



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

CITY OF SIMPSONVILLE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ISSUED BY
CITY OF SIMPSONVILLE
FINANCE DEPARTMENT

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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INTRODUCTORY SECTION



Russell B. Hawes
CITY ADMINISTRATOR

November 15, 2011

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

Dear Mayor Waldrop, City Council Members and Citizens:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Simpsonville, South Carolina for the fiscal year ended June 30, 2011.

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, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Simpsonville's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditors' 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.

Community Profile

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

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

Factors Affecting Financial Condition

Local Economy

The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits are on a slow and steady rise, tax receipts and other revenues continue up as well. Residential building permit activity saw some growth during the fiscal year, with increases in the higher price point homes observed. Commercial activity is on the uptick as well with a new Big Lots, Five Guys, and Dollar Tree taking formerly vacant spaces. Kemet announced an expansion of their capacitor line in Simpsonville with over 120 new jobs, and Century Plastics opened its new 3.5 million dollar expansion that brought 30 new jobs.

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
- Fitch Ratings bond rating is AA-
- Other indicators of fiscal strength include a cash operating surplus each of the past two fiscal years in 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.

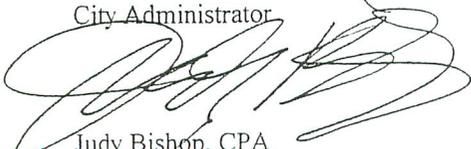
Acknowledgments

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

Respectfully Submitted,



Russell B. Hawes, AICP
City Administrator



Judy Bishop, CPA
Finance Director

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
LISTING OF PRINCIPAL OFFICIALS
JUNE 30, 2011**

Established

1901

MAYOR

Dennis Waldrop

CITY COUNCIL MEMBERS

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

CITY ADMINISTRATOR

Russell B. Hawes, AICP

FINANCE DIRECTOR

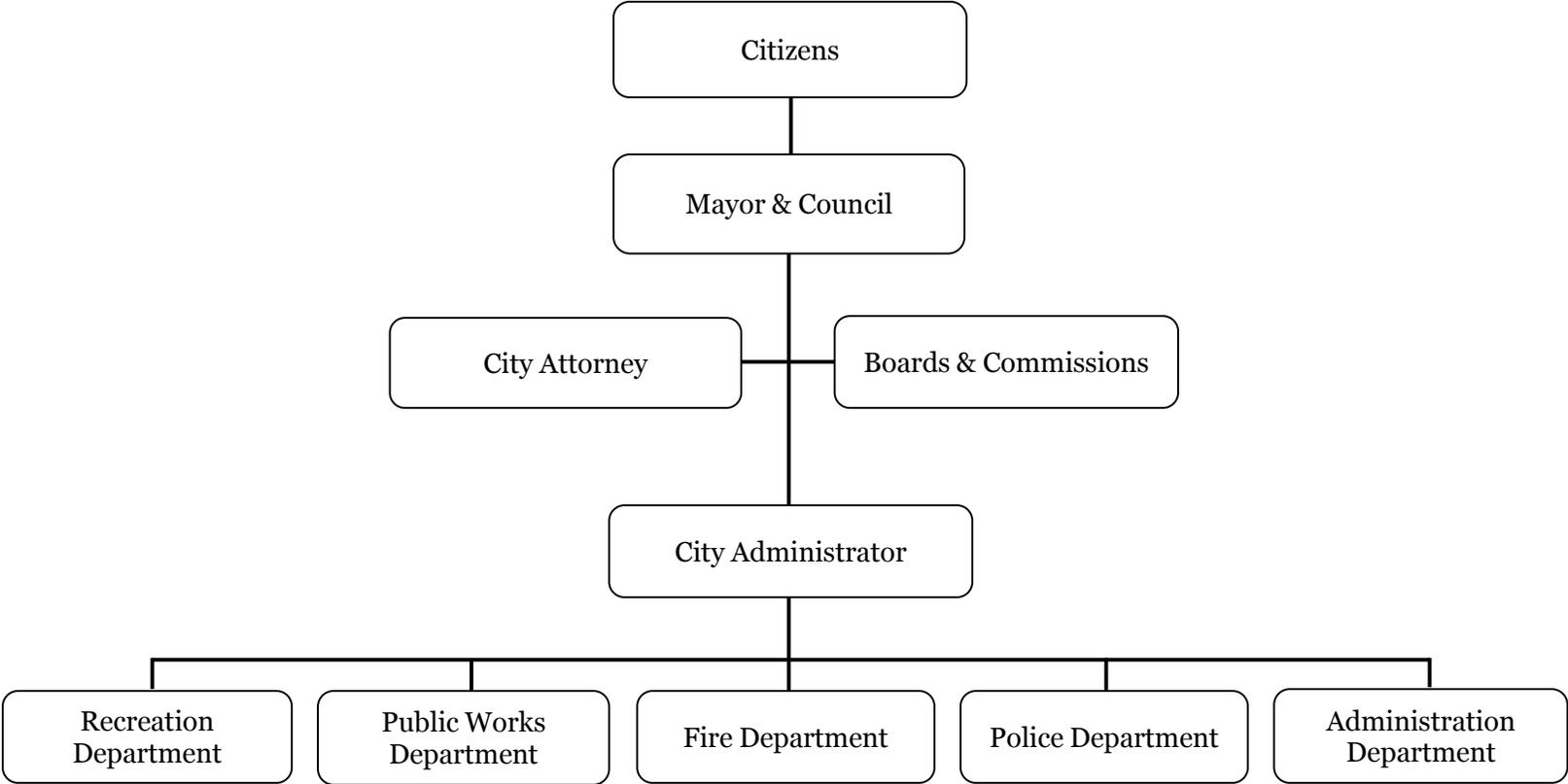
Judy Bishop, CPA

CITY ATTORNEY

David Holmes

*CITY OF SIMPSONVILLE, SOUTH CAROLINA
ORGANIZATION CHART
JUNE 30, 2011*

CITY OF SIMPSONVILLE



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Greenwood, South Carolina
November 15, 2011

Handwritten signature of Elliott Davis, LLC in black ink.

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

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, 2011. 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 \$31,031,079 (*net assets*). Of this amount, \$2,907,847 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,576,280 as revenues of \$16,082,766 exceeded expenses of \$13,506,486.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$3,541,997, an increase of \$950,898.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,545,374, or approximately 21.3% of total General Fund expenditures for the year ended June 30, 2011.
- The City's capital assets increased by \$374,339 (0.9%) to \$41,650,210 at June 30, 2011. Increases to capital assets including infrastructure, building and improvements, equipment, and vehicle purchases and donated infrastructure totaling \$2,077,835 were offset by depreciation of \$1,631,857 and disposal of capital assets with a carrying value of \$71,639.
- The City's long term obligations decreased by \$1,250,952 (7.8%) during the current fiscal year. The key factor in this decrease was principal and other payments of \$1,275,000.
- The City's Governmental Activities revenues were \$15,403,950 for 2011, compared to \$14,451,442 for the prior year. This increase is primarily due to increases in capital grants and contributions, charges for services and property taxes of approximately \$621,000, \$473,000 and \$262,000, respectively, partially offset by decreases in operating grants and contributions of approximately \$218,000 and miscellaneous revenues of approximately \$169,000.
- The City's Governmental Activities expenditures were \$12,792,202 for 2011, compared to \$12,425,374 for the prior year. This increase is primarily due to increases in public safety and recreation expenditures of approximately \$357,000 and \$544,000, respectively, partially offset by decreases in public works, and interest and fiscal charges expenditures of approximately \$401,000 and \$129,000, respectively. General government expenditures were flat as compared to the prior year.
- Business-type activity revenues and expenses were \$678,816 and \$714,284, respectively, for 2011, compared to revenues and expenses of \$993,462 and \$589,381, respectively, for 2010. The decrease in business-type revenues is primarily due to a decrease in capital contributions of infrastructure of approximately \$205,000 and a decrease in sewer maintenance utility fees of approximately \$108,000. The increase in business-type expenses is primarily due to increases in repairs and maintenance and billing fees of approximately \$89,000 and \$40,000, respectively.

OVERVIEW OF FINANCIAL STATEMENTS

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

Basic financial statements

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

Government-wide financial statements

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

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

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

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

The government-wide basic financial statements include not only the City itself (known as the primary government), but also 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.

(Continued)

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund financial statements

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

The City maintains multiple individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, and 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 enterprise funds to account for sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary funds financial statements provide more detailed information for the sewer operations, which are considered major funds of the City. The basic financial statements of the proprietary funds can be found as listed in the table of contents.

Notes to the basic financial statements

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

Other information

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

(Continued)

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Other information, continued

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

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

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

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$31,031,079 at the close of the most recent fiscal year.

This table provides a summary of the City's net assets as of June 30, 2011 and 2010.

	City of Simpsonville					
	Net Assets – Primary Government					
	Governmental activities		Business-type activities		Total	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Assets:						
Current assets	\$ 4,979,291	\$ 4,244,016	\$ 522,750	\$ 456,082	\$ 5,502,041	\$ 4,700,098
Capital assets, net	36,052,099	35,549,622	5,598,111	5,726,249	41,650,210	41,275,871
Total assets	41,031,390	39,793,638	6,120,861	6,182,331	47,152,251	45,975,969
Liabilities:						
Other liabilities	1,245,174	1,404,090	12,247	2,377	1,257,421	1,406,467
Long-term liabilities	14,648,086	15,863,166	215,665	251,537	14,863,751	16,114,703
Total liabilities	15,893,260	17,267,256	227,912	253,914	16,121,172	17,521,170
Net assets:						
Invested in capital assets, net of related debt	21,549,558	20,131,396	5,388,111	5,481,249	26,937,669	25,612,645
Restricted	1,185,563	228,231	-	-	1,185,563	228,231
Unrestricted	2,403,009	2,166,755	504,838	447,168	2,907,847	2,613,923
Total net assets	\$ 25,138,130	\$ 22,526,382	\$ 5,892,949	\$ 5,928,417	\$ 31,031,079	\$ 28,454,799

The net assets of the City's governmental activities increased by \$2,611,748 or 11.6 % to \$25,138,130 at June 30, 2011, compared to \$22,526,382 at June 30, 2010. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased from \$2,166,755 at June 30, 2010 to \$2,403,009 at June 30, 2011. The increase in unrestricted net assets is primarily due to increases in governmental revenues during the year.

The net assets of the City's business-type activities decreased by \$35,468 or 0.6% to \$5,892,949 at June 30, 2011, compared to \$5,928,417 at June 30, 2010.

The largest portion of the City's net assets (\$26,937,669 or 86.8%) 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.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

This table shows the changes in net assets for the years ended June 30, 2011 and 2010.

City of Simpsonville						
Net Assets – Primary Government						
	Governmental activities		Business-type activities		Total	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Revenues:						
Program revenues:						
Charges for services	\$ 3,663,391	\$ 3,190,161	\$ 669,778	\$ 776,773	\$ 4,333,169	\$ 3,966,934
Operating grants and contributions	257,091	474,938	-	-	257,091	474,938
Capital grants and contributions	1,218,353	597,479	6,525	211,838	1,224,878	809,317
General Revenues:						
Property taxes	6,848,897	6,586,793	-	-	6,848,897	6,586,793
Hospitality and accommodation taxes	1,379,556	1,348,159	-	-	1,379,556	1,348,159
MASC telecom-munications and insurance taxes	1,544,744	1,556,435	-	-	1,544,744	1,556,435
Unrestricted state aid to subdivisions	342,522	372,471	-	-	342,522	372,471
Unrestricted investment earnings	14,758	21,413	2,513	4,851	17,271	26,264
Miscellaneous	134,638	303,593	-	-	134,638	303,593
Total revenues	15,403,950	14,451,442	678,816	993,462	16,082,766	15,444,904
Program expenses:						
General government	1,643,424	1,646,923	-	-	1,643,424	1,646,923
Public safety	6,334,292	5,976,691	-	-	6,334,292	5,976,691
Public works	1,928,297	2,329,839	-	-	1,928,297	2,329,839
Recreation and parks	2,260,768	1,717,238	-	-	2,260,768	1,717,238
Interest and other charges	625,421	754,683	9,166	10,525	634,587	765,208
Sewer	-	-	705,118	578,856	705,118	578,856
Total expenses	12,792,202	12,425,374	714,284	589,381	13,506,486	13,014,755
Change in net assets	2,611,748	2,026,068	(35,468)	404,081	2,576,280	2,430,149
Net assets, beginning of year	22,526,382	20,500,314	5,928,417	5,524,336	28,454,799	26,024,650
Net assets, end of year	\$ 25,138,130	\$ 22,526,382	\$ 5,892,949	\$ 5,928,417	\$ 31,031,079	\$ 28,454,799

Governmental activities

The City's net assets increased from 2010 to 2011 by \$2,611,748 or 11.6%, compared to \$2,026,068 for 2010. The increase for fiscal year end June 30, 2011 is primarily due to increases in charges for services, capital grants and contributions and property tax revenues, partially offset by decreases in operating grant and contribution and miscellaneous revenues. Increases in public safety and recreation expenses, partially offset by decreases in public works and interest and other charges also factored into the change in net assets.

Business-type activities

The City's net assets decreased from 2010 to 2011 by \$35,468 or 0.6%. The primary reason for this decrease was the decrease in capital grants and contributions and sewer maintenance utility fees revenues during the year, and an increase in repairs and maintenance and billing fees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At June 30, 2011, the City's governmental funds reported a combined ending fund balances of \$3,541,997. Of this amount, \$2,171,671 is unreserved fund balance, which is available for spending at the government's discretion.

General fund revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue at June 30, 2011 was \$12,757,207 compared to \$12,276,304 in the prior year. Taxes and licenses, permits, and fees make up 87.0% of all General Fund revenues or approximately \$11,095,000. The remaining General Fund revenue sources totaled approximately \$1,662,000 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 charges for services, capital grants and contributions and property tax 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 54.1%, or \$6,905,847, of total General Fund revenue for the fiscal period ending June 30, 2011.

