

SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

CITY OF SIMPSONVILLE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

ISSUED BY
CITY OF SIMPSONVILLE
FINANCE DEPARTMENT

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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INTRODUCTORY SECTION



October 23, 2012

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

Dear Mayor Eichor, 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, 2012.

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, 2012 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, 2012 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.

The City of 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, the City of Simpsonville is now a diverse economic market with some of the highest per-capita income in Greenville County. City of 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 the City 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.

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

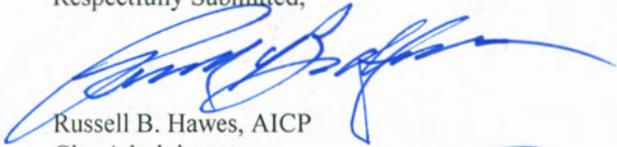
Awards

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.

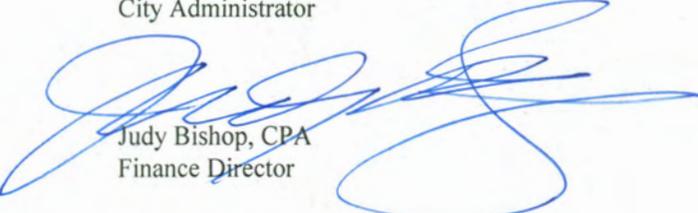
Acknowledgments

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, 2012**

Established

1901

MAYOR

Perry Eichor

CITY COUNCIL MEMBERS

Matthew Gooch
Brown Garrett
Geneva Lawrence
Julius Welborn, III
George Lee Curtis
Sylvia Lockaby

