(95)
Total revenues	<u>1,305,306</u>	<u>1,672,837</u>	<u>367,531</u>
Expenditures			
Current - general government			
Professional services	9,660	10,580	(920)
Trust fees	-	10	(10)
Total expenditures	<u>9,660</u>	<u>10,590</u>	<u>(930)</u>
Excess of revenues over expenditures	<u>1,295,646</u>	<u>1,662,247</u>	<u>366,601</u>
Other financing uses			
Transfers out	<u>(1,092,173)</u>	<u>(1,080,704)</u>	<u>11,469</u>
Total other financing uses	<u>(1,092,173)</u>	<u>(1,080,704)</u>	<u>11,469</u>
Net change in fund balance	203,473	581,543	378,070
Fund balance, beginning of year	<u>1,135,190</u>	<u>1,135,190</u>	-
Fund balance, end of year	<u>\$ 1,338,663</u>	<u>\$ 1,716,733</u>	<u>\$ 378,070</u>

Other Supplementary Information

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
GENERAL GOVERNMENT			
Mayor And City Council:			
Current			
Salaries	\$ 46,600	\$ 45,906	\$ 694
Tax-Payroll	3,375	3,319	56
Retirement	3,777	3,725	52
Insurance-Group	874	566	308
Insurance-Worker's Compensation	924	743	181
General Liability Insurance	734	689	45
Professional Training	-	35	(35)
Discretionary Funds	14,000	4,182	9,818
Dues, Subscriptions and Memberships	200	771	(571)
Local Meetings and Meals	500	2,340	(1,840)
Office and Printing	1,000	520	480
Supplies	200	229	(29)
Employee Auto Allowance	1,500	538	962
Telephone, Modem and Fax	1,100	521	579
Total Mayor and City Council	<u>74,784</u>	<u>64,084</u>	<u>10,700</u>
City Administration: General			
Current			
Salaries	512,309	500,705	11,604
Overtime	800	471	329
Extra Duties-Overtime	-	1,695	(1,695)
Tax-Payroll	38,219	37,462	757
Retirement	54,390	46,777	7,613
Unemployment	-	5,909	(5,909)
Insurance-Group	69,559	46,070	23,489
Insurance- Worker's Compensation	3,231	2,614	617
Temporary Employees	-	63,684	(63,684)
Fuel Usage	4,029	2,274	1,755
Tires	1,000	576	424
Professional Training	13,051	10,832	2,219
Contractual Services- Professional	96,250	72,632	23,618
Dues, Subscriptions, and Memberships	9,444	10,800	(1,356)
Supplies-Office	7,000	6,966	34
Supplies-Other	2,500	1,942	558
Telephone, Fax, Cell and Pagers	16,476	12,144	4,332
IT Communications	1,000	9,533	(8,533)
Computer Software and Support	37,101	37,284	(183)
Small Equipment	200	562	(362)
Equipment, Furniture and Fixtures- Non Capital	2,700	6,490	(3,790)
Utilities	146,736	156,105	(9,369)
General Insurance	4,372	4,627	(255)
Physical Examinations and Drug/Alcohol Testing	500	580	(80)

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
City Administration: General, Continued			
Current			
Local Meetings and Meals	2,000	1,596	404
Equipment Rent	14,000	18,700	(4,700)
Bank Fees	4,100	6,400	(2,300)
Building Inspection Fees	65,000	140,071	(75,071)
Advertising	2,500	2,410	90
Community Relations	65,475	76,464	(10,989)
Memorials and Awards	1,500	1,208	292
Miscellaneous	5,000	3,598	1,402
Postage	6,000	5,219	781
Business Service	1,900	2,243	(343)
Printing	1,600	3,222	(1,622)
Uniforms	-	610	(610)
Repairs & Maintenance-Buildings	7,285	8,411	(1,126)
Repairs & Maintenance-Equipment	4,500	6,269	(1,769)
Repairs & Maintenance- Drive Train	1,000	-	1,000
Repairs & Maintenance- Routine	600	261	339
Repairs & Maintenance- Vehicle Body Work	1,000	-	1,000
County Stormwater Fees	5,780	5,773	7
Contingency	6,716	1,194	5,522
Cost of Issuance	-	924	(924)
Total Administration	1,216,823	1,323,307	(106,484)
City Administration: Court Division			
Current			
Salaries	149,339	151,586	(2,247)
Overtime	-	72	(72)
Tax-Payroll	10,896	11,222	(326)
Retirement	13,330	16,922	(3,592)
Insurance-Group	27,316	27,452	(136)
Insurance-Worker's Compensation	390	288	102
General Liability Insurance	497	531	(34)
Professional Training	800	913	(113)
Due, Subscriptions, and Memberships	30	30	-
Supplies-Office	750	1,830	(1,080)
Telephone, Fax, Cell and Pagers	-	381	(381)
Computer software and support	350	1,106	(756)
IT Communications	780	4,332	(3,552)
Printing	200	776	(576)
Repairs & Maintenance-Equipment	-	650	(650)
Postage and Freight	100	1,463	(1,363)
Professional fees	-	7	(7)
Jurors, Bailiffs and Witnesses	5,700	3,020	2,680
Equipment, Furniture and Fixtures-Non Capital	2,390	3,724	(1,334)
Rental Expense	-	419	(419)
Miscellaneous	126	101	25
Contingency	274	-	274
Total Court Administration	213,268	226,825	(13,557)
Total City Administration	1,430,091	1,550,132	(120,041)

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Police Department: Operations			
Current			
Salaries	1,624,822	1,737,434	(112,612)
Overtime	23,000	29,083	(6,083)
Extra Duties-Overtime	72,000	88,646	(16,646)
Tax-Payroll	126,348	136,330	(9,982)
Retirement	218,051	222,106	(4,055)
Insurance-Group	284,500	281,568	2,932
Insurance-Worker's Compensation	36,723	28,887	7,836
General Liability Insurance	85,623	90,493	(4,870)
Fuel Usage	140,516	124,489	16,027
Tires Expenditures	16,000	10,835	5,165
Professional Training	15,000	11,446	3,554
Contractual Services-Inmate Labor	2,000	1,381	619
Dues, Subscriptions, and Memberships	2,800	1,262	1,538
Supplies-Office	6,500	7,514	(1,014)
Supplies-Other	4,500	8,343	(3,843)
Supplies-Safety	1,500	728	772
Supplies-Police	800	1,850	(1,050)
Telephone, Fax, Cell and Pagers	23,244	21,143	2,101
Computer Software and Support	10,448	10,015	433
IT Communications	8,000	3,190	4,810
Small Equipment	500	2,183	(1,683)
Utilities	17,000	12,627	4,373
Physical Examinations and Drug/Alcohol Testing	10,000	10,867	(867)
Local Meetings and Meals	700	650	50
Leases-Equipment	6,000	8,764	(2,764)
Advertising	200	-	200
Equipment, Furniture and Fixtures-Non Capital	3,230	12,561	(9,331)
Community Relations	2,500	567	1,933
Vehicle License Fees	200	-	200
Postage	1,500	1,514	(14)
Uniforms	27,000	30,140	(3,140)
Employee Uniform Allowance	6,000	5,906	94
Printing	900	2,005	(1,105)
Repairs and Maintenance- Buildings	7,000	8,527	(1,527)
Repairs and Maintenance- Equipment	9,000	6,791	2,209
Repairs and Maintenance-Radios	5,000	4,699	301
Repairs and Maintenance- Drive train	6,000	8,167	(2,167)
Repairs and Maintenance- Routine	20,000	22,198	(2,198)
Repairs and Maintenance-Vehicle Body Work	4,000	12,933	(8,933)