General fund expenditures

General Fund expenditures for the year ended June 30, 2011 totaled \$11,967,965 compared to \$11,558,510 for the prior year. The increase reflects increases in public safety and recreation, partially offset by a decrease in public works.

The Public Safety and Public Works functions accounted for approximately 64.5% of all General Fund expenditures (excluding capital outlay). Actual expenditures for these functions, excluding capital outlay, were \$5,841,528 for Public Safety and \$1,415,210 for Public Works. The remaining 35.5% of General Fund expenditures (excluding capital outlay) came from the areas of Recreation and Parks of \$1,808,893, General Government of \$1,458,040 and interest and debt service of \$731,449. The City also had Capital Outlay in the General Fund of \$712,845 for 2011.

General fund balance

The total fund balance for the General Fund increased primarily due to an excess of \$789,242 of revenues over expenditures. The total increase in the General Fund was \$887,556 for 2011, leaving the fund balance for the General Fund at \$2,790,099 at June 30, 2011. Unassigned fund balance for the General Fund was \$2,545,374, or approximately 21.3% of total General Fund expenditures.

(Continued)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS, Continued

Special Revenue Fund

Accommodations tax and hospitality revenues for the current year were relatively flat compared to the prior year, increasing by \$22,694, or 1.8% over 2010. Revenues exceeded expenditures and transfers to a nonmajor debt service fund by \$132,623, increasing special revenue fund balance to \$841,252 at June 30, 2011.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net Assets of the Enterprise Funds at the end of the year amounted to \$5,892,949. 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

Taxes and licenses, permits and fees revenues exceeded budget by \$815,095.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2011, the City had invested a net amount of \$41,650,210 in capital assets.

This table shows 2011 Capital Asset balances (net of depreciation) compared to 2010:

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>30-Jun-11</u>	<u>30-Jun-10</u>	<u>30-Jun-11</u>	<u>30-Jun-10</u>	<u>30-Jun-11</u>	<u>30-Jun-10</u>
Land	\$ 6,627,706	\$ 6,627,706	\$ -	\$ -	\$ 6,627,706	\$ 6,627,706
Construction in progress	17,571	-	-	-	17,571	-
Infrastructure	11,773,800	10,591,403	5,509,772	5,619,840	17,283,572	16,211,243
Buildings and improvements	14,338,018	14,732,493	-	-	14,338,018	14,732,493
Equipment	682,409	779,716	19,130	17,424	701,539	797,140
Furniture and fixtures	9,289	15,251	-	-	9,289	15,251
Vehicles	2,603,306	2,803,053	69,209	88,985	2,672,515	2,892,038
Capital assets, net	<u>\$ 36,052,099</u>	<u>\$ 35,549,622</u>	<u>\$ 5,598,111</u>	<u>\$ 5,726,249</u>	<u>\$ 41,650,210</u>	<u>\$ 41,275,871</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

- Depreciation expense of \$1,631,857.
- Infrastructure increases totaling \$1,610,312. Of this amount, \$1,126,197 was donated to the City.
- Vehicle and equipment purchases of approximately \$361,604.
- Disposals of assets with historic cost of \$244,109 and carrying value of \$71,639.

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

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Long-term obligations

As of June 30, 2011, the City had total long-term obligations of \$14,863,751. Of this debt, \$2,585,000 was General Obligation Bond ("GOBs") debt which is backed by the full faith and credit of the City. The City also has Certificates of Participation ("COPs") debt outstanding at year-end of \$11,339,237 (net of a deferred loss on refunding of \$345,763). In addition, the City had other long-term obligations of \$210,000 for Sewer Revenue Bonds, \$578,304 for outstanding capital leases, and \$151,210 for compensated absence liabilities.

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

	Governmental activities		Business-type activities		Total	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
Debt:						
General obligation bonds	\$ 2,585,000	\$ 3,105,000	\$ -	\$ -	\$ 2,585,000	\$ 3,105,000
Certificates of participation, net	11,339,237	12,016,576	-	-	11,339,237	12,016,576
Note payable	-	-	210,000	245,000	210,000	245,000
Total debt	13,924,237	15,121,576	210,000	245,000	14,134,237	15,366,576
Capital leases	578,304	593,854	-	-	578,304	593,854
Accrued compensated absences	145,545	147,736	5,665	6,537	151,210	154,273
Total	\$ 14,648,086	\$ 15,863,166	\$ 215,665	\$ 251,537	\$ 14,863,751	\$ 16,114,703

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

- The City's GOBs decreased \$520,000 (16.7%) during the current year. This decrease was due to principal payments of \$520,000.
- The City's COPs decreased by \$677,339 (5.6%) during the current year. This decrease was due to principal payments of \$705,000, less amortization of the deferred loss on the defeased 2000 COP of \$27,661, with no issuance of additional COP debt.
- The City's Capital leases outstanding decreased by \$15,550 due to principal payments on existing capital lease obligations.

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, 2011 was approximately \$5,012,000. The City had non-referendum bonded debt of \$2,585,000 which resulted in the City having an unused legal debt margin of approximately \$2,427,000.

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

(Continued)

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

Economic factors that were considered in preparing the FY 11-12 budget were as follows:

- The unemployment rate in Greenville County, in which Simpsonville is located, is at 9.8% and compares favorably with the unemployment rate of the State of South Carolina at approximately 10.5%. Rate data is as of June 30, 2011.

The adopted FY 11-12 operating budget for all funds is \$14,469,610. Highlights of FY 11 operating budget were as follows:

- The City's budget is set to provide an addition to the general fund balance of approximately \$346,000, a decrease to the sewer fund balance of approximately \$174,000, and an increase to victims' assistance fund balance of approximately \$7,025.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,348,004	\$ 416,078	\$ 2,764,082
Cash and cash equivalents, restricted	348,119	-	348,119
Investments, restricted	671,573	-	671,573
Property taxes receivable, net	374,400	-	374,400
Accounts receivable	756,930	197,064	953,994
Due from County Treasurer	89,531	-	89,531
Internal balances	92,466	(92,466)	-
Other assets	184,628	2,074	186,702
Debt issuance costs, net	113,640	-	113,640
Capital assets:			
Non-depreciable	6,645,277	-	6,645,277
Depreciable, net	29,406,822	5,598,111	35,004,933
Total assets	41,031,390	6,120,861	47,152,251
LIABILITIES			
Accounts payable and accrued liabilities	1,000,396	10,210	1,010,606
Accrued interest payable	224,878	2,037	226,915
Deferred revenue - other	19,900	-	19,900
Long-term liabilities:			
Due within one year	1,508,759	45,665	1,554,424
Due in more than one year	13,139,327	170,000	13,309,327
Total liabilities	15,893,260	227,912	16,121,172
NET ASSETS			
Invested in capital assets, net of related debt	21,549,558	5,388,111	26,937,669
Restricted	1,185,563	-	1,185,563
Unrestricted	2,403,009	504,838	2,907,847
Total net assets	\$ 25,138,130	\$ 5,892,949	\$ 31,031,079

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities							
General government	\$ 1,643,424	\$ 3,176,911	\$ 143,399	\$ 1,218,353	\$ 2,895,239	\$ -	\$ 2,895,239
Public safety	6,334,292	175,394	103,069	-	(6,055,829)	-	(6,055,829)
Public works	1,928,297	154,776	10,623	-	(1,762,898)	-	(1,762,898)
Recreation	2,260,768	156,310	-	-	(2,104,458)	-	(2,104,458)
Interest and fiscal charges	625,421	-	-	-	(625,421)	-	(625,421)
Total governmental activities	<u>12,792,202</u>	<u>3,663,391</u>	<u>257,091</u>	<u>1,218,353</u>	<u>(7,653,367)</u>	<u>-</u>	<u>(7,653,367)</u>
Business-type activities							
Sewer	714,284	669,778	-	6,525	-	(37,981)	(37,981)
Total business-type activities	<u>714,284</u>	<u>669,778</u>	<u>-</u>	<u>6,525</u>	<u>-</u>	<u>(37,981)</u>	<u>(37,981)</u>
Total primary government	<u>\$ 13,506,486</u>	<u>\$ 4,333,169</u>	<u>\$ 257,091</u>	<u>\$ 1,224,878</u>	<u>(7,653,367)</u>	<u>(37,981)</u>	<u>(7,691,348)</u>

General revenues			
Property taxes levied for general purposes	6,848,897	-	6,848,897
Hospitality and accommodations taxes	1,379,556	-	1,379,556
MASC telecommunications and insurance taxes	1,544,744	-	1,544,744
Intergovernmental revenues, not restricted to specific purposes	342,522	-	342,522
Unrestricted investment earnings	14,758	2,513	17,271
Gain on disposal of capital assets	26,675	-	26,675
Miscellaneous revenues	107,963	-	107,963
Total general revenues	<u>10,265,115</u>	<u>2,513</u>	<u>10,267,628</u>
Change in net assets	2,611,748	(35,468)	2,576,280
Net assets beginning of year	<u>22,526,382</u>	<u>5,928,417</u>	<u>28,454,799</u>
Net assets end of year	<u>\$ 25,138,130</u>	<u>\$ 5,892,949</u>	<u>\$ 31,031,079</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General	Accommodations and Hospitality Special Revenue	Infrastructure Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,201,597	\$ 146,407	\$ -	\$ -	\$ 2,348,004
Cash and cash equivalents, restricted	66,359	-	-	281,760	348,119
Investments, restricted	1,006	670,567	-	-	671,573
Receivables, net:					
Taxes	374,400	-	-	-	374,400
Accounts	635,500	121,430	-	-	756,930
Due from:					
County treasurer	89,531	-	-	-	89,531
Other governmental funds	463,528	-	-	2,589	466,117
Sewer fund	103,466	-	-	-	103,466
Other assets	178,366	6,262	-	-	184,628
Total assets	\$ 4,113,753	\$ 944,666	\$ -	\$ 284,349	\$ 5,342,768
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 471,937	\$ -	\$ -	\$ -	\$ 471,937
Accrued salaries and fringe benefits	424,879	-	-	-	424,879
Accrued expenses	103,580	-	-	-	103,580
Due to:					
Other governmental funds	-	92,414	373,703	-	466,117
Sewer fund	-	11,000	-	-	11,000
Deferred revenue - other	19,900	-	-	-	19,900
Deferred revenue - property taxes	303,358	-	-	-	303,358
Total liabilities	1,323,654	103,414	373,703	-	1,800,771
FUND BALANCES					
Nonspendable	178,366	6,262	-	-	184,628
Restricted	66,359	834,990	-	284,214	1,185,563
Committed	-	-	-	135	135
Unassigned	2,545,374	-	(373,703)	-	2,171,671
Total fund (deficit) balances	2,790,099	841,252	(373,703)	284,349	3,541,997
Total liabilities and fund balances	\$ 4,113,753	\$ 944,666	\$ -	\$ 284,349	\$ 5,342,768

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total fund balances - Governmental funds	\$	3,541,997
Amounts reported for governmental activities in the statement of net assets are different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	6,627,706	
Projects in progress	17,571	
Buildings and improvements	18,896,197	
Infrastructure	21,497,619	
Furniture and fixtures	119,631	
Machinery and equipment	2,160,299	
Vehicles	6,592,539	
Accumulated depreciation	<u>(19,859,463)</u>	
Total capital assets		36,052,099
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds		
		303,358
Debt issuance costs are amortized over the lives of the bonds; however, in governmental accounting, debt issuance costs are expenditures the year they are incurred. The debt issuance costs of \$214,136 are shown net of accumulated amortization of \$100,496		
		113,640
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.		
		(224,878)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. The original deferred loss on refunding is shown net of accumulated amortization of \$198,237		
Long-term liabilities consisted of the following:		
Long-term debt	(14,270,000)	
Long-term debt - deferred loss on refunding, net	345,763	
Capital leases	(578,304)	
Compensated absences (Sick pay and vacations)	<u>(145,545)</u>	
Total long-term liabilities		<u>(14,648,086)</u>
Net assets of governmental activities	\$	<u><u>25,138,130</u></u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	General	Accommodations and Hospitality Special Revenue	Infrastructure Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Local	\$ 6,905,847	\$ -	\$ -	\$ -	\$ 6,905,847
Hospitality and accommodations	-	1,302,451	-	-	1,302,451
MASC telecommunication and insurance	1,544,744	-	-	-	1,544,744
Franchise	1,229,059	-	-	-	1,229,059
Licenses, permits, and fees	1,415,823	-	-	-	1,415,823
Grants	156,858	-	-	-	156,858
Fines	131,556	-	-	18,441	149,997
Shared revenue:					
County	100,232	-	-	76,001	176,233
State	576,927	-	-	75,403	652,330
Interest	12,932	(99)	-	1,925	14,758
Other	683,229	60	-	76,639	759,928
Total revenues	12,757,207	1,302,412	-	248,409	14,308,028
EXPENDITURES					
Current:					
General government	1,458,040	17,945	-	73,510	1,549,495
Public safety	5,841,528	-	-	75,690	5,917,218
Public works	1,415,210	-	-	-	1,415,210
Recreation and parks	1,808,893	-	-	-	1,808,893
Capital outlay	712,845	-	-	168,490	881,335
Debt service:					
Principal	535,550	-	-	705,000	1,240,550
Interest and fiscal charges	195,899	-	-	446,844	642,743
Total expenditures	11,967,965	17,945	-	1,469,534	13,455,444
Excess (deficiency) of revenues over (under) expenditures	789,242	1,284,467	-	(1,221,125)	852,584
Other financing sources (uses):					
Proceeds from the sale of capital assets	63,177	-	-	-	63,177
Insurance proceeds	35,137	-	-	-	35,137
Transfers in	-	-	-	1,151,844	1,151,844
Transfers out	-	(1,151,844)	-	-	(1,151,844)
Total other financing sources (uses)	98,314	(1,151,844)	-	1,151,844	98,314
Net change in fund balances	887,556	132,623	-	(69,281)	950,898
Fund (deficits) balances, beginning of year	1,902,543	708,629	(373,703)	353,630	2,591,099
Fund (deficits) balances, end of year	\$ 2,790,099	\$ 841,252	\$ (373,703)	\$ 284,349	\$ 3,541,997