CITY ADMINISTRATOR

Russell B. Hawes, AICP

FINANCE DIRECTOR

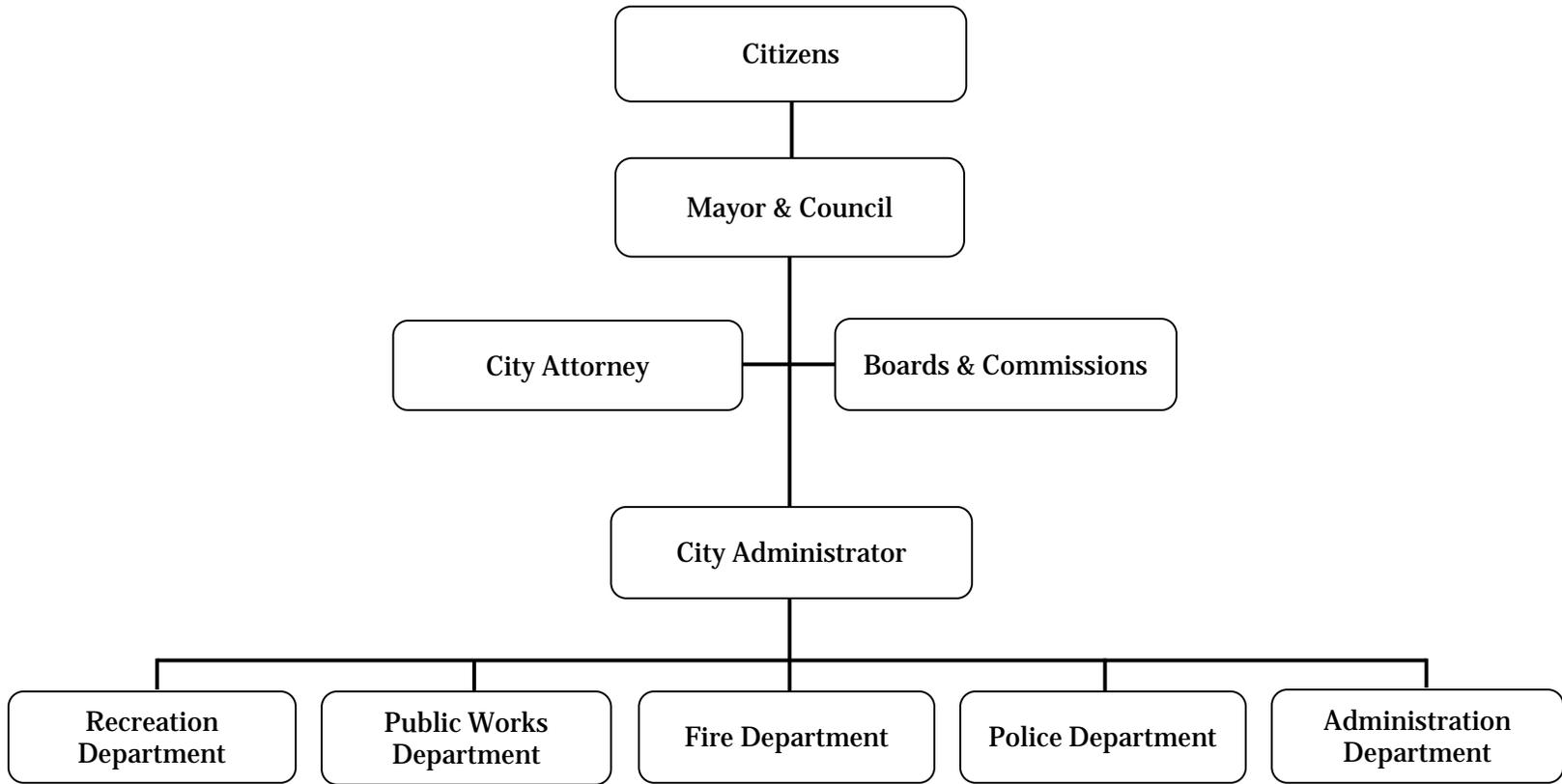
Judy Bishop, CPA

CITY ATTORNEY

David Holmes

*CITY OF SIMPSONVILLE, SOUTH CAROLINA
ORGANIZATION CHART
JUNE 30, 2012*

CITY OF SIMPSONVILLE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Simpsonville
South Carolina

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

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S 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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to previously 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, 2012, and the respective changes in financial position, and, where applicable, cash flows 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 October 23, 2012 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund statements, individual fund budgetary schedule and schedule of fines, assessments and surcharges are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements, individual fund budgetary schedule and schedule of fines, assessments and surcharges are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Greenwood, South Carolina
October 23, 2012

Elliott Davis, LLC

**CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

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, 2012. 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 \$33,280,405 (*net assets*). Of this amount, \$3,947,659 (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 \$2,249,326 as revenues of \$15,925,034 exceeded expenses of \$13,675,708.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$5,707,074, an increase of \$2,165,077.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,966,605, or approximately 24.3% of total General Fund expenditures for the year ended June 30, 2012.
- The City's capital assets decreased by \$708,123 (1.7%) to \$40,942,087 at June 30, 2012. Increases to capital assets including infrastructure, building and improvements, equipment and vehicle purchases totaling \$924,639 were offset by depreciation of \$1,632,762.
- The City's long term obligations decreased by \$646,805 (4.4%) during the current fiscal year. The key factor in this decrease was principal and other payments of \$1,466,805, coupled with refunding of certificates of participation of \$10,955,000, offset by issuance of refunding revenue bonds totaling \$10,872,000 and a new master equipment lease of \$903,000.
- The City's Governmental Activities revenues were \$15,199,627 for 2012, compared to \$15,403,950 for the prior year. This decrease is primarily due to decreases in capital grants and contributions, and MASC statewide business license distributions of approximately \$540,000 and \$82,000, respectively, partially offset by increases in charges for services, hospitality and accommodations taxes and gain on disposal of assets of approximately \$65,000, \$185,000 and \$131,000, respectively.
- The City's Governmental Activities expenditures were \$12,922,280 for 2012, compared to \$12,792,202 for the prior year. This increase is primarily due to increases in public works and recreation expenditures of approximately \$198,000 and \$152,000, respectively, partially offset by decreases in general government, and interest and fiscal charges expenditures of approximately \$188,000 and \$35,000, respectively.
- Business-type activity revenues and expenses were \$725,407 and \$753,428, respectively, for 2012, compared to revenues and expenses of \$678,816 and \$714,284, respectively, for 2011. The increase in business-type revenues is primarily due to an increase in charges for services of approximately \$52,500. The increase in business-type expenses is primarily due to increases in personnel services and contractual services of approximately \$27,000 and \$61,000, respectively, offset by a decrease in other operating expenses of approximately \$55,000.

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 \$33,280,405 at the close of the most recent fiscal year.

This table provides a summary of the City's net assets as of June 30, 2012 and 2011.