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Police Department: Operations, Continued			
Current			
Tools and Small Equipment	600	497	103
Contingency	10,037	5,583	4,454
Firearms/Ammunition	9,000	1,914	7,086
Chemicals	500	301	199
Informant Fees	500	-	500
Housing-Inmate	40,000	60,824	(20,824)
Housing-Juvenile	3,000	13,775	(10,775)
Radio User Fees	25,000	17,277	7,723
UDL Enforcement	5,000	250	4,750
Tuition Reimbursement	2,000	685	1,315
Contractual Services	500	-	500
K-9 Grant	4,940	2,139	2,801
Police Services	4,500	3,296	1,204
Miscellaneous	-	163	(163)
Total Operations	<u>2,934,682</u>	<u>3,074,546</u>	<u>(139,864)</u>
Police Department: Dispatch			
Current			
Salaries	239,348	203,644	35,704
Overtime	15,000	34,901	(19,901)
Extra Duties-Overtime	-	1,204	(1,204)
Tax-Payroll	19,328	18,141	1,187
Retirement	26,961	25,089	1,872
Unemployment	-	309	(309)
Insurance-Group	45,564	35,159	10,405
Insurance- Worker's Compensation	1,507	538	969
General Liability Insurance	1,413	1,480	(67)
Professional Training	3,000	360	2,640
Dues, Subscriptions, and Memberships	450	-	450
Supplies-Other	200	-	200
IT Communications	4,500	3,241	1,259
Computer Software and Support	1,000	-	1,000
Physical Examinations and Drug/Alcohol Testing	2,600	440	2,160
Repairs and Maintenance-Equipment	1,500	-	1,500
Repairs and Maintenance-Radios	1,000	-	1,000
Uniforms	1,500	-	1,500
Contingency	1,000	-	1,000
Total Dispatch	<u>365,871</u>	<u>324,506</u>	<u>41,365</u>
Total Police Department	<u>3,300,553</u>	<u>3,399,052</u>	<u>(98,499)</u>

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Fire Department			
Current			
Salaries	2,152,520	2,200,478	(47,958)
Extra Duties-Overtime	20,000	11,855	8,145
Tax-Payroll	156,463	156,700	(237)
Retirement	276,635	277,938	(1,303)
Insurance-Group	425,284	395,055	30,229
Insurance-Worker's Compensation	50,454	46,082	4,372
General Liability Insurance	49,967	51,033	(1,066)
Professional Training	27,000	18,485	8,515
Dues, Subscriptions, and Memberships	6,800	4,296	2,504
Supplies-Office	3,500	2,905	595
Supplies-Other	8,200	7,627	573
Supplies-Safety	46,000	30,427	15,573
Landscaping	1,000	782	218
Telephone, Fax, Cell and Pagers	12,200	11,537	663
IT Communications	4,000	8,709	(4,709)
Computer Software and Support	5,600	4,796	804
Small Equipment	500	605	(105)
Utilities	37,000	41,883	(4,883)
Equipment Rent	3,600	2,617	983
Fuel Usage	54,929	53,740	1,189
Tires Expenditures	20,100	12,667	7,433
Physical Examinations and Drug/Alcohol Testing	15,600	13,950	1,650
Local Meetings and Meals	1,500	1,337	163
Community Relations	2,500	2,131	369
DHS Grant Expenditures	260,000	-	260,000
Equipment, Furniture and Fixtures-Non Capital	27,000	22,189	4,811
Postage	400	55	345
Uniforms	25,500	21,575	3,925
Printing	500	414	86
Repairs and Maintenance-Buildings	12,000	13,728	(1,728)
Repairs and Maintenance-Equipment	25,000	22,667	2,333
Repairs and Maintenance-Radios	4,000	1,190	2,810
Repairs and Maintenance- Drive train	18,000	7,259	10,741
Repairs and Maintenance- Routine	20,000	19,197	803
Repairs and Maintenance- Vehicle Body Work	3,000	12,300	(9,300)
Radio User Fees	200	169	31
Miscellaneous Supplies	1,250	920	330
Contingency	5,123	1,429	3,694
Chemicals	1,400	1,012	388
Safety Equipment Grant	-	2,000	(2,000)
Tools and Small Equipment	1,000	945	55
Total Fire Department	<u>3,785,725</u>	<u>3,484,684</u>	<u>301,041</u>

City of Simpsonville, South Carolina*Other Supplementary Information**General Fund**Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual**For the year ended June 30, 2014*

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration			
Current			
Salaries	506,749	495,083	11,666
Overtime	30,000	37,655	(7,655)
Extra Duties-Overtime	10,000	6,045	3,955
Tax-Payroll	40,853	40,010	843
Retirement	57,955	56,510	1,445
Unemployment	-	3,505	(3,505)
Insurance-Group	100,845	82,409	18,436
Insurance-Worker's Compensation	19,656	25,799	(6,143)
General Liability Insurance	46,351	48,075	(1,724)
Temporary Employees	-	14,389	(14,389)
Professional Fees	2,000	12,505	(10,505)
Professional Training	500	1,337	(837)
Contractual Services-Inmate Labor	75,000	73,461	1,539
Equipment Rent	35,000	40,803	(5,803)
Supplies-Cement and Masonry	10,000	7,641	2,359
Supplies-Asphalt and Paving	10,000	5,680	4,320
Supplies-Electric and Lighting	10,000	5,237	4,763
Supplies-Office	900	815	85
Supplies-Other	7,000	3,776	3,224
Supplies-Safety	1,500	1,579	(79)
Chemicals	500	45	455
Landscaping	1,000	-	1,000
Printing	600	463	137
Small Office Equipment	150	13	137
Utilities	16,000	18,553	(2,553)
Telephone, Fax, Cell and Pagers	15,500	16,172	(672)
IT Communications	375	210	165
Computer Software and Support	4,130	3,182	948
Physical Examinations and Drug/Alcohol Testing	1,000	1,825	(825)
Animal Control	2,500	2,216	284
Employee Recognition	800	453	347
Postage	300	40	260
Uniforms	9,000	12,521	(3,521)
Repairs and Maintenance-Buildings	7,000	5,832	1,168
Repairs and Maintenance-Equipment	21,500	35,141	(13,641)
Repairs and Maintenance-Facilities	2,000	8,437	(6,437)
Repairs and Maintenance-Street, Buildings & Parks	18,000	4,925	13,075
Tools and Small Equipment	7,000	3,005	3,995
Repairs and Maintenance- Vehicles	68,000	64,415	3,585
Repairs and Maintenance- Routine	12,000	22,183	(10,183)

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration, Continued			
Current			
Repairs and Maintenance- Vehicle Body Work	1,000	288	712
Fuel Usage	140,678	125,006	15,672
Compressed Natural Gas Usage	17,268	24,838	(7,570)
Tires Expenditures	45,000	44,346	654
Cost of Waste Cans	28,000	28,005	(5)
Oil Grant Expenditures	2,318	2,283	35
Solid Waste Grant Expenditures	4,000	5,162	(1,162)
Safety Grant Expenditures	2,000	5,352	(3,352)
Stormwater R.O.W.	-	217	(217)
Contingency	10,048	1,504	8,544
Tipping Fees	100,215	117,174	(16,959)
Total Sanitation, Maintenance and Administration	<u>1,502,191</u>	<u>1,516,120</u>	<u>(13,929)</u>
Public Works Department: Fleet Division			
Current			
Salaries	105,934	101,101	4,833
Overtime	10,000	4,212	5,788
Extra Duties-Overtime	3,000	-	3,000
Tax-Payroll	8,723	7,614	1,109
Retirement	12,607	11,057	1,550
Insurance-Group	18,957	19,815	(858)
Insurance-Worker's Compensation	1,548	1,933	(385)
General Liability Insurance	1,492	1,609	(117)
Professional Training	-	274	(274)
Supplies-Office	200	-	200
Utilities	7,790	13,355	(5,565)
Supplies-Other	1,500	997	503
Supplies-Safety	1,240	220	1,020
Supplies-Garage Stock	9,500	7,829	1,671
Telephone, Fax, Cell and Pagers	830	428	402
Computer Software and Support	1,000	106	894
Repairs and Maintenance-Buildings	-	206	(206)
Repairs and Maintenance-Equipment	-	323	(323)
Repairs and Maintenance-Facilities	3,000	8	2,992
Uniforms	4,500	3,725	775
Equipment Rent	3,500	2,113	1,387
Postage	300	-	300
Chemicals	1,800	1,408	392
Oils and Lubricants	26,100	17,805	8,295
Equipment (Non-Depreciable)	4,900	489	4,411
Physical Examinations and Drug/Alcohol Testing	-	170	(170)
Contingency	1,000	-	1,000
Tools and Small Equipment	4,000	4,927	(927)
Total Fleet	<u>233,421</u>	<u>201,724</u>	<u>31,697</u>
Total Public Works	<u>1,735,612</u>	<u>1,717,844</u>	<u>17,768</u>