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Net change in fund balances - Total government funds	\$	950,898
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Because some revenue will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount.		(56,950)
Repayment of debt principal and capital leases is an expenditure on the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Long term debt		1,225,000
Capital leases		15,550
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		2,191
Deferred losses (capitalized costs) on refundings must be deferred and amortized over the life of the respective debt in the Statement of Activities. These costs were reported as expenditures in the year they were incurred in the governmental funds.		(27,661)
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.		17,322
Debt issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of the debt in the Statement of Activities. This is the amortization of existing debt issuance cost.		(17,079)
Contributed capital assets are not recognized in the governmental funds as no current financial resource has been received, but are recognized in the Statement of Activities as a General Revenue.		1,126,197
Capital asset disposals are not recognized in the governmental funds but are recognized in the Statement of Activities as an offset to proceeds from disposals		(71,639)
Governmental funds report capital asset additions as expenditures (\$881,335, net of contributed assets of \$1,126,197). However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense of (\$1,433,416). This is the amount by which depreciation expense exceeded capital asset additions in the current period.		(552,081)
		950,898
Change in net assets of government activities	\$	2,611,748

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPRIETARY FUND - SEWER FUND
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	416,078
Receivables, net		197,064
Other assets		2,074
		615,216
Total current assets		615,216

NONCURRENT ASSETS

Depreciable capital assets		9,747,441
Less accumulated depreciation		(4,149,330)
		5,598,111
Total noncurrent assets		5,598,111
Total assets	\$	6,213,327

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Compensated absences	\$	5,665
Accrued interest payable		2,037
Accrued expenses		10,210
Bond payable, current		40,000
Due to other funds		92,466
		150,378
Total current liabilities		150,378

LONG TERM LIABILITIES

Bond payable, noncurrent		170,000
		170,000
Total long term liabilities		170,000
Total liabilities		320,378

NET ASSETS

Invested in capital assets, net of related debt		5,388,111
Unrestricted		504,838
		5,892,949
Total Net Assets	\$	5,892,949

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

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
 PROPRIETARY FUND - SEWER FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 For the year ended June 30, 2011**

OPERATING REVENUES	
Sewer maintenance fees	\$ 669,778
Total operating revenues	669,778
OPERATING EXPENSES	
Personnel services	272,347
Contractual services	24,625
Materials and supplies	3,912
Other operating expenses	205,793
Depreciation	198,441
Total operating expenses	705,118
Operating loss	(35,340)
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,513
Interest expense	(9,166)
Total nonoperating revenues (expenses)	(6,653)
Loss before contributions	(41,993)
CAPITAL CONTRIBUTIONS - INFRASTRUCTURE	
Change in net assets	6,525
Change in net assets	(35,468)
NET ASSETS, BEGINNING OF YEAR	5,928,417
NET ASSETS, END OF YEAR	\$ 5,892,949

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PROPRIETARY FUND - SEWER FUND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 641,943
Cash payments for goods and services	(200,401)
Payments to employees	(273,219)
	168,323
Net cash provided by operating activities	168,323

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers from other funds	41,307
	41,307
Net cash provided by noncapital financing activities	41,307

CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(63,778)
Principal payments on revenue bond payable	(35,000)
Interest payments	(6,993)
	(105,771)
Net cash used in capital and related financing activities	(105,771)
Net increase in cash and cash equivalents	103,859

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 312,219

CASH AND CASH EQUIVALENTS, END OF YEAR **\$ 416,078**

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

Operating loss	\$ (35,340)
Adjustments to reconcile operating loss to net cash provided by operations:	
Depreciation expense	198,441
Change in:	
Accounts receivable	(27,835)
Other assets	23,719
Accrued salaries and fringe benefits	(872)
Accrued expenses	10,210
	10,210
Net cash provided by operating activities	\$ 168,323

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITY

Acquisition of capital assets through developer contribution	\$ 6,525
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The accompanying notes are an integral part of these financial statements.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Blended component unit

The Simpsonville Public Facilities Corporation, (the "Corporation") is a nonprofit organization whose purpose is to hold title, own, lease, finance, construct, acquire, and operate facilities functionally related to the City. The Corporation promotes the business interest of the City, including rendering assistance to the manufacturing, industrial, business, and trade development of the City and vicinity. The City has financial accountability 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 Assets 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

The ***Infrastructure Capital Projects Fund, a major fund***, is the fund used to account for financial resources to be used for the acquisition or construction of major capital infrastructure projects.

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

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

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

The City has one major Enterprise Fund:

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

Additionally, the government reports the following nonmajor fund types:

Special revenue funds

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

Capital projects funds

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

Debt service fund

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Assets, liabilities, and equity

Cash, cash equivalents, and investments

Cash and cash equivalents

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

Investments

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Receivables and payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2011, balances of interfund amounts or payables have been recorded.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

Other assets - inventories and prepaid items

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

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

Capital assets

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Compensated absences

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

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

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

Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, non-current portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Deferred revenue

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

Net assets/Fund balances

Net assets represent the difference between assets and liabilities. Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Invested in capital assets, net of related debt, 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 assets represent 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 City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 a resolution or ordinance. The City Manager has the authority to assign fund balance amounts to a specific purpose, the City Manager is appointed by, and serves at the pleasure 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 target unassigned fund balance target at twenty-five percent of current operating expenditures and a minimum unassigned fund balance target of twenty percent of that current operating expenditures.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounting estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary information

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

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

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

The major capital projects fund carries a deficit fund balance at June 30, 2011 of \$373,303. The City plans to fund the deficit from the general operating fund in future years.

NOTE 3 - CASH AND INVESTMENTS

Custodial credit risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. Of the City's Primary Government's bank balances of \$3,229,415 as of June 30, 2011 (which had a carrying value of \$3,110,715), all were covered by federal depository insurance or by collateral pledged by the financial institution.

Investments

As of June 30, 2011, 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)	\$ 1,006	Less than 60 days
First American Government Obligation Fund	486,265	Less than 1 year
United States Housing and Urban Development Bonds	93,240	Less than 1 year
United States Treasury Notes	<u>91,062</u>	Less than 1 year
Total	<u>\$ 671,573</u>	

Interest Rate Risk

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

Credit Risk

The City has no investment policy that would further limit its investment choices other than state law. As of June 30, 2011, 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.

The City's investments in U.S. Treasury Notes and Government Agencies were rated Aaa, and U.S. Treasury based funds were rated Aaa-mf.

(Continued)

NOTE 3 - CASH AND INVESTMENTS, Continued

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, 2011, the City had investments with three issuers that exceed 5% of total investments.

Reconciliation to the financial statements

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

Statement of net assets		Footnotes	
Cash and cash equivalents	\$ 2,764,082	Petty cash	\$ 1,486
Restricted cash and cash equivalents	348,119	Carrying value of deposits	3,110,715
Investments	671,573	Fair value of investments	671,573
Total deposits and investments	<u>\$ 3,783,774</u>	Total deposits and investments	<u>\$ 3,783,774</u>

NOTE 4 - RECEIVABLES AND DEFERRED REVENUE

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

Property taxes were levied and billed by the County on real and personal properties on October 15th based on an assessed value of approximately \$62.6 million at the rate of 61.7 mills for the City and 28.1 mills for the Fire Service District of the County. These taxes are due without penalty through January 15th. Property taxes receivable includes an allowance for uncollectible taxes of approximately \$8,100 at June 30, 2011. Allowances for uncollectible receivables were not necessary for the other receivable accounts.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2011, the City had deferred delinquent property taxes for the General Fund of \$303,358.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables

Interfund balances at June 30, 2011, consisted of the following individual fund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Infrastructure Capital Projects Fund	\$ 373,703
General Fund	Accommodations and Hospitality Special Revenue	89,825
Nonmajor Governmental	General Fund	2,589
		<u>\$ 466,117</u>

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30, 2011 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, 2011, consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Accommodations and Hospitality Special Revenue	Nonmajor Debt Service Fund	\$ 1,151,844
Total governmental fund transfers		<u>\$ 1,151,844</u>

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

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the City for governmental activities for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 6,627,706	\$ -	\$ -	\$ -	\$ 6,627,706
Construction in progress	-	17,571	-	-	17,571
Total capital assets, non-depreciable	<u>6,627,706</u>	<u>17,571</u>	<u>-</u>	<u>-</u>	<u>6,645,277</u>
Capital assets, depreciable:					
Infrastructure	19,947,074	1,550,545	-	-	21,497,619
Building and improvements	18,823,849	88,348	(16,000)	-	18,896,197
Equipment	2,073,432	171,867	(85,000)	-	2,160,299
Furniture and fixtures	119,631	-	-	-	119,631
Vehicles	6,556,447	179,201	(143,109)	-	6,592,539
Total capital assets, depreciable	<u>47,520,433</u>	<u>1,989,961</u>	<u>(244,109)</u>	<u>-</u>	<u>49,266,285</u>
Less: accumulated depreciation for:					
Infrastructure	9,355,671	368,148	-	-	9,723,819
Building and improvements	4,091,356	473,199	(6,376)	-	4,558,179
Equipment	1,293,716	207,159	(22,985)	-	1,477,890
Furniture and fixtures	104,380	5,962	-	-	110,342
Vehicles	3,753,394	378,948	(143,109)	-	3,989,233
Total accumulated depreciation	<u>18,598,517</u>	<u>1,433,416</u>	<u>(172,470)</u>	<u>-</u>	<u>19,859,463</u>
Total capital assets, depreciable, net	<u>28,921,916</u>	<u>556,545</u>	<u>(71,639)</u>	<u>-</u>	<u>29,406,822</u>
Total governmental activities capital assets, net	<u>\$ 35,549,622</u>	<u>\$ 574,116</u>	<u>\$ (71,639)</u>	<u>\$ -</u>	<u>\$ 36,052,099</u>

The carrying value of equipment recorded under capital lease was \$1,415,753, and is included above as cost of \$2,903,453 and accumulated depreciation of \$1,487,700. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

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

<u>Governmental activities</u>	<u>Depreciation expense</u>
General government	\$ 49,360
Public safety	418,670
Public works	513,352
Recreation and parks	452,034
Total depreciation expense governmental activities	<u>\$ 1,433,416</u>

(Continued)

NOTE 6 - CAPITAL ASSETS, Continued

Capital asset activity for the City for business-type activities for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital assets, depreciable:					
Infrastructure	\$ 9,225,264	\$ 59,767	\$ -	\$ -	\$ 9,285,031
Equipment	136,707	10,536	-	-	147,243
Vehicles	315,167	-	-	-	315,167
Total capital assets, depreciable	<u>9,677,138</u>	<u>70,303</u>	<u>-</u>	<u>-</u>	<u>9,747,441</u>
Less: accumulated depreciation for:					
Infrastructure	3,605,424	169,835	-	-	3,775,259
Equipment	119,283	8,830	-	-	128,113
Vehicles	226,182	19,776	-	-	245,958
Total accumulated depreciation	<u>3,950,889</u>	<u>198,441</u>	<u>-</u>	<u>-</u>	<u>4,149,330</u>
Total capital assets, depreciable, net	<u>5,726,249</u>	<u>(128,138)</u>	<u>-</u>	<u>-</u>	<u>5,598,111</u>
Total business-type activities capital assets, net	<u>\$ 5,726,249</u>	<u>\$ (128,138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,598,111</u>

NOTE 7 - SHORT-TERM OBLIGATIONS

The City issued a Tax Anticipation Note ("TAN") in July 2010, totaling \$2,500,000 through a local bank. The TAN was issued to provide the City cash reserves until the 2011 property taxes were levied and collected. The City repaid the TAN in April 2011, including interest of \$42,008.

The following is a summary of the changes in the City's short-term obligations for 2011:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Tax anticipation notes	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -
Total governmental activities	<u>\$ -</u>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>

NOTE 8 - LONG-TERM OBLIGATIONS

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

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

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

Details on the City's (including its blended component unit) outstanding debt issues and capital leases as of June 30, 2011 are as follows:

General obligation bonds

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

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

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

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

- 2004 Series - issued in April 2004 for \$8,070,000 with annual principal installments varying from \$220,000 to \$525,000 beginning January 1, 2005 and ending on January 1, 2024. Interest is payable semiannually on January 1st and July 1st. Interest starts at 2.93%, but is subject to adjustment on July 1, 2010, 2014 and 2019. At June 30, 2011, the interest rate was 3.50%. Debt issuance costs of approximately \$104,000 were incurred related to the issuance of the 2004 COPS and was expensed in 2004 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance costs. The proceeds of the 2004 COPS were primarily used to refund the 2000 COPS and 2003 COPS. See the advance and current refunding debt section for more details. The reacquisition price exceeded the net carrying value of the 2003 COPS and thus resulted in a deferred loss on refunding of approximately \$544,000 which is being amortized over the 2004 COPS which was shorter than the old debt. The proceeds from the earlier issued 2000 COPS and 2003 COPS had been used to fund construction costs for Heritage Park.
- 2005 Series - issued in May 2005 for \$1,340,000 with annual principal installments varying from \$115,000 to \$160,000 beginning January 1, 2006 and ending in January 1, 2015. Interest is payable semi-annually on January 1st and July 1st with interest at 3.89%. Debt issuance cost of \$40,000 was expensed in 2005 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2005 COPS were used to pay the final costs associated with the construction of Heritage Park.
- 2006 Series - issued in November 2006 for \$2,005,000 with annual principal installments varying from \$30,000 to \$280,000 beginning January 1, 2008 and ending January 1, 2022. Interest is payable semiannually on January 1 and July 1 with interest at 3.75%. Debt issuance cost of \$60,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2006 COPS were primarily used to pay back the \$942,000 owed to the General Fund and fund the amphitheatre at Heritage Park.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

- 2007 Series- issued in December 2007 for \$2,500,000 with annual principal installments varying from \$85,000 to \$170,000 beginning January 1, 2010 and ending January 1, 2028. Interest is payable semiannually on January 1 and July 1 with interest at 3.69%. Debt issuance cost of \$70,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2007 COPS were primarily used to fund certain improvements at Heritage Park (amphitheatre) and the City's Cultural Arts Center.
- 2008 Series - issued in April 2008 for \$1,400,000 with annual principal installments varying from \$75,000 to \$120,000 beginning January 1, 2010 and ending January 1, 2023. Interest is payable semi-annually on January 1 and July 1 with interest at 3.56%. Debt issuance cost of \$70,000 was expensed in 2008 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2008 COPS were primarily used to fund certain improvements at Heritage Park.

Revenue bond

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

Capital leases

- \$860,000 capital lease was entered into in March, 2005 MEL - The City has entered into a MEL obligation that was used for the purchase of two new fire trucks and one new refuse truck. The lease on the equipment is for a period of eight years, which began in March 2005. Annual payments begin at \$34,228 for the first year and rise to \$143,178 for the remaining seven years, which includes interest at 3.98%. Pursuant to the City's prepayment of the debt on the fire trucks, the payment to amortize the remaining debt decreased to \$17,481 annually at the same interest rate and maturity date.
- \$545,324 capital lease was entered into in April, 2010 MEL - The City has entered into a MEL obligation that 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 \$24,339 for the first year and rise to \$608,288 for the remaining 5 years, which includes interest at 4.39%. At June 30, 2011, the City had unused capital lease proceeds (restricted cash and cash equivalents) of \$297,204 (which includes earned interest) for the purchase of the capital assets under the lease.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

The following is a summary of changes in the City's long-term obligations for the year ended June 30, 2011.

<u>Long-Term Obligations</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Debt:					
General obligation bonds:					
2000 Series	\$ 380,000	\$ -	\$ 70,000	\$ 310,000	\$ 70,000
2001 Series	265,000	-	35,000	230,000	45,000
2003 Series	455,000	-	50,000	405,000	50,000
2006 Series	115,000	-	35,000	80,000	40,000
2007 Series	665,000	-	45,000	620,000	45,000
2007A Series	585,000	-	165,000	420,000	170,000
2008 Series	<u>640,000</u>	<u>-</u>	<u>120,000</u>	<u>520,000</u>	<u>125,000</u>
	<u>3,105,000</u>	<u>-</u>	<u>520,000</u>	<u>2,585,000</u>	<u>545,000</u>
Certificates of participation:					
2004 Series	6,175,000	-	365,000	5,810,000	375,000
2004 Series - Deferred loss	(373,424)	-	(27,661)	(345,763)	(27,661)
2005 Series	735,000	-	135,000	600,000	140,000
2006 Series	1,905,000	-	35,000	1,870,000	40,000
2007 J.R. Lien Series	2,325,000	-	95,000	2,230,000	95,000
2008 J.R. Lien Series	<u>1,250,000</u>	<u>-</u>	<u>75,000</u>	<u>1,175,000</u>	<u>80,000</u>
	<u>12,016,576</u>	<u>-</u>	<u>677,339</u>	<u>11,339,237</u>	<u>702,339</u>
Total debt	15,121,576	-	1,197,339	13,924,237	1,247,339
Capital leases:					
March 2005 MEL	48,530	-	15,550	32,980	16,170
April 2010 MEL	<u>545,324</u>	<u>-</u>	<u>-</u>	<u>545,324</u>	<u>99,705</u>
Total capital leases	593,854	-	15,550	578,304	115,875
Accrued compensated absences	<u>147,736</u>	<u>236,485</u>	<u>238,676</u>	<u>145,545</u>	<u>145,545</u>
Total governmental activities	<u>\$ 15,863,166</u>	<u>\$ 236,485</u>	<u>\$ 1,451,565</u>	<u>\$ 14,648,086</u>	<u>\$ 1,508,759</u>
Business-type activities					
Sewer Revenue Bond, Series 2006	\$ 245,000	\$ -	\$ 35,000	\$ 210,000	\$ 40,000
Accrued compensated absences	<u>6,537</u>	<u>3,904</u>	<u>4,776</u>	<u>5,665</u>	<u>4,800</u>
Total business-type activities	<u>\$ 251,537</u>	<u>\$ 3,904</u>	<u>\$ 39,776</u>	<u>\$ 215,665</u>	<u>\$ 44,800</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

All long-term obligations are funded from resources from the General, Special Revenue, and Sewer Funds. Normal interest cost for the year ended June 30, 2011, was approximately \$652,000, 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, 2011.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2011, the City had \$2,585,000 of bonded debt subject to the 8% limit of approximately \$5,012,300 resulting in an unused legal debt margin of approximately \$2,427,300.

The annual requirements to amortize debt outstanding for the City's governmental and business-type activities at June 30, 2011, were as follows:

<u>Years ending June 30,</u>	<u>Bonds</u>		<u>Certificates of participation</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities					
2012	\$ 545,000	\$ 106,057	\$ 730,000	\$ 388,139	\$ 1,769,196
2013	430,000	83,886	755,000	363,837	1,632,723
2014	410,000	65,817	785,000	338,560	1,599,377
2015	430,000	48,416	815,000	312,286	1,605,702
2016	215,000	30,174	830,000	285,013	1,365,187
2017-2021	485,000	60,863	4,640,000	961,807	6,147,670
2022-2026	70,000	2,828	2,795,000	260,353	3,128,181
2027-2030	-	-	335,000	18,623	353,623
Totals	<u>\$ 2,585,000</u>	<u>\$ 398,041</u>	<u>\$ 11,685,000</u>	<u>\$ 2,928,618</u>	<u>\$ 17,601,659</u>
Business-Type Activities					
2012	\$ 40,000	\$ 8,148	\$ -	\$ -	\$ 48,148
2013	40,000	6,596	-	-	46,596
2014	40,000	5,044	-	-	45,044
2015	45,000	3,492	-	-	48,492
2016	45,000	1,746	-	-	46,746
Totals	<u>\$ 210,000</u>	<u>\$ 25,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,026</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

As of June 30, 2011, future minimum lease payments under capital leases were as follows:

<u>Years ending June 30,</u>	<u>Capital leases</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
Governmental activities			
2012	\$ 115,872	\$ 23,439	\$ 139,311
2013	120,991	18,204	139,195
2014	108,855	12,795	121,650
2015	113,741	7,842	121,583
2016	<u>118,845</u>	<u>2,667</u>	<u>121,512</u>
Totals	<u>\$ 578,304</u>	<u>\$ 64,947</u>	<u>\$ 643,251</u>

Advance and current refunding

The City issued the 2004 COPS in April 2004 to (a) payoff the 2003 COPS ("Current Refunding") and to (b) advance refund the 2000 COPS (by purchasing U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments). As a result of the above, the 2000 COPS are considered defeased and the liability has been removed from the City's governmental activities column of the statement of net assets. The outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2011 was approximately \$2,720,000.

NOTE 9 - NET ASSETS / FUND BALANCE

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

	<u>Governmental</u>	<u>Business-type</u>
Invested in capital assets, net of related debt:		
Net capital assets	\$ 36,052,099	\$ 5,598,111
Less: bonds payable, net	(13,924,237)	(210,000)
Capital lease payable	<u>(578,304)</u>	<u>-</u>
	<u>21,549,558</u>	<u>5,388,111</u>
Restricted city court funds	66,359	-
Restricted for capital activity	133,213	-
Restricted special revenues	<u>985,991</u>	<u>-</u>
	<u>1,185,563</u>	<u>-</u>
Unrestricted	<u>2,403,009</u>	<u>504,838</u>
Total net assets	<u>\$ 25,138,130</u>	<u>\$ 5,892,949</u>

(Continued)

NOTE 9 - NET ASSETS / FUND BALANCE, Continued

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2011 are as follow:

	<u>General Fund</u>	<u>Accommodations and Hospitality Special Revenue</u>	<u>Infrastructure Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Fund Balances:					
Nonspendable					
Prepaid items	\$ 178,366	\$ 6,262	\$ -	\$ -	\$ 184,628
Restricted for:					
General fund - General government	66,359	-	-	-	66,359
Special revenue - General government	-	-	-	84,028	84,028
Special revenue - Public safety	-	-	-	12,839	12,839
Special revenue - Capital outlay	-	-	-	54,134	54,134
Capital projects - Capital outlay	-	-	-	133,213	133,213
Committed to:					
Debt service	-	834,990	-	-	834,990
Special revenue - Public safety	-	-	-	135	135
Unassigned (deficit)	<u>2,545,374</u>	<u>-</u>	<u>(373,703)</u>	<u>-</u>	<u>2,171,671</u>
Total fund balances	<u>\$ 2,790,099</u>	<u>\$ 841,252</u>	<u>\$ (373,703)</u>	<u>\$ 284,349</u>	<u>\$ 3,541,997</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.

NOTE 11 - RETIREMENT PLANS

Pension Plan description

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

Pension Plan funding policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employees covered under PORS were required to contribute 6.5% of their salary. Employees covered under SCRS were required to contribute 6.5% of their salary through June 30, 2011. The City was required to contribute 11.13%, 10.65% and 10.65% of gross earnings under PORS for the years ended June 30, 2011, June 30, 2010 and June 30, 2009, respectively. The City was required to contribute 9.24% under SCRS for all years. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .20% of payroll for PORS and .15% of payroll for SCRS to provide a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The City contributed amounts equal to the required contribution to the SCRS of approximately \$207,000, PORS of \$376,000; SCRS of approximately \$210,500, PORS of \$343,000; and SCRS of \$226,000, PORS of \$345,000; for the years ended June 30, 2011, 2010, and 2008 respectively. Only the South Carolina State Budget and Control Board has authority to establish and amend the funding policy.

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

Deferred Compensation Plan

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

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

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City provides no continuation of employee insurance coverage upon retirement. Accordingly, there are no post employment benefits to be accrued, and the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions do not impact the City.

NOTE 13 - RISK MANAGEMENT

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

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

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund ("SCMIRF"), which is a public entity risk pool currently operating as a common risk management and insurance program. The City obtains its general risk insurance through SCMIRF. It pays an annual premium for this coverage. For the year ended June 30, 2011, the City made premium payments totaling approximately \$234,449. 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. In the year ended June 30, 2011, the City made premium payments totaling approximately \$187,932. The Trust uses reinsurance agreements to reduce its exposure to large workers' compensation losses. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

Grants

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

Excess of expenditures over appropriations

For the fiscal year ended June 30, 2011, there were general fund expenditures in excess of the budget. These overages were covered by existing fund balance.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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

In July 2005, the City entered into a new agreement with Greenville County whereby the City will provide fire protection services to the unincorporated area of Greenville County known as the Simpsonville Fire Service Area. The County will pay the City operating and debt service fees based on millage (presently 28.1 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 - SUBSEQUENT EVENTS

The City issued a Tax Anticipation Note on July 12, 2011 for \$2,000,000, due April 13, 2012, bearing interest at an annual rate of 0.75%.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	Budget - original and final	Actual	Variance Over (under)
REVENUES			
Taxes:			
Property	\$ 6,705,365	\$ 6,905,847	\$ 200,482
MASC Telecommunication and Insurance	1,415,477	1,544,744	129,267
Franchise	1,064,944	1,229,059	164,115
Licenses, permits and fees	1,094,592	1,415,823	321,231
Grants	555,602	156,858	(398,744)
Fines	80,980	131,556	50,576
Shared Revenue:			
County	100,753	100,232	(521)
State	405,452	576,927	171,475
Interest	35,167	12,932	(22,235)
Other	704,731	683,229	(21,502)
Total revenues	<u>12,163,063</u>	<u>12,757,207</u>	<u>594,144</u>
EXPENDITURES			
Current:			
General government			
Mayor and City Council	95,822	90,263	5,559
City Administration	1,335,169	1,367,777	(32,608)
Public safety			
Police Department	2,929,090	2,760,406	168,684
Fire Department	3,112,211	3,081,122	31,089
Public works	1,454,121	1,415,210	38,911
Recreation and Parks	1,673,827	1,808,893	(135,066)
Capital Outlay	337,100	712,845	(375,745)
Debt service:			
Principal Reduction	540,550	535,550	5,000
Interest	257,239	195,899	61,340
Total expenditures	<u>11,735,129</u>	<u>11,967,965</u>	<u>(232,836)</u>
Excess (deficiency) of revenues over expenditures	<u>427,934</u>	<u>789,242</u>	<u>361,308</u>
OTHER FINANCING SOURCES			
Proceeds from the sale of capital assets	-	63,177	63,177
Insurance proceeds	-	35,137	35,137
Total financing sources	<u>-</u>	<u>98,314</u>	<u>98,314</u>
NET CHANGE IN FUND BALANCE	427,934	887,556	459,622
FUND BALANCE, BEGINNING OF YEAR	<u>1,902,543</u>	<u>1,902,543</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,330,477</u></u>	<u><u>\$ 2,790,099</u></u>	<u><u>\$ 459,622</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF SIMPSONVILLE, SOUTH CAROLINA
ACCOMMODATIONS AND HOSPITALITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance Over (under)</u>
REVENUES			
Taxes:			
Hospitality and Accommodations	\$ 1,160,546	\$ 1,302,451	\$ 141,905
Interest	550	(99)	(649)
Miscellaneous	100	60	(40)
Total revenues	<u>1,161,196</u>	<u>1,302,412</u>	<u>141,216</u>
EXPENDITURES			
Current - general government			
Professional services	36,000	7,836	28,164
Trust fees	8,550	10,109	(1,559)
Total expenditures	<u>44,550</u>	<u>17,945</u>	<u>26,605</u>
Excess (deficiency) of revenues over expenditures	<u>1,116,646</u>	<u>1,284,467</u>	<u>167,821</u>
OTHER FINANCING SOURCES			
Transfers out	<u>(1,116,646)</u>	<u>(1,151,844)</u>	<u>(35,198)</u>
Total financing sources	<u>(1,116,646)</u>	<u>(1,151,844)</u>	<u>(35,198)</u>
NET CHANGE IN FUND BALANCE	-	132,623	132,623
FUND BALANCE, BEGINNING OF YEAR	<u>708,629</u>	<u>708,629</u>	-
FUND BALANCE, END OF YEAR	<u><u>\$ 708,629</u></u>	<u><u>\$ 841,252</u></u>	<u><u>\$ 132,623</u></u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
GENERAL GOVERNMENT			
Mayor And City council:			
Current			
Salaries	\$ 46,600	\$ 46,779	\$ (179)
Tax-Payroll	3,274	3,289	(15)
Retirement	2,686	2,696	(10)
Insurance-Group	15,398	12,773	2,625
Insurance-Worker's Compensation	1,664	732	932
Professional Training	200	100	100
Discretionary Funds	21,000	20,049	951
Due, Subscriptions, and Memberships	800	700	100
Local Meetings and Meals	1,000	178	822
Office and Printing	1,100	-	1,100
Supplies	200	77	123
Employee Auto Allowance	400	-	400
Telephone, Modem and Fax	1,500	2,890	(1,390)
Total Mayor and City Council	95,822	90,263	5,559
City Administration: General			
Current			
Salaries	394,650	400,743	(6,093)
Overtime	600	1,018	(418)
Tax-Payroll	29,450	29,942	(492)
Retirement	36,833	37,354	(521)
Unemployment	-	1,694	(1,694)
Insurance-Group	46,658	42,905	3,753
Insurance- Worker's Compensation	10,966	5,219	5,747
Fuel Usage	3,700	3,134	566
Tires Expenditures	1,000	-	1,000
Professional Training	8,250	11,688	(3,438)
Contractual Services- Professional	59,000	73,947	(14,947)
Due, Subscriptions, and Memberships	7,250	10,618	(3,368)
Supplies-Office	6,000	4,646	1,354
Supplies-Other	2,000	2,536	(536)
Telephone, Fax, Cell and Pagers	12,500	14,956	(2,456)
IT Communications	3,000	2,993	7
Computer Software and Support	20,800	29,054	(8,254)
Small Equipment	200	628	(428)
Equipment, Furniture and Fixtures- Non Capital	-	8,093	(8,093)
Utilities	125,000	134,996	(9,996)
General Insurance	233,953	205,695	28,258
Physical Examinations and Drug/Alcohol Testing	2,000	120	1,880