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Recreation Department			
Recreation			
Current			
Salaries	537,430	532,810	4,620
Overtime	6,000	13,711	(7,711)
Extra Duties-Overtime	3,000	1,350	1,650
Tax-Payroll	40,594	40,916	(322)
Retirement	53,466	54,432	(966)
Insurance-Group	91,232	85,482	5,750
Insurance-Worker's Compensation	6,329	14,916	(8,587)
Insurance-General	5,000	4,808	192
General Liability Insurance	25,179	27,021	(1,842)
Temporary Employees	10,296	8,505	1,791
Professional Training	2,000	1,164	836
Contractual Services-Inmate Labor	19,000	6,786	12,214
Contractual Services- Recreation	42,000	43,928	(1,928)
Dues, Subscriptions, and Memberships	1,200	481	719
Supplies- Cement and Masonry	2,000	715	1,285
Supplies- Electric and Lighting	3,500	1,618	1,882
Supplies-Office	2,300	2,183	117
Supplies-Other	7,000	8,182	(1,182)
Supplies-Safety	1,000	301	699
Landscaping	30,000	26,760	3,240
Telephone, Fax, Cell and Pagers	8,361	7,679	682
Computer Software and Support	1,200	601	599
IT Communications	1,000	1,669	(669)
Small Equipment	400	-	400
Utilities	70,000	89,320	(19,320)
Physical Examinations and Drug/Alcohol Testing	-	405	(405)
Advertising	1,500	534	966
Postage	230	230	-
Uniforms	5,100	4,638	462
Employee Uniform Allowance	1,000	912	88
Printing	800	258	542
Repairs and Maintenance- Buildings	24,150	45,919	(21,769)
Repairs and Maintenance- Equipment	2,380	1,949	431
Repairs and Maintenance-Facilities	14,985	11,268	3,717
Repairs and Maintenance- Drive train	11,200	3,198	8,002
Repairs and Maintenance- Routine	2,500	1,625	875
Repairs and Maintenance- Vehicle Body Work	2,000	-	2,000
Fuel Usage	25,721	28,198	(2,477)
Tires Expenditures	1,800	1,081	719
Contingency	2,837	1,296	1,541
Grant Fund Expenditures	13,875	11,281	2,594
PARD Grant Expenditures	4,892	5,707	(815)
Chemicals	20,000	15,999	4,001
Equipment Rent	3,000	5,546	(2,546)
Tools and Small Equipment	1,500	1,115	385
Total Recreation	<u>1,108,957</u>	<u>1,116,497</u>	<u>(7,540)</u>

City of Simpsonville, South Carolina

Other Supplementary Information

General Fund

Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual

For the year ended June 30, 2014

	Budget - original and final	Actual	Variance
Heritage Park			
Current			
Salaries	154,552	145,164	9,388
Overtime	3,000	3,083	(83)
Extra-Duties Overtime	4,500	-	4,500
Tax-Payroll	11,656	10,613	1,043
Retirement	11,559	14,253	(2,694)
Unemployment	-	-	-
Insurance-Group	30,355	23,656	6,699
Insurance-Worker's Compensation	1,356	1,479	(123)
General Liability Insurance	9,286	9,525	(239)
Professional Training	1,000	570	430
Contractual Services-Inmate Labor	-	-	-
Dues, Subscriptions, and Memberships	1,200	-	1,200
Supplies-Office	2,200	1,833	367
Supplies-Other	7,800	8,199	(399)
Supplies-Safety	1,000	241	759
Supplies-Recreation	16,000	16,531	(531)
Landscaping	-	243	(243)
Telephone, Fax, Cell and Pagers	5,500	5,635	(135)
IT Communications	1,400	2,033	(633)
Computer Software and Support	1,000	749	251
Utilities	149,500	168,918	(19,418)
Advertising	1,500	807	693
Postage	230	304	(74)
Employee Uniform Allowance	500	559	(59)
Printing	900	1,233	(333)
Repairs and Maintenance- Buildings	8,617	17,696	(9,079)
Repairs and Maintenance- Equipment	7,500	4,161	3,339
Repairs and Maintenance- Facilities	10,500	5,305	5,195
Repairs and Maintenance- Drive train	4,000	2,947	1,053
Repairs and Maintenance- Routine	3,000	292	2,708
Repairs and Maintenance- Vehicle Body Work	1,000	-	1,000
Fuel Usage	14,890	7,979	6,911
Tires	900	1,025	(125)
Train Repairs and Maintenance- Drive Train	7,200	10,471	(3,271)
Train Repairs and Maintenance- Routine	650	297	353
Train Wheels	11,200	10,636	564
Contingency	2,062	900	1,162
Equipment Rent	1,800	1,314	486
Small Office Equipment	500	-	500
Tools and Small Equipment	500	672	(172)
Recreation Services	130,000	167,931	(37,931)
Adult Sports	9,650	92	9,558
Chemicals	-	26	(26)
Little League All Stars	2,000	1,140	860
Cost of Concession Goods Sold	-	1,921	(1,921)
Total Heritage Park	631,963	650,433	(18,470)
Amphitheatre			
Current			
Personnel and Events	201,000	207,277	(6,277)
General Liability Insurance	3,977	4,127	(150)
Telephone, Modem, and Fax	8,705	9,163	(458)
IT Communications	5,200	5,492	(292)
Repairs and Maintenance	21,076	14,504	6,572
Landscaping	200	-	200

City of Simpsonville, South Carolina*Other Supplementary Information**General Fund**Schedule of Expenditures by Department - Final Budget (GAAP Basis) and Actual**For the year ended June 30, 2014*

	Budget - original and final	Actual	Variance
Supplies	7,000	1,468	5,532
Equipment Rental	250	108	142
Professional Fees	50,000	50,000	-
Electric and Lighting Supplies	2,000	-	2,000
Miscellaneous	1,873	1,425	448
Total Amphitheatre	<u>301,281</u>	<u>293,564</u>	<u>7,717</u>
Total Recreation and Parks	<u>2,042,201</u>	<u>2,060,494</u>	<u>(18,293)</u>
Capital Outlay	<u>155,500</u>	<u>131,298</u>	<u>24,202</u>
Debt Service			
Principal Reduction	659,190	659,702	(512)
Interest	<u>61,450</u>	<u>50,888</u>	<u>10,562</u>
Total Debt Service	<u>720,640</u>	<u>710,590</u>	<u>10,050</u>
Total Expenditures	<u>\$ 13,245,106</u>	<u>\$ 13,118,178</u>	<u>\$ 126,928</u>

City of Simpsonville, South Carolina

Nonmajor Governmental Funds

Combining Balance Sheet

As of June 30, 2014

	Non-Major Special Revenue Funds	Non-Major Capital Project Funds	Non-Major Debt Service Fund	Total Non-Major Funds
Assets				
Cash and cash equivalents, restricted	\$ 102,007	\$ 353,171	\$ -	\$ 455,178
Due from:				
Other funds	8,778	-	-	8,778
Total assets	<u>\$ 110,785</u>	<u>\$ 353,171</u>	<u>\$ -</u>	<u>\$ 463,956</u>
Liabilities and Fund Balances				
Liabilities				
Accrued expenses	\$ 7,810	\$ -	\$ -	\$ 7,810
Due to other funds	1,028	-	-	1,028
Total liabilities	<u>8,838</u>	<u>-</u>	<u>-</u>	<u>8,838</u>
Fund balances				
Restricted	101,946	353,171	-	455,117
Committed	1	-	-	1
Total fund balances	<u>101,947</u>	<u>353,171</u>	<u>-</u>	<u>455,118</u>
Total liabilities and fund balances	<u>\$ 110,785</u>	<u>\$ 353,171</u>	<u>\$ -</u>	<u>\$ 463,956</u>