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
City Administration: General, Continued			
Current			
Local Meetings and Meals	2,000	2,151	(151)
Equipment Rent	20,000	13,038	6,962
Bank Fees	3,100	18,114	(15,014)
Building Inspection Fees	52,000	63,651	(11,651)
Advertising	3,600	3,497	103
Community Relations	43,976	43,329	647
Memorials and Awards	1,500	1,138	362
Miscellaneous	2,700	6,796	(4,096)
Postage	6,000	5,189	811
Business Service	1,900	2,204	(304)
Printing	750	2,327	(1,577)
Repairs & Maintenance-Buildings	8,500	11,521	(3,021)
Repairs & Maintenance-Equipment	4,500	4,627	(127)
Repairs & Maintenance- Drive Train	1,500	-	1,500
Repairs & Maintenance- Routine	800	635	165
Repairs & Maintenance- Vehicle Body Work	1,000	-	1,000
County Stormwater Fees	5,500	5,393	107
Contingency	15,000	1,883	13,117
Cost of Issuance	-	4,512	(4,512)
War Memorial / Veterans' Monument	-	1,219	(1,219)
Total Administration	<u>1,178,136</u>	<u>1,213,203</u>	<u>(35,067)</u>
City Administration: Court Division			
Current			
Salaries	105,949	106,906	(957)
Tax-Payroll	7,658	7,733	(75)
Retirement	10,870	10,911	(41)
Unemployment	-	82	(82)
Insurance-Group	19,312	16,239	3,073
Insurance-Worker's Compensation	3,244	1,676	1,568
Professional Training	800	241	559
Due, Subscriptions, and Memberships	-	40	(40)
Supplies-Office	300	629	(329)
Telephone, Fax, Cell and Pagers	300	491	(191)
IT Communications	3,000	2,989	11
Printing	200	48	152
Jurors, Bailiffs and Witnesses	5,000	4,030	970
Small Office Equipment	-	290	(290)
Equipment- Non Capital	-	2,269	(2,269)
Contingency	400	-	400
Total Court Administration	<u>157,033</u>	<u>154,574</u>	<u>2,459</u>
Total City Administration	<u>1,335,169</u>	<u>1,367,777</u>	<u>(32,608)</u>

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Police Department: Operations			
Current			
Salaries	1,480,396	1,421,797	58,599
Overtime	82,104	17,880	64,224
Extra Duties-Overtime	36,000	86,431	(50,431)
Tax-Payroll	117,364	112,869	4,495
Retirement	183,244	173,405	9,839
Unemployment	3,586	135	3,451
Insurance-Group	234,106	210,308	23,798
Insurance-Worker's Compensation	76,705	55,483	21,222
Fuel Usage	87,435	102,122	(14,687)
Tires Expenditures	13,000	9,356	3,644
Professional Training	15,000	3,245	11,755
Contractual Services-Inmate Labor	2,000	1,711	289
Due, Subscriptions, and Memberships	2,500	2,285	215
Supplies-Office	6,500	4,830	1,670
Supplies-Other	3,300	3,884	(584)
Supplies-Safety	1,500	998	502
Supplies-Police	800	673	127
Telephone, Fax, Cell and Pagers	20,000	18,961	1,039
Computer Software and Support	9,720	3,927	5,793
IT Communications	1,000	379	621
Small Equipment	500	294	206
Utilities	27,000	10,408	16,592
Physical Examinations and Drug/Alcohol Testing	1,400	2,060	(660)
Local Meetings and Meals	500	377	123
Leases-Equipment	6,000	5,481	519
Advertising	200	-	200
Drug Grant Expenditures	-	3,046	(3,046)
Police Equipment Grant Expenditures	19,190	5,701	13,489
Direct JAG Grant Expenditures	-	8,002	(8,002)
Equipment-Non Capital	-	1,951	(1,951)
Community Relations	2,500	4,132	(1,632)
Vehicle License Fees	2,200	1,726	474
Postage	1,500	1,355	145
Uniforms	27,500	29,189	(1,689)
Printing	1,000	613	387
Repairs and Maintenance- Buildings	3,000	1,989	1,011
Repairs and Maintenance- Equipment	9,000	10,122	(1,122)
Repairs and Maintenance-Radios	20,500	21,125	(625)
Repairs and Maintenance- Drive train	4,000	2,870	1,130
Repairs and Maintenance- Routine	17,000	11,577	5,423
Repairs and Maintenance Vehicle Body Work	4,000	13,712	(9,712)

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Police Department: Operations, Continued			
Current			
Small Tools and Equipment	600	420	180
Contingency	3,000	5,753	(2,753)
Firearms/Ammunition	6,000	5,972	28
Chemicals	500	475	25
Informant Fees	500	(162)	662
Housing-Inmate	30,000	29,550	450
Housing-Juvenile	3,000	2,225	775
Police Services	4,500	4,583	(83)
Total Operations	<u>2,571,350</u>	<u>2,415,225</u>	<u>156,125</u>
Police Department: Dispatch			
Current			
Salaries	222,060	236,333	(14,273)
Overtime	25,653	10,425	15,228
Extra Duties-Overtime	-	1,153	(1,153)
Tax-Payroll	18,124	18,193	(69)
Retirement	23,260	23,006	254
Unemployment	-	2,592	(2,592)
Insurance-Group	46,557	42,790	3,767
Insurance- Worker's Compensation	5,936	4,567	1,369
Professional Training	3,000	-	3,000
Due, Subscriptions, and Memberships	450	-	450
Supplies-Other	200	-	200
IT Communications	4,500	4,093	407
Computer Software and Support	1,000	-	1,000
Physical Examinations and Drug/Alcohol Testing	2,000	60	1,940
Repairs and Maintenance-Equipment	1,500	778	722
Repairs and Maintenance-Radios	1,000	-	1,000
Uniforms	1,500	1,191	309
Contingency	1,000	-	1,000
Total Dispatch	<u>357,740</u>	<u>345,181</u>	<u>12,559</u>
Total Police Department	<u>2,929,090</u>	<u>2,760,406</u>	<u>168,684</u>
Fire Department			
Current			
Salaries	1,960,317	1,956,210	4,107
Extra Duties-Overtime	22,000	17,912	4,088
Tax-Payroll	140,381	142,031	(1,650)
Retirement	222,589	223,024	(435)

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Fire Department, Continued			
Current			
Unemployment	-	11,886	(11,886)
Insurance-Group	352,832	342,720	10,112
Insurance-Worker's Compensation	77,502	73,349	4,153
Professional Training	21,500	21,600	(100)
Due, Subscriptions, and Memberships	3,600	3,407	193
Supplies-Office	4,000	2,768	1,232
Supplies-Other	7,000	6,796	204
Supplies-Safety	36,150	31,962	4,188
Landscaping	750	462	288
Telephone, Fax, Cell and Pagers	10,150	10,706	(556)
IT Communications	200	180	20
Computer Software and Support	7,600	6,954	646
Small Equipment	500	282	218
Utilities	32,000	34,240	(2,240)
Equipment Rent	3,600	4,031	(431)
Fuel Usage	40,240	45,616	(5,376)
Tires Expenditures	20,100	12,484	7,616
Professional Fees	7,500	8,020	(520)
Physical Examinations and Drug/Alcohol Testing	12,700	10,926	1,774
Local Meetings and Meals	1,000	1,053	(53)
Advertising		17	(17)
Community Relations	1,500	1,418	82
DHS Grant Expenditures	15,000	14,160	840
Grant Funds Expenditures	-	2,000	(2,000)
Fire Prevention Grant Expenditures	-	440	(440)
Equipment, Furniture and Fixtures-Non Capital	-	12,386	(12,386)
Postage	400	33	367
Uniforms	25,500	24,781	719
Printing	500	475	25
Repairs and Maintenance-Buildings	7,000	6,572	428
Repairs and Maintenance-Equipment	23,900	22,414	1,486
Repairs and Maintenance-Radios	4,000	2,456	1,544
Repairs and Maintenance- Drive train	19,000	4,449	14,551
Repairs and Maintenance- Routine	25,000	12,870	12,130
Repairs and Maintenance- Vehicle Body Work	3,000	4,351	(1,351)
Contingency	1,000	2,209	(1,209)
Chemicals	1,200	547	653
Equipment-Tools	1,000	925	75
Total Fire Department	<u>3,112,211</u>	<u>3,081,122</u>	<u>31,089</u>

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration			
Current			
Salaries	549,639	479,580	70,059
Overtime	-	9,536	(9,536)
Extra Duties-Overtime	15,000	6,892	8,108
Tax-Payroll	41,424	38,269	3,155
Retirement	51,702	46,398	5,304
Unemployment	4,238	22,329	(18,091)
Insurance-Group	104,211	89,905	14,306
Insurance-Worker's Compensation	52,790	15,325	37,465
Professional Training	1,828	261	1,567
Contractual Services-Inmate Labor	57,085	58,336	(1,251)
Contractual Services-Professional	10,000	1,468	8,532
Due, Subscriptions, and Memberships	500	-	500
Equipment Rent	1,800	5,516	(3,716)
Supplies-Electric and Lighting	8,000	6,779	1,221
Supplies-Cement and Masonry	9,600	6,104	3,496
Supplies-Asphalt and Paving	8,000	10,455	(2,455)
Supplies-Office	1,900	879	1,021
Supplies-Other	2,700	4,886	(2,186)
Supplies-Safety	2,475	2,353	122
Chemicals	5,000	332	4,668
Landscaping	2,000	320	1,680
Printing	250	303	(53)
Small Office Equipment	150	1,285	(1,135)
Utilities	10,830	15,781	(4,951)
Telephone, Fax, Cell and Pagers	13,000	6,951	6,049
Computer Software and Support	1,500	2,676	(1,176)
Physical Examinations and Drug/Alcohol Testing	600	3,018	(2,418)
Employee Recognition	800	-	800
Animal Control	3,000	1,208	1,792
Miscellaneous	-	225	(225)
Postage	300	-	300
Uniforms	12,710	6,926	5,784
Vehicle License Fees	-	17	(17)
Repairs and Maintenance-Buildings	6,000	7,060	(1,060)
Repairs and Maintenance-Equipment	3,000	18,216	(15,216)
Repairs and Maintenance-Facilities	5,500	10,972	(5,472)
Tools and Small Equipment	3,500	10,611	(7,111)
Repairs and Maintenance- Vehicles	22,809	44,367	(21,558)
Repairs and Maintenance- Routine	28,246	34,318	(6,072)
Repairs and Maintenance- Vehicle Body Work	1,000	3,521	(2,521)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration, Continued			
Current			
Fuel Usage	95,230	106,406	(11,176)
Tire Expenditures	19,231	39,997	(20,766)
Inmate Health Care	-	4,459	(4,459)
PW Grant Expenditures	-	1,985	(1,985)
Contingency	2,000	1,883	117
Tipping Fees	69,520	87,060	(17,540)
Total Sanitation, Maintenance and Administration	1,229,068	1,215,168	13,900
Public Works Department: Fleet Division			
Current			
Salaries	134,498	104,767	29,731
Overtime	-	3,837	(3,837)
Extra Duties-Overtime	-	2,971	(2,971)
Tax-Payroll	9,772	8,129	1,643
Retirement	12,629	10,381	2,248
Insurance-Group	26,947	16,944	10,003
Insurance-Worker's Compensation	4,263	1,947	2,316
Unemployment Compensation	2,608	-	2,608
Supplies-Office	300	375	(75)
Utilities	7,790	11,433	(3,643)
Supplies-Other	750	3,327	(2,577)
Supplies-Safety	1,022	48	974
Supplies-Garage Stock	-	3,263	(3,263)
Telephone, Fax, Cell and Pagers	1,200	567	633
Computer Software and Support	-	140	(140)
Repairs and Maintenance-Buildings	1,000	2,669	(1,669)
Repairs and Maintenance-Equipment	-	75	(75)
Repairs and Maintenance-Facilities	1,000	142	858
Uniforms	2,770	2,743	27
Equipment Rent	500	118	382
Postage	300	-	300
Chemicals	1,800	2,152	(352)
Oils and Lubricants	13,904	17,500	(3,596)
Physical Examinations and Drug/Alcohol Testing	-	20	(20)
Contingency	1,000	-	1,000
Equipment-Tools	1,000	6,494	(5,494)
Total Fleet	225,053	200,042	25,011
Total Public Works	1,454,121	1,415,210	38,911