City of Simpsonville, South Carolina

Nonmajor Special Revenue Funds

Combining Balance Sheet

June 30, 2014

	Veteran's Monument	Animals of Simpsonville Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Non-Major Special Revenue Funds
Assets									
Cash and cash equivalents, restricted	\$ 3,747	\$ 1,827	\$ -	\$ 1	\$ 23,082	\$ 39,328	\$ 5,021	\$ 29,001	\$ 102,007
Due from:									
Other funds	-	-	-	-	-	8,778	-	-	8,778
Total assets	<u>\$ 3,747</u>	<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 23,082</u>	<u>\$ 48,106</u>	<u>\$ 5,021</u>	<u>\$ 29,001</u>	<u>\$ 110,785</u>
Liabilities and Fund Balances									
Liabilities									
Accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,810	\$ 7,810
Due to other funds	-	-	-	-	1,028	-	-	-	1,028
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,810</u>	<u>\$ 8,838</u>
Fund balances									
Restricted	\$ 3,747	\$ 1,827	\$ -	\$ -	\$ 22,054	\$ 48,106	\$ 5,021	\$ 21,191	\$ 101,946
Committed	-	-	-	1	-	-	-	-	1
Total fund balances	<u>3,747</u>	<u>1,827</u>	<u>-</u>	<u>1</u>	<u>22,054</u>	<u>48,106</u>	<u>5,021</u>	<u>21,191</u>	<u>101,947</u>
Total liabilities and fund balances	<u>\$ 3,747</u>	<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 23,082</u>	<u>\$ 48,106</u>	<u>\$ 5,021</u>	<u>\$ 29,001</u>	<u>\$ 110,785</u>

City of Simpsonville, South Carolina

Nonmajor Capital Project Funds

Combining Balance Sheet

June 30, 2014

	Bryson Meadows Project	Stewart Park Project	Heritage Creek Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Master Lease	Non-Major Capital Project Funds
Assets								
Cash and cash equivalents, restricted	\$ 32,118	\$ 31,082	\$ -	\$ 110,624	\$ 177,949	\$ 1,398	\$ -	\$ 353,171
Total assets	<u>\$ 32,118</u>	<u>\$ 31,082</u>	<u>\$ -</u>	<u>\$ 110,624</u>	<u>\$ 177,949</u>	<u>\$ 1,398</u>	<u>\$ -</u>	<u>\$ 353,171</u>
Liabilities and Fund Balances								
Liabilities								
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances								
Restricted	\$ 32,118	\$ 31,082	\$ -	\$ 110,624	\$ 177,949	\$ 1,398	\$ -	\$ 353,171
Total fund balances	<u>32,118</u>	<u>31,082</u>	<u>-</u>	<u>110,624</u>	<u>177,949</u>	<u>1,398</u>	<u>-</u>	<u>353,171</u>
Total liabilities and fund balances	<u>\$ 32,118</u>	<u>\$ 31,082</u>	<u>\$ -</u>	<u>\$ 110,624</u>	<u>\$ 177,949</u>	<u>\$ 1,398</u>	<u>\$ -</u>	<u>\$ 353,171</u>

City of Simpsonville, South Carolina

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2014

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Debt Service Fund	Total Non-Major Governmental Funds
Revenues				
Fines	\$ 19,346	\$ -	\$ -	\$ 19,346
Interest	109	803	-	912
Other	16,517	-	-	16,517
Total revenues	<u>35,972</u>	<u>803</u>	<u>-</u>	<u>36,775</u>
Expenditures				
Current:				
General government				
City Administration	12,022	-	-	12,022
Public safety				
Police Department	23,040	-	-	23,040
Fire Department	162	-	-	162
Capital Outlay	29,812	94,607	-	124,419
Debt service:				
Principal Reduction	-	-	802,000	802,000
Interest	-	-	278,704	278,704
Total expenditures	<u>65,036</u>	<u>94,607</u>	<u>1,080,704</u>	<u>1,240,347</u>
Deficiency of revenues under expenditures	<u>(29,064)</u>	<u>(93,804)</u>	<u>(1,080,704)</u>	<u>(1,203,572)</u>
Other financing sources (uses)				
Transfers in	16,073	2,525	1,080,704	1,099,302
Transfers out	(1,095)	(41,246)	-	(42,341)
Total other financing sources (uses)	<u>14,978</u>	<u>(38,721)</u>	<u>1,080,704</u>	<u>1,056,961</u>
Net change in fund balance	(14,086)	(132,525)	-	(146,611)
Fund balance, beginning of year	116,033	485,696	-	601,729
Fund balance, end of year	\$ 101,947	\$ 353,171	\$ -	\$ 455,118

City of Simpsonville, South Carolina

Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2014

	Veteran's Monument	Animals of Simpsonville Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Non-Major Special Revenue Funds
Revenues									
Fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,346	\$ -	\$ -	\$ 19,346
Interest	2	-	-	-	28	39	-	40	109
Other	150	1,872	-	-	10,000	-	4,495	-	16,517
Total revenues	152	1,872	-	-	10,028	19,385	4,495	40	35,972
Expenditures									
Current:									
General government									
City Administration	-	45	-	-	-	11,977	-	-	12,022
Public safety									
Police Department	-	-	-	-	-	-	6	23,034	23,040
Fire Department	-	-	-	162	-	-	-	-	162
Capital Outlay	-	-	-	-	29,812	-	-	-	29,812
Total expenditures	-	45	-	162	29,812	11,977	6	23,034	65,036
Excess (deficiency) of revenues over (under) expenditures	152	1,827	-	(162)	(19,784)	7,408	4,489	(22,994)	(29,064)
Other financing sources (uses)									
Transfers in	-	-	-	-	14,978	-	-	1,095	16,073
Transfers out	-	-	-	-	-	-	(1,095)	-	(1,095)
Total other financing sources (uses)	-	-	-	-	14,978	-	(1,095)	1,095	14,978
Net change in fund balance	152	1,827	-	(162)	(4,806)	7,408	3,394	(21,899)	(14,086)
Fund balance, beginning of year	3,595	-	-	163	26,860	40,698	1,627	43,090	116,033
Fund balance, end of year	\$ 3,747	\$ 1,827	\$ -	\$ 1	\$ 22,054	\$ 48,106	\$ 5,021	\$ 21,191	\$ 101,947

City of Simpsonville, South Carolina

Nonmajor Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2014

	Bryson Meadows Project	Stewart Park Project	Heritage Creek Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Master Lease	Non-Major Capital Project Funds
Revenues								
Interest	\$ 32	\$ 31	\$ 134	\$ 221	\$ 356	\$ 1	\$ 28	\$ 803
Total revenues	32	31	134	221	356	1	28	803
Expenditures								
Current:								
Capital Outlay	-	-	94,607	-	-	-	-	94,607
Total expenditures	-	-	94,607	-	-	-	-	94,607
Excess (deficiency) of revenues over (under) expenditures	32	31	(94,473)	221	356	1	28	(93,804)
Other financing uses								
Transfers in			2,525					2,525
Transfers out	-	-	(2)	-	-	-	(41,244)	(41,246)
Total other financing uses	-	-	2,523	-	-		(41,244)	(38,721)
Net change in fund balance	32	31	(91,950)	221	356	1	(41,216)	(132,525)
Fund balance, beginning of year	32,086	31,051	91,950	110,403	177,593	1,397	41,216	485,696
Fund balance, end of year	\$ 32,118	\$ 31,082	\$ -	\$ 110,624	\$ 177,949	\$ 1,398	\$ -	\$ 353,171

City of Simpsonville, South Carolina
Schedule of Fines, Assessments, and Surcharges
For the Year Ended June 30, 2014

Court fines

Court fines collected	\$ 114,000
Court fines retained by the City	114,000
Court fines remitted to the State Treasurer	<u>\$ -</u>

Court assessments

Court assessments collected	\$ 122,818
Court assessments retained by the City	13,752
Court assessments remitted to the State Treasurer	<u>\$ 109,065</u>

Court surcharges

Court surcharges collected	\$ 79,315
Court surcharges retained by the City	5,594
Court surcharges remitted to the State Treasurer	<u>\$ 73,721</u>

Victim Services

Court assessments allocated to Victim Services	\$ 13,752
Court surcharges allocated to Victim Services	5,594
Local funds	39
	<u>19,385</u>
Funds allocated to Victim Services	
Victim Services expenditures	11,977
Funds available for carryforward	<u>\$ 7,408</u>

Statistical Section (Unaudited)

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the of the readers of the comprehensive annual financial report. The objectives of the statistical section information are to provide financial statement users with additional detailed information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	68 - 73
Revenue Capacity These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	74 - 78
Debt Capacity 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.	79 - 83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	84 - 85
Operating Information 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.86 - 88	

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

City of Simpsonville, South Carolina

Schedule 1 - Net Position by Component

Last 10 Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 18,639,103	\$ 14,649,377	\$ 15,570,428	\$ 18,430,994	\$ 19,499,855	\$ 20,131,396	\$ 21,549,558	\$ 22,532,462	\$ 23,082,643	\$ 23,246,060
Restricted	-	339,862	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638
Unrestricted	483,822	1,964,980	530,234	481,188	1,000,459	2,166,755	2,403,009	3,311,927	4,064,330	4,615,324
Total governmental activities net position	\$ 19,122,925	\$ 16,954,219	\$ 16,456,449	\$ 18,912,182	\$ 20,500,314	\$ 22,526,382	\$ 25,138,130	\$ 27,415,477	\$ 28,967,328	\$ 30,088,022
Business-type activities										
Invested in capital assets, net of related debt	\$ -	\$ 2,724,234	\$ 3,033,775	\$ 5,471,158	\$ 5,322,458	\$ 5,481,249	\$ 5,388,111	\$ 5,229,196	\$ 5,085,536	\$ 6,621,108
Unrestricted	-	613,288	936,143	992,584	201,878	447,168	504,838	635,732	1,507,127	1,510,437
Total business-type activities net position	\$ -	\$ 3,337,522	\$ 3,969,918	\$ 6,463,742	\$ 5,524,336	\$ 5,928,417	\$ 5,892,949	\$ 5,864,928	\$ 6,592,663	\$ 8,131,545
Primary government										
Net investment in capital assets	\$ 18,639,103	\$ 17,373,611	\$ 18,604,203	\$ 23,902,152	\$ 24,822,313	\$ 25,612,645	\$ 26,937,669	\$ 27,761,658	\$ 28,168,179	\$ 29,867,168
Restricted	-	339,862	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638
Unrestricted	483,822	2,578,268	1,466,377	1,473,772	1,202,337	2,613,923	2,907,847	3,947,659	5,571,457	6,125,761
Total primary government net position	\$ 19,122,925	\$ 20,291,741	\$ 20,426,367	\$ 25,375,924	\$ 26,024,650	\$ 28,454,799	\$ 31,031,079	\$ 33,280,405	\$ 35,559,991	\$ 38,219,567

City of Simpsonville, South Carolina
Schedule 2 - Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 1,218,642	\$ 2,057,419	\$ 1,057,852	\$ 1,884,087	\$ 2,053,126	\$ 1,646,923	\$ 1,643,424	\$ 1,717,403	\$ 1,626,988	\$ 1,710,715
Public safety	4,763,954	4,495,325	5,564,184	6,037,966	5,798,629	5,976,691	6,334,292	6,336,564	6,758,832	7,262,072
Public works	2,511,132	2,731,964	2,393,753	143,939	2,299,782	2,329,839	1,928,297	2,126,388	2,118,571	2,326,880
Parks and recreation	1,070,130	1,282,466	2,098,220	1,670,735	1,856,827	1,717,238	2,260,768	2,413,145	2,464,220	2,538,249
Interest and fiscal charges	538,508	711,440	682,171	758,389	605,924	754,683	625,421	328,780	489,566	328,151
Total governmental activities expenses	<u>10,102,366</u>	<u>11,278,614</u>	<u>11,796,180</u>	<u>10,495,116</u>	<u>12,614,288</u>	<u>12,425,374</u>	<u>12,792,202</u>	<u>12,922,280</u>	<u>13,458,177</u>	<u>14,166,067</u>
Business-type activities										
Sewer	-	-	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934
Total business-type activities	-	-	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934
Total primary government activities expenses	<u>\$ 10,102,366</u>	<u>\$ 11,278,614</u>	<u>\$ 12,203,629</u>	<u>\$ 11,123,288</u>	<u>\$ 13,172,098</u>	<u>\$ 13,014,755</u>	<u>\$ 13,506,486</u>	<u>\$ 13,675,708</u>	<u>\$ 14,201,887</u>	<u>\$ 14,895,001</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,796,781	\$ 2,295,599	\$ 2,430,732	\$ 2,659,159	\$ 2,563,737	\$ 2,792,443	\$ 3,176,911	\$ 3,236,825	\$ 3,077,677	\$ 3,366,295
Public safety	216,581	257,659	261,601	170,680	156,833	143,604	175,394	129,275	137,374	166,831
Public works	413,047	470,913	-	-	130,536	136,680	154,776	165,504	167,832	168,072
Recreation	96,640	95,231	112,025	103,878	128,319	117,434	156,310	196,541	195,874	172,646
Operating grants and contributions	362,913	511,303	389,889	311,778	183,278	474,938	257,091	279,253	57,543	45,091
Capital grants and contributions	-	-	-	342,452	1,225,236	597,479	1,218,353	678,249	100,232	100,211
Total governmental activities program revenues	<u>2,885,962</u>	<u>3,630,705</u>	<u>3,194,247</u>	<u>3,587,947</u>	<u>4,387,939</u>	<u>4,262,578</u>	<u>5,138,835</u>	<u>4,685,647</u>	<u>3,736,532</u>	<u>4,019,146</u>
Business-type activities										
Charges for services										
Sewer	-	-	767,310	686,456	600,603	776,773	669,778	722,359	1,466,376	1,550,581
Operating grants and contributions	-	-	-	-	-	-	-	-	367	-
Capital grants and contributions	-	-	272,535	2,435,540	-	211,838	6,525	727	-	713,475
Total business-type activities program revenues	-	-	1,039,845	3,121,996	600,603	988,611	676,303	723,086	1,466,743	2,264,056
Total primary government program revenues	<u>\$ 2,885,962</u>	<u>\$ 3,630,705</u>	<u>\$ 4,234,092</u>	<u>\$ 6,709,943</u>	<u>\$ 4,988,542</u>	<u>\$ 5,251,189</u>	<u>\$ 5,815,138</u>	<u>\$ 5,408,733</u>	<u>\$ 5,203,275</u>	<u>\$ 6,283,202</u>