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Recreation Department			
Recreation			
Current			
Salaries	451,218	429,105	22,113
Tax-Payroll	33,283	31,705	1,578
Retirement	38,704	37,378	1,326
Unemployment	-	7,654	(7,654)
Insurance-Group	76,826	71,124	5,702
Insurance-Worker's Compensation	6,019	9,096	(3,077)
Insurance-General	5,000	3,485	1,515
Professional Training	1,500	1,483	17
Contractual Services-Inmate Labor	31,165	8,411	22,754
Contractual Services- Recreation	156,500	164,457	(7,957)
Due, Subscriptions, and Memberships	1,075	987	88
Supplies-Recreation	-	822	(822)
Supplies- Electric and Lighting	2,000	1,883	117
Supplies- Cement and Masonry	-	1,987	(1,987)
Supplies-Office	2,300	2,177	123
Supplies-Other	6,000	5,145	855
Supplies-Safety	550	474	76
Landscaping	10,500	11,493	(993)
Telephone, Fax, Cell and Pagers	7,000	6,506	494
Computer Software and Support	1,200	261	939
Small Equipment	200	-	200
Utilities	65,000	64,167	833
Physical Examinations and Drug/Alcohol Testing	-	545	(545)
Advertising	1,500	-	1,500
Postage	450	303	147
Uniforms	3,270	5,749	(2,479)
Printing	800	401	399
Repairs and Maintenance-Facilities	6,000	19,198	(13,198)
Repairs and Maintenance- Buildings	13,000	18,247	(5,247)
Repairs and Maintenance- Equipment	5,000	6,772	(1,772)
Repairs and Maintenance- Drive train	16,289	11,605	4,684
Repairs and Maintenance- Routine	2,500	1,147	1,353
Repairs and Maintenance- Vehicle Body Work	2,000	2,550	(550)
Fuel Usage	23,520	18,616	4,904
Tires Expenditures	2,050	2,025	25
Contingency	1,000	2,854	(1,854)
Grant Fund Expenditures	15,250	9,875	5,375
PARD Grant Expenditures	8,530	34,329	(25,799)
Chemicals	15,400	15,952	(552)
Equipment Rent	2,760	1,961	799
Small Tools and Equipment	1,500	1,908	(408)
Total Recreation	<u>1,016,859</u>	<u>1,013,837</u>	<u>3,022</u>

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Heritage Park			
Current			
Salaries	116,822	135,710	(18,888)
Tax-Payroll	8,447	10,119	(1,672)
Retirement	7,961	9,205	(1,244)
Unemployment	-	5,872	(5,872)
Insurance-Group	23,777	15,378	8,399
Insurance-Worker's Compensation	2,810	3,595	(785)
Professional Training	500	591	(91)
Due, Subscriptions, and Memberships	1,200	398	802
Supplies-Office	2,200	1,856	344
Supplies-Other	7,800	6,814	986
Supplies-Safety	1,000	679	321
Supplies-Recreation	10,000	6,242	3,758
Landscaping	-	14	(14)
Telephone, Fax, Cell and Pagers	5,500	3,224	2,276
IT Communications	1,400	1,409	(9)
Computer Software and Support	1,000	120	880
Utilities	137,000	158,609	(21,609)
Advertising	1,500	1,188	312
Postage	450	440	10
Uniforms	-	488	(488)
Printing	900	708	192
Repairs and Maintenance- Buildings	7,500	7,015	485
Repairs and Maintenance- Equipment	10,925	3,101	7,824
Repairs and Maintenance- Facilities	5,000	3,728	1,272
Repairs and Maintenance- Drive train	2,000	2,879	(879)
Repairs and Maintenance- Routine	1,350	974	376
Repairs and Maintenance- Vehicle Body Work	1,000	495	505
Fuel Usage	2,190	11,401	(9,211)
Tires Expenditures	450	513	(63)
Train Repairs and Maintenance- Drive Train	2,000	11,253	(9,253)
Train Repairs and Maintenance- Routine	650	1,613	(963)
Train Wheels	5,900	9,974	(4,074)
Contingency	1,000	2,464	(1,464)
Equipment Rent	1,800	1,996	(196)
Recreation Services	-	7,812	(7,812)
Chemicals	-	1,759	(1,759)
Promotional	2,000	1,050	950

Continued

CITY OF SIMPSONVILLE, SOUTH CAROLINA
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - FINAL BUDGET (GAAP BASIS) AND ACTUAL
For the year ended June 30, 2011

	<u>Budget - original and final</u>	<u>Actual</u>	<u>Variance</u>
Heritage Park, Continued			
Current			
Little League All Stars	-	1,223	(1,223)
Cost of Concession Goods Sold	60,000	55,551	4,449
Total Heritage Park	<u>434,032</u>	<u>487,460</u>	<u>(53,428)</u>
Amphitheatre			
Current			
Personnel and Events	150,000	211,348	(61,348)
Telephone, Modem, and Fax	7,000	9,950	(2,950)
IT Communications	5,000	4,750	250
Supplies	1,200	8,571	(7,371)
Repairs and Maintenance	8,000	16,057	(8,057)
Landscaping	-	490	(490)
Tools and Small Equipment	500	221	279
Equipment Rental	636	966	(330)
Miscellaneous	500	576	(76)
Printing	100	-	100
Professional Fees	50,000	54,667	(4,667)
Total Amphitheatre	<u>222,936</u>	<u>307,596</u>	<u>(84,660)</u>
Total Recreation and Parks	<u>1,673,827</u>	<u>1,808,893</u>	<u>(135,066)</u>
Capital Outlay	<u>337,100</u>	<u>712,845</u>	<u>(375,745)</u>
Debt Service			
Principal Reduction	540,550	535,550	5,000
Interest	257,239	195,899	61,340
Total Debt Service	<u>797,789</u>	<u>731,449</u>	<u>66,340</u>
Total Expenditures	<u>\$ 11,735,129</u>	<u>\$ 11,967,965</u>	<u>\$ (232,836)</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	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	\$ 148,547	\$ 133,213	\$ -	\$ 281,760
Due from:				
Other funds	2,589	-	-	2,589
Total assets	\$ 151,136	\$ 133,213	\$ -	\$ 284,349
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted	151,001	133,213	-	284,214
Committed	135	-	-	135
Total fund balances	151,136	133,213	-	284,349
Total liabilities and fund balances	\$ 151,136	\$ 133,213	\$ -	\$ 284,349

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Historical Marker Center	Victims' Assistance Fund	Non-Major Special Revenue Funds
ASSETS								
Cash and cash equivalents, restricted	\$ 3,562	\$ 31,815	\$ 12,839	\$ 135	\$ 47,326	\$ 6,808	\$ 46,062	\$ 148,547
Due from:								
Other funds	-	-	-	-	-	-	2,589	2,589
Total assets	<u>\$ 3,562</u>	<u>\$ 31,815</u>	<u>\$ 12,839</u>	<u>\$ 135</u>	<u>\$ 47,326</u>	<u>\$ 6,808</u>	<u>\$ 48,651</u>	<u>\$ 151,136</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Total liabilities	-	-	-	-	-	-	-	-
FUND BALANCES								
Restricted	3,562	31,815	12,839		47,326	6,808	48,651	151,001
Committed	-	-	-	135	-	-	-	135
Total fund balances	<u>3,562</u>	<u>31,815</u>	<u>12,839</u>	<u>135</u>	<u>47,326</u>	<u>6,808</u>	<u>48,651</u>	<u>151,136</u>
Total liabilities and fund balances	<u>\$ 3,562</u>	<u>\$ 31,815</u>	<u>\$ 12,839</u>	<u>\$ 135</u>	<u>\$ 47,326</u>	<u>\$ 6,808</u>	<u>\$ 48,651</u>	<u>\$ 151,136</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Bryson Meadows Project Fund	Stewart Park Project Fund	Estates at Governor's Lake Project Fund	Non-Major Capital Project Funds
ASSETS				
Cash and cash equivalents, restricted	\$ 31,954	\$ 30,924	\$ 70,335	\$ 133,213
Total assets	\$ 31,954	\$ 30,924	\$ 70,335	\$ 133,213
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted	31,954	30,924	70,335	133,213
Total fund balances	31,954	30,924	70,335	133,213
Total liabilities and fund balances	\$ 31,954	\$ 30,924	\$ 70,335	\$ 133,213

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2011

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Debt Service Fund	Total Non-Major Governmental Funds
REVENUES				
Fines	\$ 18,441	\$ -	\$ -	\$ 18,441
Shared Revenue:				
County	6,000	70,001	-	76,001
State	75,403	-	-	75,403
Interest	454	1,471	-	1,925
Other	76,639	-	-	76,639
Total revenues	176,937	71,472	-	248,409
EXPENDITURES				
Current:				
General government				
City Administration	73,510	-	-	73,510
Public safety				
Fire Department	75,690	-	-	75,690
Capital Outlay	2,000	166,490	-	168,490
Debt service:				
Principal Reduction	-	-	705,000	705,000
Interest	-	-	446,844	446,844
Total expenditures	151,200	166,490	1,151,844	1,469,534
Excess (deficiency) of revenues over expenditures	25,737	(95,018)	(1,151,844)	(1,221,125)
OTHER FINANCING SOURCES				
Transfers in	-	-	1,151,844	1,151,844
Total financing sources	-	-	1,151,844	1,151,844
NET CHANGE IN FUND BALANCE	25,737	(95,018)	-	(69,281)
FUND BALANCE, BEGINNING OF YEAR	125,399	228,231	-	353,630
FUND BALANCE, END OF YEAR	\$ 151,136	\$ 133,213	\$ -	\$ 284,349

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, 2011

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Historical Marker Fund	Victims' Assistance Fund	Non-Major Special Revenue Funds
REVENUES								
Fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,441	\$ 18,441
Shared Revenue:								
County	-	-	-	-	6,000	-	-	6,000
State	-	-	75,403	-	-	-	-	75,403
Interest	11	60	-	-	190	8	185	454
Other	225	68,579	-	35	-	7,800	-	76,639
Total revenues	236	68,639	75,403	35	6,190	7,808	18,626	176,937
EXPENDITURES								
Current:								
General government								
Mayor and City Council	-	-	-	-	-	-	-	-
City Administration	384	63,895	-	-	-	-	9,231	73,510
Public safety								
Fire Department	-	-	75,690	-	-	-	-	75,690
Public works	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	1,000	1,000	-	2,000
Total expenditures	384	63,895	75,690	-	1,000	1,000	9,231	151,200
NET CHANGE IN FUND BALANCE	(148)	4,744	(287)	35	5,190	6,808	9,395	25,737
FUND BALANCE, BEGINNING OF YEAR	3,710	27,071	13,126	100	42,136	-	39,256	125,399
FUND BALANCE, END OF YEAR	\$ 3,562	\$ 31,815	\$ 12,839	\$ 135	\$ 47,326	\$ 6,808	\$ 48,651	\$ 151,136

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, 2011

	Bryson Meadows Project Fund	Stewart Park Project Fund	Estates at Governor's Lake Project Fund	Non-Major Capital Project Funds
REVENUES				
Shared Revenue:				
County	\$ -	\$ -	\$ 70,001	\$ 70,001
Interest	999	138	334	1,471
Total revenues	999	138	70,335	71,472
EXPENDITURES				
Current:				
Capital Outlay	166,490	-	-	166,490
Total expenditures	166,490	-	-	166,490
Excess (deficiency) of revenues over expenditures	(165,491)	138	70,335	(95,018)
NET CHANGE IN FUND BALANCE	(165,491)	138	70,335	(95,018)
FUND BALANCE, BEGINNING OF YEAR	197,445	30,786	-	228,231
FUND BALANCE, END OF YEAR	\$ 31,954	\$ 30,924	\$ 70,335	\$ 133,213

CITY OF SIMPSONVILLE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
For the year ended June 30, 2011

Court fines

Court fines collected	\$	131,556
Court fines retained by the City		131,556
Court fines remitted to the State Treasurer	\$	-

Court assessments

Court assessments collected	\$	145,909
Court assessments retained by the City		14,652
Court assessments remitted to the State Treasurer	\$	131,257

Court surcharges

Court surcharges collected	\$	91,907
Court surcharges retained by the City		3,789
Court surcharges remitted to the State Treasurer	\$	88,118

Victim Services

Court assessments allocated to Victim Services	\$	14,652
Court surcharges allocated to Victim Services		3,789
Local funds		185
		18,626
Funds allocated to Victim Services		
Victim Services expenditures		9,231
Funds available for carryforward	\$	9,395

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.	71 - 76
Revenue Capacity These schedules contain trend information to help the reader assess the City’s most significant local revenue source, the property tax.	77 - 81
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.	82 - 86
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.	87 - 88
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.	89 - 91