City of Simpsonville, South Carolina
Schedule 2 - Changes in Net Position, Continued
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (7,216,404)	\$ (7,647,909)	\$ (8,601,933)	\$ (6,907,169)	\$ (8,226,349)	\$ (8,162,796)	\$ (7,653,367)	\$ (8,236,633)	\$ (9,721,645)	\$ (10,146,921)
Business-type activities	-	-	632,396	2,493,824	42,793	399,230	(37,981)	(30,342)	723,033	1,535,122
Total primary government net expense	\$ (7,216,404)	\$ (7,647,909)	\$ (7,969,537)	\$ (4,413,345)	\$ (8,183,556)	\$ (7,763,566)	\$ (7,691,348)	\$ (8,266,975)	\$ (8,998,612)	\$ (8,611,799)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes by source:										
Property tax	\$ 4,121,781	\$ 4,509,198	\$ 4,639,605	\$ 5,000,728	\$ 5,646,655	\$ 6,586,793	\$ 6,848,897	\$ 6,858,254	\$ 7,192,989	\$ 7,355,684
Hospitality and Accommodations taxes	925,893	1,116,394	1,199,782	1,274,349	1,131,741	1,348,159	1,379,556	1,563,786	1,656,907	1,796,187
MASC Telecommunications and insurance taxes	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273
Unrestricted intergovernmental revenues	364,373	397,018	419,589	467,349	450,697	372,471	342,522	333,489	393,485	395,752
Unrestricted investment earnings	37,808	35,419	71,793	114,637	17,709	21,413	14,758	13,740	12,940	8,518
Unrestricted donations and contributions	-	-	-	553,650	35,390	-	-	-	-	-
Gains on disposal/sale of capital assets	-	-	-	6,789	-	17,295	26,675	158,462	48,068	68,479
Miscellaneous revenues	168,869	217,014	273,409	303,182	68,810	286,298	107,963	123,484	137,745	29,927
Special item - gain on retirement plan termination	-	-	105,983	-	-	-	-	-	-	-
Transfers	-	-	-	-	983,909	-	-	-	-	-
Total governmental activities	6,863,453	7,755,927	8,104,163	9,362,902	9,814,481	10,188,864	10,265,115	10,513,980	11,273,496	11,425,820
Business-type activities										
Unrestricted investment earnings	-	-	-	-	1,481	4,851	2,513	2,321	4,702	3,760
Miscellaneous revenues	-	-	-	-	229	-	-	-	-	-
Transfers	-	-	-	-	(983,909)	-	-	-	-	-
Total business-type activities	-	-	-	-	(982,199)	4,851	2,513	2,321	4,702	3,760
Total primary government	6,863,453	7,755,927	8,104,163	9,362,902	8,832,282	10,193,715	10,267,628	10,516,301	11,278,198	11,429,580
Change in Net Position										
Governmental activities	\$ (352,951)	\$ 108,018	\$ (497,770)	\$ 2,455,733	\$ 1,588,132	\$ 2,026,068	\$ 2,611,748	\$ 2,277,347	\$ 1,551,851	\$ 1,278,899
Business-type activities	-	-	632,396	2,493,824	(939,406)	404,081	(35,468)	(28,021)	727,735	1,538,882
Total primary government	\$ (352,951)	\$ 108,018	\$ 134,626	\$ 4,949,557	\$ 648,726	\$ 2,430,149	\$ 2,576,280	\$ 2,249,326	\$ 2,279,586	\$ 2,817,781

City of Simpsonville, South Carolina
Schedule 3 - Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007 *	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 1,139,681	\$ -	\$ -	\$ 143,632	\$ 35,166	\$ 496,567	\$ -	\$ -	\$ -	\$ -
Unreserved	728,841	2,077,903	1,583,179	669,173	666,460	1,405,976	-	-	-	-
Nonspendable	-	-	-	-	-	-	178,366	192,461	66,303	222,184
Restricted	-	-	-	-	-	-	66,359	62,455	124,815	57,629
Assigned	-	-	-	-	-	-	-	3,992	-	-
Unassigned	-	-	-	-	-	-	2,545,374	2,966,605	3,813,873	4,421,028
Total General Fund	\$ 1,868,522	\$ 2,077,903	\$ 1,583,179	\$ 812,805	\$ 701,626	\$ 1,902,543	\$ 2,790,099	\$ 3,225,513	\$ 4,004,991	\$ 4,700,841
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,889	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue funds	(191,155)	212,967	355,787	(95,123)	608,178	702,370	-	-	-	-
Capital projects funds	9,067	(992,017)	-	25,900	(373,703)	(373,703)	-	-	-	-
Nonspendable	-	-	-	-	-	-	6,262	81,707	-	-
Restricted	-	-	-	-	-	-	1,119,204	2,399,691	1,736,756	2,171,850
Committed	-	-	-	-	-	-	135	163	163	1
Unassigned	-	-	-	-	-	-	(373,703)	-	-	-
Total all other governmental funds	(182,088)	(779,050)	355,787	(69,223)	234,475	688,556	751,898	2,481,561	1,736,919	2,171,851
Total all governmental funds	\$ 1,686,434	\$ 1,298,853	\$ 1,938,966	\$ 743,582	\$ 936,101	\$ 2,591,099	\$ 3,541,997	\$ 5,707,074	\$ 5,741,910	\$ 6,872,692

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

Note: GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* was implemented in fiscal year 2011.

City of Simpsonville, South Carolina
Schedule 4 - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes by source:										
Property tax	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722	\$ 6,905,847	\$ 7,030,133	\$ 7,133,132	\$ 7,410,615
Hospitality and Accommodations tax	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217
MASC Telecommunications and insurance	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273
Franchise	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782
Intergovernmental	727,286	1,006,777	809,480	661,586	615,454	898,639	828,563	1,436,765	825,727	754,433
Charges for services	413,047	470,913	357,780	-	-	-	-	-	-	-
Fines	228,842	246,307	231,614	150,340	119,085	125,024	149,997	109,591	92,432	133,346
Licenses, permits and fees	1,046,996	1,520,817	1,616,881	1,805,451	1,307,375	1,260,505	1,415,823	1,508,799	1,469,897	1,628,457
Investment earnings	37,808	35,314	177,776	114,636	17,709	21,413	14,758	13,740	12,940	8,518
Grants	-	-	-	554,230	470,378	503,861	156,858	179,569	55,743	30,979
Miscellaneous	227,994	311,023	34,744	388,649	677,947	699,260	759,928	825,851	687,686	682,798
Total revenues	9,736,982	11,383,982	11,293,753	12,314,176	12,229,869	14,025,923	14,308,028	15,213,044	14,902,109	15,431,418
Expenditures										
Current:										
General government	1,185,460	1,412,882	1,422,182	1,530,712	1,659,602	1,555,628	1,549,495	1,619,705	1,536,034	1,636,828
Public safety	4,373,203	4,915,917	5,000,999	5,505,964	5,473,652	5,517,819	5,917,218	5,959,060	6,364,352	6,906,938
Public works	1,837,692	2,048,782	2,146,540	2,211,741	2,174,587	1,846,258	1,415,210	1,601,153	1,624,484	1,717,844
Parks and recreation	839,791	948,822	1,105,072	1,221,422	1,437,988	1,284,059	1,808,893	1,949,589	1,983,221	2,060,494
Capital outlay	3,506,755	1,880,171	1,929,021	5,572,186	858,596	776,162	881,335	725,131	1,505,839	255,717
Debt service:										
Principal	1,203,356	1,354,815	1,561,648	1,744,663	1,554,788	1,256,679	1,240,550	1,380,872	3,154,684	1,461,702
Interest and fiscal charges	465,639	527,377	491,835	582,871	656,649	728,242	642,743	529,077	505,860	329,592
Bond issuance costs	40,000	24,453	80,930	129,500	-	-	-	-	70,679	-
Total expenditures	13,451,896	13,113,219	13,738,227	18,499,059	13,815,862	12,964,847	13,455,444	13,764,587	16,745,153	14,369,115
Excess of revenues over (under) expenditures	(3,714,914)	(1,729,237)	(2,444,474)	(6,184,883)	(1,585,993)	1,061,076	852,584	1,448,457	(1,843,044)	1,062,303