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
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 17,922,370	\$ 18,639,103	\$ 14,649,377	\$ 15,570,428	\$ 18,430,994	\$ 19,499,855	\$ 20,131,396	\$ 21,549,558
Restricted	161,226	-	339,862	355,787	-	-	228,231	1,185,563
Unrestricted	<u>1,191,804</u>	<u>483,822</u>	<u>1,964,980</u>	<u>530,234</u>	<u>481,188</u>	<u>1,000,459</u>	<u>2,166,755</u>	<u>2,403,009</u>
Total governmental activities net assets	<u>\$ 19,275,400</u>	<u>\$ 19,122,925</u>	<u>\$ 16,954,219</u>	<u>\$ 16,456,449</u>	<u>\$ 18,912,182</u>	<u>\$ 20,500,314</u>	<u>\$ 22,526,382</u>	<u>\$ 25,138,130</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 2,724,234	\$ 3,033,775	\$ 5,471,158	\$ 5,322,458	\$ 5,481,249	\$ 5,388,111
Restricted	-	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>613,288</u>	<u>936,143</u>	<u>992,584</u>	<u>201,878</u>	<u>447,168</u>	<u>504,838</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,337,522</u>	<u>\$ 3,969,918</u>	<u>\$ 6,463,742</u>	<u>\$ 5,524,336</u>	<u>\$ 5,928,417</u>	<u>\$ 5,892,949</u>
Primary government								
Invested in capital assets, net of related debt	\$ 17,922,370	\$ 18,639,103	\$ 17,373,611	\$ 18,604,203	\$ 23,902,152	\$ 24,822,313	\$ 25,612,645	\$ 26,937,669
Restricted	161,226	-	339,862	355,787	-	-	228,231	1,185,563
Unrestricted	<u>1,191,804</u>	<u>483,822</u>	<u>2,578,268</u>	<u>1,466,377</u>	<u>1,473,772</u>	<u>1,202,337</u>	<u>2,613,923</u>	<u>2,907,847</u>
Total primary government net assets	<u>\$ 19,275,400</u>	<u>\$ 19,122,925</u>	<u>\$ 20,291,741</u>	<u>\$ 20,426,367</u>	<u>\$ 25,375,924</u>	<u>\$ 26,024,650</u>	<u>\$ 28,454,799</u>	<u>\$ 31,031,079</u>

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

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 1,349,029	\$ 1,218,642	\$ 2,057,419	\$ 1,057,852	\$ 1,884,087	\$ 2,053,126	\$ 1,646,923	\$ 1,643,424
Public safety	4,431,552	4,763,954	4,495,325	5,564,184	6,037,966	5,798,629	5,976,691	6,334,292
Public service	2,174,271	2,511,132	2,731,964	2,393,753	143,939	2,299,782	2,329,839	1,928,297
Parks and recreation	1,058,845	1,070,130	1,282,466	2,098,220	1,670,735	1,856,827	1,717,238	2,260,768
Interest and other charges	495,663	538,508	711,440	682,171	758,389	605,924	754,683	625,421
Total governmental activities expenses	<u>9,509,360</u>	<u>10,102,366</u>	<u>11,278,614</u>	<u>11,796,180</u>	<u>10,495,116</u>	<u>12,614,288</u>	<u>12,425,374</u>	<u>12,792,202</u>
Business-type activities								
Sewer	-	-	-	407,449	628,172	557,810	589,381	714,284
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,449</u>	<u>628,172</u>	<u>557,810</u>	<u>589,381</u>	<u>714,284</u>
Total primary government activities expenses	<u>\$ 9,509,360</u>	<u>\$ 10,102,366</u>	<u>\$ 11,278,614</u>	<u>\$ 12,203,629</u>	<u>\$ 11,123,288</u>	<u>\$ 13,172,098</u>	<u>\$ 13,014,755</u>	<u>\$ 13,506,486</u>
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 1,232,749	\$ 1,796,781	\$ 2,295,599	\$ 2,430,732	\$ 2,659,159	\$ 2,563,737	\$ 2,792,443	\$ 3,176,911
Public safety	144,062	216,581	257,659	261,601	170,680	156,833	143,604	175,394
Public works	175,550	413,047	470,913	-	-	130,536	136,680	154,776
Parks and recreation	-	96,640	95,231	112,025	103,878	128,319	117,434	156,310
Operating grants and contributions	508,372	362,913	511,303	389,889	311,778	183,278	474,938	257,091
Capital grants and contributions	-	-	-	-	342,452	1,225,236	597,479	1,218,353
Total governmental activities program revenues	<u>2,060,733</u>	<u>2,885,962</u>	<u>3,630,705</u>	<u>3,194,247</u>	<u>3,587,947</u>	<u>4,387,939</u>	<u>4,262,578</u>	<u>5,138,835</u>
Business-type activities								
Charges for services								
Sewer	-	-	-	767,310	686,456	600,603	776,773	669,778
Capital grants and contributions	-	-	-	272,535	2,435,540	-	211,838	6,525
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,845</u>	<u>3,121,996</u>	<u>600,603</u>	<u>988,611</u>	<u>676,303</u>
Total primary government program revenues	<u>\$ 2,060,733</u>	<u>\$ 2,885,962</u>	<u>\$ 3,630,705</u>	<u>\$ 4,234,092</u>	<u>\$ 6,709,943</u>	<u>\$ 4,988,542</u>	<u>\$ 5,251,189</u>	<u>\$ 5,815,138</u>

(Continued)

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue								
Governmental activities	\$ (7,448,627)	\$ (7,216,404)	\$ (7,647,909)	\$ (8,601,933)	\$ (6,907,169)	\$ (8,226,349)	\$ (8,162,796)	\$ (7,653,367)
Business-type activities	-	-	-	632,396	2,493,824	42,793	399,230	(37,981)
Total primary government net expense	<u>\$ (7,448,627)</u>	<u>\$ (7,216,404)</u>	<u>\$ (7,647,909)</u>	<u>\$ (7,969,537)</u>	<u>\$ (4,413,345)</u>	<u>\$ (8,183,556)</u>	<u>\$ (7,763,566)</u>	<u>\$ (7,691,348)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes by source:								
Property tax	\$ 3,917,605	\$ 4,121,781	\$ 4,509,198	\$ 4,639,605	\$ 5,000,728	\$ 5,646,655	\$ 6,586,793	\$ 6,848,897
Accommodations taxes	747,092	925,893	1,116,394	1,199,782	1,274,349	1,131,741	1,348,159	1,379,556
MASC Telecommunications and insurance taxes	1,168,256	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744
Unrestricted intergovernmental revenues	113,469	364,373	397,018	419,589	467,349	450,697	372,471	342,522
Unrestricted investment earnings	14,577	37,808	35,419	71,793	114,637	17,709	21,413	14,758
Unrestricted donations and contributions	-	-	-	-	553,650	35,390	-	-
Gains on disposal/sale of capital assets	-	-	-	-	6,789	-	17,295	26,675
Miscellaneous revenues	-	168,869	217,014	273,409	303,182	68,810	286,298	107,963
Special item - gain on retirement plan termination	-	-	-	105,983	-	-	-	-
Transfers	-	-	-	-	-	983,909	-	-
Total governmental activities	<u>5,960,999</u>	<u>6,863,453</u>	<u>7,755,927</u>	<u>8,104,163</u>	<u>9,362,902</u>	<u>9,814,481</u>	<u>10,188,864</u>	<u>10,265,115</u>
Business-type activities								
Unrestricted investment earnings	-	-	-	-	-	1,481	4,851	2,513
Miscellaneous revenues	-	-	-	-	-	229	-	-
Transfers	-	-	-	-	-	(983,909)	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(982,199)</u>	<u>4,851</u>	<u>2,513</u>
Total primary government	<u>5,960,999</u>	<u>6,863,453</u>	<u>7,755,927</u>	<u>8,104,163</u>	<u>9,362,902</u>	<u>8,832,282</u>	<u>10,193,715</u>	<u>10,267,628</u>
Change in Net Assets								
Governmental activities	\$ (1,487,628)	\$ (352,951)	\$ 108,018	\$ (497,770)	\$ 2,455,733	\$ 1,588,132	\$ 2,026,068	\$ 2,611,748
Business-type activities	-	-	-	632,396	2,493,824	(939,406)	404,081	(35,468)
Total primary government	<u>\$ (1,487,628)</u>	<u>\$ (352,951)</u>	<u>\$ 108,018</u>	<u>\$ 134,626</u>	<u>\$ 4,949,557</u>	<u>\$ 648,726</u>	<u>\$ 2,430,149</u>	<u>\$ 2,576,280</u>

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007 *	2008	2009	2010	2011
General Fund										
Reserved	\$ -	\$ -	\$ 868,561	\$ 1,139,681	\$ -	\$ -	\$ 143,632	\$ 35,166	\$ 496,567	\$ -
Unreserved	2,961,303	2,590,778	1,247,665	728,841	2,077,903	1,583,179	669,173	666,460	1,405,976	-
Nonspendable	-	-	-	-	-	-	-	-	-	178,366
Restricted	-	-	-	-	-	-	-	-	-	66,359
Unassigned	-	-	-	-	-	-	-	-	-	2,545,374
Total General Fund	<u>2,961,303</u>	<u>2,590,778</u>	<u>2,116,226</u>	<u>1,868,522</u>	<u>2,077,903</u>	<u>1,583,179</u>	<u>812,805</u>	<u>701,626</u>	<u>1,902,543</u>	<u>2,790,099</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,889	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue funds	3,729,291	2,771,906	161,226	(191,155)	212,967	355,787	(95,123)	608,178	702,370	-
Capital projects funds	-	-	-	9,067	(992,017)	-	25,900	(373,703)	(373,703)	-
Debt service funds	-	-	921,384	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	6,262
Restricted	-	-	-	-	-	-	-	-	-	1,119,204
Committed	-	-	-	-	-	-	-	-	-	135
Unassigned	-	-	-	-	-	-	-	-	-	(373,703)
Total all other governmental funds	<u>3,729,291</u>	<u>2,771,906</u>	<u>1,082,610</u>	<u>(182,088)</u>	<u>(779,050)</u>	<u>355,787</u>	<u>(69,223)</u>	<u>234,475</u>	<u>688,556</u>	<u>751,898</u>
Total all governmental funds	<u>\$ 6,690,594</u>	<u>\$ 5,362,684</u>	<u>\$ 3,198,836</u>	<u>\$ 1,686,434</u>	<u>\$ 1,298,853</u>	<u>\$ 1,938,966</u>	<u>\$ 743,582</u>	<u>\$ 936,101</u>	<u>\$ 2,591,099</u>	<u>\$ 3,541,997</u>

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

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

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes by source:										
Property tax	\$ 4,234,921	\$ 3,933,218	\$ 3,928,550	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722	\$ 6,905,847
Accommodations tax	638,476	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451
MASC Telecommunications and insurance	937,393	978,130	1,119,143	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744
Franchise	-	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059
Intergovernmental	907,578	724,087	598,060	727,286	1,006,777	809,480	661,586	615,454	898,639	828,563
Charges for services	43,760	10,316	178,965	413,047	470,913	357,780	-	-	-	-
Fines and forfeitures	144,439	161,261	144,066	228,842	246,307	231,614	150,340	119,085	125,024	149,997
Licenses and fees	1,233,042	1,502,222	1,275,547	1,046,996	1,520,817	1,616,881	1,805,451	1,307,375	1,260,505	1,415,823
Investment earnings	196,145	120,297	14,577	37,808	35,314	177,776	114,636	17,709	21,413	14,758
Grants	-	-	-	-	-	-	554,230	470,378	503,861	156,858
Miscellaneous	279,258	68,741	26,681	227,994	311,023	34,744	388,649	677,947	699,260	759,928
Total revenues	8,615,012	8,194,785	8,032,681	9,736,982	11,383,982	11,293,753	12,314,176	12,229,869	14,025,923	14,308,028
Expenditures										
Current:										
General government	983,582	1,218,761	1,305,418	1,185,460	1,412,882	1,422,182	1,530,712	1,659,602	1,555,628	1,549,495
Public safety	3,426,842	3,797,223	4,023,450	4,373,203	4,915,917	5,000,999	5,505,964	5,473,652	5,517,819	5,917,218
Public service	1,513,217	1,525,374	1,577,701	1,837,692	2,048,782	2,146,540	2,211,741	2,174,587	1,846,258	1,415,210
Parks and recreation	579,088	592,448	632,704	839,791	948,822	1,105,072	1,221,422	1,437,988	1,284,059	1,808,893
Nondepartmental	63,836	40,388	-	-	-	-	-	-	-	-
Contingencies	13,703	2,850	-	-	-	-	-	-	-	-
Capital outlay	2,211,170	1,342,574	6,090,631	3,506,755	1,880,171	1,929,021	5,572,186	858,596	776,162	881,335
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	943,021	895,887	1,004,638	1,203,356	1,354,815	1,561,648	1,744,663	1,554,788	1,256,679	1,240,550
Interest and fiscal charges	446,054	448,194	492,681	465,639	527,377	491,835	582,871	656,649	728,242	642,743
Bond issuance costs	-	-	238,636	40,000	24,453	80,930	129,500	-	-	-
Total expenditures	10,180,513	9,863,699	15,365,859	13,451,896	13,113,219	13,738,227	18,499,059	13,815,862	12,964,847	13,455,444
Excess of revenues over (under) expenditures	\$ (1,565,501)	\$ (1,668,914)	\$ (7,333,178)	\$ (3,714,914)	\$ (1,729,237)	\$ (2,444,474)	\$ (6,184,883)	\$ (1,585,993)	\$ 1,061,076	\$ 852,584

(Continued)

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

	Fiscal year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Transfers in	-	-	12,092,039	1,895,777	3,064,511	2,329,945	3,821,931	4,533,205	1,248,889	1,151,844
Transfers out	-	-	(12,092,039)	(1,895,777)	(3,064,511)	(2,953,844)	(3,821,931)	(3,549,296)	(1,248,889)	(1,151,844)
Issuance of bonds	525,000	-	-	-	-	-	1,045,000	755,000	-	-
Proceeds from capital lease	572,500	353,678	-	860,000	-	-	-	-	545,324	-
Issuance of note payable	-	-	-	103,150	-	33,193	-	-	-	-
Issuance of certificate of participation	-	-	-	1,340,000	1,047,500	2,790,000	3,900,000	-	-	-
Issuance of refunding debt	-	-	12,015,000	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	(8,057,032)	-	-	-	-	-	-	-
Sale of capital assets	30,073	54,100	929,656	-	-	-	6,789	22,441	30,019	63,177
Insurance Proceeds	-	-	-	-	-	-	37,710	17,162	18,579	35,137
Total other financing sources (uses)	<u>1,127,573</u>	<u>407,778</u>	<u>4,887,624</u>	<u>2,303,150</u>	<u>1,047,500</u>	<u>2,199,294</u>	<u>4,989,499</u>	<u>1,778,512</u>	<u>593,922</u>	<u>98,314</u>
Net Change in fund balances	<u>\$ (437,928)</u>	<u>\$ (1,261,136)</u>	<u>\$ (2,445,554)</u>	<u>\$ (1,411,764)</u>	<u>\$ (681,737)</u>	<u>\$ (245,180)</u>	<u>\$ (1,195,384)</u>	<u>\$ 192,519</u>	<u>\$ 1,654,998</u>	<u>\$ 950,898</u>
Debt service as a percentage of noncapital expenditures	17.4%	15.8%	18.7%	17.2%	17.0%	18.1%	21.3%	17.2%	16.4%	15.0%

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

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

	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Property tax	\$ 4,234,921	\$ 3,933,218	\$ 3,928,550	\$ 4,109,348	\$ 4,506,548	\$ 4,634,946	\$ 4,924,494	\$ 5,530,903	\$ 6,491,722	\$ 6,905,847
Hospitality & accommodations tax	638,476	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451
MASC Telecommunications and insurance taxes	937,978	978,130	1,119,143	1,244,729	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744
Franchise fees	-	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059
Total	<u>\$ 5,811,375</u>	<u>\$ 5,607,861</u>	<u>\$ 5,794,785</u>	<u>\$ 7,055,009</u>	<u>\$ 7,792,831</u>	<u>\$ 8,065,478</u>	<u>\$ 8,639,284</u>	<u>\$ 9,021,921</u>	<u>\$ 10,517,221</u>	<u>\$ 10,982,101</u>

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

Fiscal Year Ended June 30	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2002	\$ 14,330,873	\$ 12,970,271	\$ 9,936,630	\$ 37,237,774	50.7	\$ 740,053,508	5.0%
2003	15,430,557	13,694,805	9,656,848	38,782,210	50.7	774,958,142	5.0%
2004	15,916,355	15,366,165	9,316,099	40,598,619	50.7	800,946,608	5.1%
2005	16,227,943	15,947,037	9,324,058	41,499,038	50.7	813,421,489	5.1%
2006	17,138,640	16,312,030	9,791,260	43,241,930	50.7	826,883,492	5.2%
2007	18,501,160	18,912,840	8,386,851	45,800,851	50.7	840,253,021	5.5%
2008	21,767,698	27,087,547	9,537,027	58,392,272	48.6	1,009,964,314	5.8%
2009	22,942,152	29,194,001	6,753,429	58,889,582	51.5	1,051,275,887	5.6%
2010	24,117,688	30,691,548	6,344,131	61,153,367	64.3	1,107,276,983	5.5%
2011	26,818,000	30,811,870	5,023,860	62,653,730	61.7	1,187,704,783	5.3%

Source: Greenville County Tax Receipt Reports

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

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Direct Rates:										
Basic rate	50.70	50.70	50.70	50.70	50.70	50.70	48.60	51.50	64.30	61.70
County Rates:										
Greenville County	49.90	49.90	49.90	49.90	49.90	49.90	47.60	47.60	47.60	47.30
School District Rates:										
Greenville County Schools	140.10	144.10	144.10	147.80	147.90	156.40	150.70	156.70	156.70	157.80
Fire District Rates:										
Simpsonville Fire District	23.40	23.40	23.40	23.40	23.40	23.40	22.70	26.80	28.30	28.10

Source: Greenville County Millage Rate Sheets

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

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value *	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,111,730	1	1.77%	\$ 540,565	2	1.45%
Wares Delaware Corp.	882,850	2	1.41%	432,816	4	1.16%
Verizon South	848,980	3	1.36%			
Jasmine Cove Apartments	695,090	4	1.11%			
Rohman Development Realty I	644,050	5	1.03%			
Enclave Grandview	618,000	6	0.99%			
Centro Bradley Fairview Corner	602,210	7	0.96%			
Developers Diversified Finance	586,710	8	0.94%	389,865	6	1.05%
NNN Arbors at Fairview	538,660	9	0.86%			
Lowe's Home Centers	515,560	10	0.82%			
GTE South, Inc.				1,090,646	1	2.93%
Fairview Crossing Assoc. LTD				449,533	3	1.21%
Piedmont Natural Gas				358,677	5	0.96%
Mid America Runaways Bay LTD				321,916	7	0.86%
Hart Graphics, Inc.				337,263	8	0.91%
TTT Enterprise SC Gen. Partn.				250,125	9	0.67%
Garrett Blake P JR TR				239,630	10	0.64%
Total	\$ 7,043,840		11.2%	\$ 4,411,036		11.8%

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

Fiscal Year Ended June 30	Original Tax Levy for Fiscal Year	Adjustments to Original Tax Levy for Fiscal Year	Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 1,981,050	-	\$ 1,981,050	\$ 1,897,761	95.8%	\$ 68,664	\$ 1,966,425	99.3%
2003	2,081,347	-	2,081,347	1,935,771	93.0%	139,569	2,075,340	99.7%
2004	2,058,350	-	2,058,350	1,966,385	95.5%	74,124	2,040,509	99.1%
2005	2,104,001	-	2,104,001	2,049,860	97.4%	40,998	2,090,858	99.4%
2006	2,192,365	-	2,192,365	2,064,408	94.2%	111,143	2,175,551	99.2%
2007	2,322,103	174,500	2,496,603	2,374,301	95.1%	108,124	2,482,425	99.4%
2008	2,837,864	-	2,837,864	2,551,356	89.9%	117,753	2,669,109	94.1%
2009	3,032,813	-	3,032,813	2,862,424	94.4%	165,192	3,027,616	99.8%
2010	3,932,161	-	3,932,161	3,579,126	91.0%	173,390	3,752,516	95.4%
2011	4,205,622	-	4,205,622	3,832,047	91.1%	-	3,832,047	91.1%

Source: Greenville County Auditor and Tax Collector

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

Fiscal Year Ended June 30,	Governmental Activities						Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Other Debt	Certificates of Participation	Notes	Revenue Bonds	Capital Leases	Revenue Bonds			
2002	\$ 2,635,000	\$ 4,500,000	\$ -	\$ -	\$ -	\$ 2,153,337	\$ -	\$ 9,288,337	3.0%	617
2003	2,320,000	4,335,000	-	-	-	1,719,234	-	8,374,234	2.6%	553
2004	2,595,000	-	7,475,610	-	-	2,226,364	-	12,296,974	3.5%	798
2005	2,255,000	-	8,504,342	103,150	-	2,561,937	-	13,424,429	3.8%	859
2006	2,155,000	-	8,275,932	505,498	370,000	1,364,847	-	12,671,277	3.4%	785
2007	2,540,000	-	9,868,593	427,500	-	1,364,827	340,000	14,540,920	3.6%	859
2008	3,225,000	-	13,311,254	-	-	892,685	310,000	17,738,939	4.1%	1,022
2009	3,605,000	-	12,673,915	-	-	120,209	280,000	16,679,124	3.8%	938
2010	3,105,000	-	12,016,576	-	-	593,854	245,000	15,960,430	3.7%	875
2011	2,585,000	-	11,339,237	-	-	578,304	210,000	14,712,541	3.3%	787

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

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

Fiscal Year Ended June 30,	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$ 2,635,000	\$ -	\$ 2,635,000	0.4%	\$ 175
2003	2,320,000	-	2,320,000	0.3%	153
2004	2,595,000	550,000	2,045,000	0.3%	133
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%	138

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

<u>Governmental Unit</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
County:			
Greenville County	\$ 63,795,000	3.3%	\$ 2,105,235
School District:			
Greenville County Schools	1,081,419,835	8.0%	<u>86,513,587</u>
Subtotal, Overlapping Debt			88,618,822
City of Simpsonville			<u>2,585,000</u>
Total Direct and Overlapping Debt			<u>\$ 91,203,822</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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
* Debt Limit	\$ 2,760,946	\$ 2,979,022	\$ 3,105,697	\$ 3,247,890	\$ 3,319,923	\$ 3,459,354	\$ 3,664,068	\$ 4,742,365	\$ 4,783,139	\$ 5,012,298
Total net debt applicable to debt limit	<u>2,635,000</u>	<u>2,320,000</u>	<u>2,595,000</u>	<u>2,515,000</u>	<u>2,155,000</u>	<u>2,540,000</u>	<u>3,225,000</u>	<u>3,605,000</u>	<u>3,105,000</u>	<u>2,585,000</u>
Legal debt margin	<u>\$ 125,946</u>	<u>\$ 659,022</u>	<u>\$ 510,697</u>	<u>\$ 732,890</u>	<u>\$ 1,164,923</u>	<u>\$ 919,354</u>	<u>\$ 439,068</u>	<u>\$ 1,137,365</u>	<u>\$ 1,678,139</u>	<u>\$ 2,427,298</u>
Total net debt applicable to debt limit as a percentage of debt limit	95.4%	77.9%	83.6%	77.4%	64.9%	73.4%	88.0%	76.0%	64.9%	51.6%

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

Total assessed value	\$ 62,653,730
Debt Limit (8 % of total assessed value)	5,012,298
Amount of debt applicable to debt limit:	
Total bonded debt	2,585,000
Less: debt service fund balance	-
Less: debt issued through referendum	-
Total amount of debt applicable to debt limit	<u>2,585,000</u>
Legal debt margin	<u>\$ 2,427,298</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
PLEDGED REVENUE COVERAGE

Fiscal Year Ended June 30,	Sewer Revenue Bond								
	Charges and Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage			
				Principal	Interest				
2006	\$ 470,913	\$ 278,528	\$ 192,385	\$ -	\$ -	-			
2007	1,039,845	270,540	769,305	30,000	14,065	17.46			
2008	3,121,996	452,851	2,669,145	30,000	13,192	61.80			
2009	602,313	352,543	249,770	30,000	12,028	5.94			
2010	993,462	388,011	605,451	35,000	10,864	13.20			
2011	672,291	506,677	165,614	35,000	9,166	3.75			

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
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
2002	15,055	\$ 305,225,070	\$ 20,274	34.6	4.7%
2003	15,131	325,755,299	21,529	34.6	5.3%
2004	15,404	354,107,152	22,988	34.8	5.4%
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	18,238	436,964,242	23,959	36.5	8.5%
2011	18,701	452,526,798	24,198	36.7	7.7%

(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
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2011			2002		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Greenville Hospital System	9,778	1	4.36%	6,366	2	3.18%
School District of Greenville County	8,700	2	3.88%	6,684	1	3.33%
Michelin North America	4,000	3	1.78%	4,000	3	2.00%
Bon Secours St. Francis	3,500	4	1.56%	2,450	5	1.22%
State of South Carolina	3,238	5	1.44%	2,512	4	1.25%
General Electric Company	3,200	6	1.43%	2,000	8	1.00%
Flour Corporation	2,100	7	0.94%	2,400	6	1.20%
US Government	1,857	8	0.83%			
Greenville County Government	1,672	9	0.74%	1,550	10	0.77%
Bob Jones University	1,650	10	0.74%			
KEMET Electronics				2,350	7	1.17%
W. R. Grace - Cryovac				1,650	9	0.82%
Total	39,695		17.70%	31,962		15.94%

Source: Greenville County 2011 Audit

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Business licenses	1,175	1,246	1,256	1,192	1,360	1,338	1,238	1,249	1,515	1,568
Building permits issued	466	1,205	654	609	744	713	651	485	510	425
Building inspections conducted	3,728	4,094	3,966	3,515	3,693	3,394	4,080	931	1,437	1,681
Public safety - police										
Physical Arrests	-	-	-	-	-	-	300	601	649	470
Parking and traffic violations	-	-	4,139	3,807	4,191	4,207	2,836	3,374	4,362	4,151
Public safety - fire										
Emergency responses	1,209	1,266	1,284	1,485	1,613	1,780	1,786	2,087	1,998	2,144
Fires extinguished	128	115	110	125	112	120	146	42	90	105
Inspections	1,205	1,531	1,361	1,308	1,428	1,438	2,252	1,524	1,313	1,089
Public service										
Potholes repaired	-	-	-	-	-	-	87	121	43	43
Roads maintained (in miles)	52	53	55	57	61	63	67	67	68	68
Parks and recreation										
Recreational participants	1,578	1,565	1,847	2,039	2,103	2,231	1,675	1,686	1,786	1,173

Source: City Departmental Records

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

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
General government	6	6	6	6	6	6	11	8	8	8
Justice and legal	3	3	3	3	3	3	4	3	3	3
Public safety	91	90	93	93	93	93	99	98	99	97
Public works	42	41	44	44	44	44	34	28	27	29
Parks and recreation	6	6	6	12	12	12	31	18	28	21
Total	<u>148</u>	<u>146</u>	<u>152</u>	<u>158</u>	<u>158</u>	<u>158</u>	<u>179</u>	<u>155</u>	<u>165</u>	<u>158</u>

Source: Payroll records

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

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

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Justice and legal										
Correction/jail cell facility capacity	4	4	4	4	4	4	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	25	27	27	29	29	29	29	29	30	32
Public safety - fire										
Number of fire stations	3	4	4	4	4	4	4	4	4	4
Number of fire trucks	6	6	6	8	8	8	7	7	7	10
Public service										
Streets (in miles)	52	53	55	57	61	63	67	67	68	68
Traffic signals	11	16	16	16	17	17	22	2	22	22
Parks and recreation										
Parks Acreage	35	35	35	125	125	125	125	162	162	162
Parks	8	8	8	9	9	9	9	9	9	9
Ball fields	6	6	6	12	12	12	12	12	12	12
Solid waste										
Collection/refuse trucks	5	5	5	5	6	6	21	20	20	20

Sources: Various City of Simpsonville departments.

COMPLIANCE SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

Greenwood, South Carolina
November 15, 2011

Elliott Davis, LLC