City of Simpsonville, South Carolina

Schedule 4 - Changes in Fund Balances, Governmental Funds, Continued

Last Ten Fiscal Years

	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers in	1,895,777	3,064,511	2,329,945	3,821,931	4,533,205	1,248,889	1,151,844	12,722,618	2,126,809	1,140,548
Transfers out	(1,895,777)	(3,064,511)	(2,953,844)	(3,821,931)	(3,549,296)	(1,248,889)	(1,151,844)	(12,722,618)	(2,126,809)	(1,140,548)
Issuance of bonds	-	-	-	1,045,000	755,000	-	-	10,872,000	1,756,162	-
Proceeds from capital lease	860,000	-	-	-	-	545,324	-	903,000	-	-
Issuance of note payable	103,150	-	33,193	-	-	-	-	-	-	-
Issuance of certificate of participation	1,340,000	1,047,500	2,790,000	3,900,000	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	(11,216,842)	-	-
Sale of capital assets	-	-	-	6,789	22,441	30,019	63,177	14,846	56,572	20,607
Insurance Proceeds	-	-	-	37,710	17,162	18,579	35,137	143,616	65,146	47,872
Total other financing sources (uses)	2,303,150	1,047,500	2,199,294	4,989,499	1,778,512	593,922	98,314	716,620	1,877,880	68,479
Net Change in fund balances	\$ (1,411,764)	\$ (681,737)	\$ (245,180)	\$ (1,195,384)	\$ 192,519	\$ 1,654,998	\$ 950,898	\$ 2,165,077	\$ 34,836	\$ 1,130,782
Debt service as a percentage of noncapital expenditures	17.2%	17.0%	18.1%	21.3%	17.2%	16.4%	15.0%	14.9%	24.1%	12.7%

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

City of Simpsonville, South Carolina

Schedule 5 - Governmental Activities Tax Revenue by Source

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Property tax	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722	\$ 6,905,847	\$ 7,030,133	\$ 7,133,132	\$ 7,410,615
Hospitality & accommodations tax	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217
MASC Telecommunications and insurance taxes	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273
Franchise fees	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782
Total	<u>\$ 7,055,009</u>	<u>\$ 7,792,831</u>	<u>\$ 8,065,478</u>	<u>\$ 8,639,284</u>	<u>\$ 9,021,921</u>	<u>\$ 10,517,221</u>	<u>\$ 10,982,101</u>	<u>\$ 11,138,729</u>	<u>\$ 11,757,684</u>	<u>\$ 12,192,887</u>

City of Simpsonville, South Carolina

Schedule 6 - Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2005	\$ 16,227,943	\$ 15,947,037	\$ 9,324,058	\$ 41,499,038	50.7	\$ 813,421,489	5.1%
2006	17,138,640	16,312,030	9,791,260	43,241,930	50.7	826,883,492	5.2%
2007	18,501,160	18,912,840	8,386,851	45,800,851	50.7	840,253,021	5.5%
2008	21,767,698	27,087,547	9,537,027	58,392,272	48.6	1,009,964,314	5.8%
2009	22,942,152	29,194,001	6,753,429	58,889,582	51.5	1,051,275,887	5.6%
2010	24,117,688	30,691,548	6,344,131	61,153,367	64.3	1,107,276,983	5.5%
2011	26,818,000	30,811,870	5,023,860	62,653,730	61.7	1,187,704,783	5.3%
2012	27,397,420	30,832,080	8,333,450	66,562,950	61.7	1,200,261,766	5.5%
2013	28,044,530	32,063,800	9,252,750	69,361,080	61.7	1,240,563,809	5.6%
2014	28,111,620	32,857,610	10,276,550	71,245,780	61.7	1,257,368,573	5.7%

Source: Greenville County Tax Receipt Reports

Note: Property in the City was last reassessed for fiscal year 2012. Tax rates are per \$1,000 of assessed value.

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

City of Simpsonville, South Carolina

Schedule 7 - Property Tax Rates - Direct and Overlapping Governments

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Direct Rates:										
Operating	50.70	50.70	50.70	48.60	41.60	44.20	41.60	41.60	41.60	54.90
Reserve Account	-	-	-	-	-	7.40	7.40	7.40	7.40	-
Debt Service	-	-	-	-	9.90	12.70	12.70	12.70	12.70	6.80
	<u>50.70</u>	<u>50.70</u>	<u>50.70</u>	<u>48.60</u>	<u>51.50</u>	<u>64.30</u>	<u>61.70</u>	<u>61.70</u>	<u>61.70</u>	<u>61.70</u>
County Rates:										
Greenville County	49.90	49.90	49.90	47.60	47.60	47.60	47.30	47.30	47.30	51.90
School District Rates:										
Greenville County Schools	147.80	147.90	156.40	150.70	156.70	156.70	157.80	162.50	168.60	177.50
Fire District Rates:										
Simpsonville Fire District	23.40	23.40	23.40	22.70	26.80	28.30	28.10	27.50	27.50	26.00

Source: Greenville County Millage Rate Sheets

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

City of Simpsonville, South Carolina

Schedule 8 - Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value *	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,252,410	1	1.76%	\$ 596,790	3	1.40%
Walmart Real Estate	965,800	2	1.36%			
Waypoint Garden District	905,130	3	1.27%			
Jasmine Cove Apartments LLC	689,960	4	0.97%			
Developers Diversified Finance	657,930	5	0.92%	508,130	4	1.20%
Centro Bradley Fairview Corner	612,450	6	0.86%			
Lowes Home Centers	592,860	7	0.83%			
Gresham LLC	547,300	8	0.77%			
NNN Arbors at Fairview	539,580	9	0.76%			
Frontier Communications	528,740	10	0.74%			
Verizon South				941,960	1	2.30%
Wares Delaware Corp.				631,440	2	1.50%
Cedar Pines Apartments				468,410	5	1.10%
PCA Limited Partnership				450,000	6	1.10%
Piedmont Natural Gas				395,650	7	1.00%
Mid America Runaways Bay LTD				343,200	8	0.80%
Garrett Simpsonville Center				318,370	9	0.80%
Belk-Simpson				314,830	10	0.80%
Total	\$ 7,292,160		10.2%	\$ 4,968,780		12.0%

City of Simpsonville, South Carolina
Schedule 9 - Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 2,104,001	\$ -	\$ 2,104,001	\$ 2,049,860	97.4%	\$ 40,998	\$ 2,090,858	99.4%
2006	2,192,365	-	2,192,365	2,064,408	94.2%	111,143	2,175,551	99.2%
2007	2,322,103	174,500	2,496,603	2,374,301	95.1%	108,124	2,482,425	99.4%
2008	2,837,864	-	2,837,864	2,551,356	89.9%	117,753	2,669,109	94.1%
2009	3,032,813	-	3,032,813	2,862,424	94.4%	165,192	3,027,616	99.8%
2010	3,932,161	-	3,932,161	3,579,126	91.0%	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%	-	4,213,640	95.0%

Source: Greenville County Auditor and Tax Collector

City of Simpsonville, South Carolina

Schedule 10 - Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income
	General Obligation Bonds	Other Debt	Certificates of Participation	Notes	Revenue Bonds	Capital Leases	Revenue Bonds	Bond Anticipation Note			
2005	\$ 2,255,000	\$ -	\$ 8,504,342	\$ 103,150	\$ -	\$ 2,561,937	\$ -	\$ -	\$ 13,424,429	3.8%	
2006	2,155,000	-	8,275,932	505,498	370,000	1,364,847	-	-	12,671,277	3.4%	
2007	2,540,000	-	9,868,593	427,500	-	1,364,827	340,000	-	14,540,920	3.6%	
2008	3,225,000	-	13,311,254	-	-	892,685	310,000	-	17,738,939	4.1%	
2009	3,605,000	-	12,673,915	-	-	120,209	280,000	-	16,679,124	3.8%	
2010	3,105,000	-	12,016,576	-	-	593,854	245,000	-	15,960,430	3.7%	
2011	2,585,000	-	11,339,237	-	-	578,304	210,000	-	14,712,541	3.3%	
2012	2,050,000	-	-	-	10,872,000	1,365,429	170,000	-	14,457,429	3.0%	
2013	1,699,669	-	-	-	10,019,000	1,170,241	130,000	750,000	13,768,910	2.6%	
2014	1,256,395	-	-	-	9,217,000	953,813	90,000	-	11,517,208	2.2%	

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

City of Simpsonville, South Carolina**Schedule 11 - Ratios of General Bonded Debt Outstanding****Last Ten Fiscal Years**

Fiscal Year Ended June 30,	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	\$ 2,255,000	\$ -	\$ 2,255,000	0.3%	144
2006	2,155,000	-	2,155,000	0.3%	133
2007	2,540,000	-	2,540,000	0.3%	150
2008	3,225,000	-	3,225,000	0.3%	186
2009	3,605,000	-	3,605,000	0.3%	203
2010	3,105,000	-	3,105,000	0.3%	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

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

City of Simpsonville, South Carolina

Schedule 12 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2014

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 166,060,779	3.5%	\$ 5,812,127
School District:			
Greenville County Schools	979,048,715	3.4%	<u>33,287,656</u>
Subtotal, Overlapping Debt			39,099,784
City of Simpsonville			
General obligation bonds		100.0%	1,256,395
Tax revenue refunding bonds		100.0%	9,217,000
Capital leases		100.0%	<u>953,813</u>
			<u>11,427,208</u>
Total Direct and Overlapping Debt			<u><u>\$ 50,526,992</u></u>

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

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

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

City of Simpsonville, South Carolina

Schedule 13 - Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
* Debt Limit	\$ 3,247,890	\$ 3,319,923	\$ 3,459,354	\$ 3,664,068	\$ 4,742,365	\$ 4,783,139	\$ 5,012,298	\$ 5,325,036	\$ 5,548,886	\$ 5,584,283
Total net debt applicable to debt limit	2,515,000	2,155,000	2,540,000	3,225,000	3,605,000	3,105,000	2,585,000	2,050,000	1,699,669	1,256,395
Legal debt margin	\$ 732,890	\$ 1,164,923	\$ 919,354	\$ 439,068	\$ 1,137,365	\$ 1,678,139	\$ 2,427,298	\$ 3,275,036	\$ 3,849,217	\$ 4,327,888
Total net debt applicable to debt limit as a percentage of debt limit	77.4%	64.9%	73.4%	88.0%	76.0%	64.9%	51.6%	38.5%	30.6%	22.5%

**Legal Debt Margin Calculation
for Fiscal Year 2014**

Total assessed value	\$ 69,803,537
Debt Limit (8 % of total assessed value)	5,584,283
Amount of debt applicable to debt limit:	
Total bonded debt	1,256,395
Less: debt service fund balance	-
Less: debt issued through referendum	-
Total amount of debt applicable to debt limit	1,256,395
Legal debt margin	\$ 4,327,888

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

City of Simpsonville, South Carolina

Schedule 14 - Pledged Revenue Coverage

Fiscal Year Ended June 30,	Sewer Revenue Bond						Coverage
	Charges and Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2006	\$ 470,913	\$ 278,528	\$ 192,385	\$ -	\$ -	-	
2007	1,039,845	270,540	769,305	30,000	14,065	17.46	
2008	3,121,996	452,851	2,669,145	30,000	13,192	61.80	
2009	602,313	352,543	249,770	30,000	12,028	5.94	
2010	993,462	388,011	605,451	35,000	10,864	13.20	
2011	672,291	506,677	165,614	35,000	9,166	3.75	
2012	774,680	546,753	227,927	40,000	7,760	4.77	
2013	1,471,078	536,725	934,353	40,000	6,593	20.05	
2014	1,554,341	531,662	1,022,679	40,000	5,044	22.70	

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

Note: Operating expenses do not include interest or depreciation.

City of Simpsonville, South Carolina

Schedule 15 - Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	Unemployment Rate ²
2005	15,634	\$ 353,562,910	\$ 22,615	35.7	5.4%
2006	16,151	369,874,051	22,901	35.7	5.2%
2007	16,935	401,816,745	23,727	36.0	4.8%
2008	17,365	434,350,745	25,013	36.1	5.4%
2009	17,778	434,458,764	24,438	36.1	6.4%
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%

(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

City of Simpsonville, South Carolina

Schedule 16 - Principal Employers

Current Year and Nine Years Ago

Employer	2014			2005		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Greenville Health Systems	10,925	1	4.69%	7,691	1	3.71%
School District of Greenville County	9,580	2	4.11%	7,207	2	3.48%
Bon Secours St. Francis	5,047	3	2.17%	2,000	5	0.97%
Michelin North America	4,000	4	1.72%	1,468	10	0.71%
General Electric	3,350	5	1.44%	3,600	3	1.74%
State of South Carolina	3,036	6	1.30%	2,524	4	1.22%
Flour Corporation	2,260	7	0.97%	1,520	8	0.73%
Bi-Lo Supermarkets	2,089	8	0.90%			
Greenville County Government	1,914	9	0.82%	1,601	7	0.77%
US Government	1,835	10	0.79%			
Bob Jones University				1,800	6	0.87%
Sealed Air Corporation				1,500	9	0.72%
Total	44,036		18.91%	30,911		14.92%

Source: Greenville County 2014 Audit (Greenville Area Development Corporation, SC Appalachian Council of Governments, SC Employment Security Commission)

City of Simpsonville, South Carolina

Schedule 17 - Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Business licenses	1,192	1,360	1,338	1,238	1,249	1,515	1,568	1,478	1,319	1,421
Building permits issued	609	744	713	651	485	510	425	417	264	376
Building inspections conducted	3,515	3,693	3,394	4,080	931	1,437	1,681	2,069	2,501	3,728
Public safety - police										
Physical Arrests	-	-	-	300	601	649	470	981	897	991
Parking and traffic violations	3,807	4,191	4,207	2,836	3,374	4,362	4,151	2,842	2,238	3,350
Public safety - fire										
Emergency responses	1,485	1,613	1,780	1,786	2,087	1,998	2,144	2,220	2,381	2,434
Fires extinguished	125	112	120	146	42	90	105	106	90	94
Inspections	1,308	1,428	1,438	2,252	1,524	1,313	1,089	705	968	939
Public service										
Potholes repaired	-	-	-	87	121	43	43	52	29	20
Roads maintained (in miles)	57	61	63	67	67	68	68	68	73	73
Parks and recreation										
Recreational participants	2,039	2,103	2,231	1,675	1,686	1,786	1,173	2,661	2,472	3,266

Source: City Departmental Records

City of Simpsonville, South Carolina

Schedule 18 - Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
General government	6	6	6	11	8	8	8	9	9	10
Justice and legal	3	3	3	4	3	3	3	3	3	2
Public safety	93	93	93	99	98	99	97	104	104	106
Public works	44	44	44	34	28	27	29	23	23	22
Parks and recreation	12	12	12	31	18	28	21	18	18	19
Total	158	158	158	179	155	165	158	157	157	159

Source: Payroll records

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

City of Simpsonville, South Carolina
Schedule 19 - Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Justice and legal										
Correction/jail cell facility capacity	4	4	4	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	29	29	29	29	29	30	32	28	24	25
Public safety - fire										
Number of fire stations	4	4	4	4	4	4	4	4	4	4
Number of fire trucks	8	8	8	7	7	7	10	10	10	10
Public service										
Streets (in miles)	57	61	63	67	67	68	68	68	73	101
Traffic signals	16	17	17	22	22	22	22	22	22	22
Parks and recreation										
Parks Acreage	125	125	125	125	162	162	162	162	167	150
Parks	9	9	9	9	9	9	9	9	8	8
Ball fields	12	12	12	12	12	12	12	13	13	13
Solid waste										
Collection/refuse trucks	5	6	6	21	20	20	20	20	22	22

Sources: Various City of Simpsonville departments.

Compliance Section



Independent Auditor's 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*

The Honorable Mayor, Members of City Council, and City Administrator
City of Simpsonville
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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2014.

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*.

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.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Greenville, South Carolina
December 8, 2014