	City of Simpsonville					
	Net Assets – Primary Government				Total	
	Governmental activities		Business-type activities		6/30/2012	6/30/2011
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Assets:						
Current assets	\$ 6,892,465	\$ 4,979,291	\$ 647,175	\$ 522,750	\$ 7,539,640	\$ 5,502,041
Capital assets, net	35,542,891	36,052,099	5,399,196	5,598,111	40,942,087	41,650,210
Total assets	42,435,356	41,031,390	6,046,371	6,120,861	48,481,727	47,152,251
Liabilities:						
Other liabilities	979,684	1,245,174	4,689	12,247	984,373	1,257,421
Long-term liabilities	14,040,195	14,648,086	176,754	215,665	14,216,949	14,863,751
Total liabilities	15,019,879	15,893,260	181,443	227,912	15,201,322	16,121,172
Net assets:						
Invested in capital assets, net of related debt	22,532,462	21,549,558	5,229,196	5,388,111	27,761,658	26,937,669
Restricted	1,571,088	1,185,563	-	-	1,571,088	1,185,563
Unrestricted	3,311,927	2,403,009	635,732	504,838	3,947,659	2,907,847
Total net assets	\$ 27,415,477	\$ 25,138,130	\$ 5,864,928	\$ 5,892,949	\$ 33,280,405	\$ 31,031,079

The net assets of the City's governmental activities increased by \$2,277,347 or 9.1 % to \$27,415,477 at June 30, 2012, compared to \$25,138,130 at June 30, 2011. 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 \$2,403,009 at June 30, 2011 to \$3,311,927 at June 30, 2012. 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 \$28,021 or 0.5% to \$5,864,928 at June 30, 2012, compared to \$5,892,949 at June 30, 2011.

The largest portion of the City's net assets (\$27,761,658 or 80.7%) 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, 2012 and 2011.

City of Simpsonville Changes in Net Assets – Primary Government						
	Governmental activities		Business-type activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 3,728,145	\$ 3,663,391	\$ 722,359	\$ 669,778	\$ 4,450,504	\$ 4,333,169
Operating grants and contributions	279,253	257,091	-	-	279,253	257,091
Capital grants and contributions	678,249	1,218,353	727	6,525	678,976	1,224,878
General Revenues:						
Property taxes	6,858,254	6,848,897	-	-	6,858,254	6,848,897
Hospitality and accommodation taxes	1,563,786	1,379,556	-	-	1,563,786	1,379,556
MASC telecommunications and insurance taxes	1,462,765	1,544,744	-	-	1,462,765	1,544,744
Unrestricted state aid to subdivisions	333,489	342,522	-	-	333,489	342,522
Unrestricted investment earnings	13,740	14,758	2,321	2,513	16,061	17,271
Miscellaneous	281,946	134,638	-	-	281,946	134,638
Total revenues	15,199,627	15,403,950	725,407	678,816	15,925,034	16,082,766
Program expenses:						
General government	1,717,403	1,643,424	-	-	1,717,403	1,643,424
Public safety	6,336,564	6,334,292	-	-	6,336,564	6,334,292
Public works	2,126,388	1,928,297	-	-	2,126,388	1,928,297
Recreation and parks	2,413,145	2,260,768	-	-	2,413,145	2,260,768
Interest and other charges	328,780	625,421	7,760	9,166	336,540	634,587
Sewer	-	-	745,668	705,118	745,668	705,118
Total expenses	12,922,280	12,792,202	753,428	714,284	13,675,708	13,506,486
Change in net assets	2,277,347	2,611,748	(28,021)	(35,468)	2,249,326	2,576,280
Net assets, beginning of year	25,138,130	22,526,382	5,892,949	5,928,417	31,031,079	28,454,799
Net assets, end of year	\$ 27,415,477	\$ 25,138,130	\$ 5,864,928	\$ 5,892,949	\$ 33,280,405	\$ 31,031,079

Governmental activities

The City's net assets increased from 2011 to 2012 by \$2,277,347 or 9.1%, compared to \$2,611,748 for 2011. The increase for fiscal year end June 30, 2012 is primarily due to increases in charges for services, accommodations and hospitality taxes and miscellaneous revenues, partially offset by decreases in capital grants and contributions and MASC statewide business license distributions. Increases in public works and recreation expenses, partially offset by decreases in general government and interest and other charges also factored into the change in net assets.

Business-type activities

The City's net assets decreased from 2011 to 2012 by \$28,021 or 0.5%. The primary reason for this decrease was the increases in personnel and contractual services expenses, which were only partially offset by higher sewer maintenance fees and a decrease in other operating expenses.

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, 2012, the City's governmental funds reported a combined ending fund balances of \$5,707,074. Of this amount, \$2,966,605 is unassigned fund balance, which is available for spending at the government's discretion.

General fund revenues

The General Fund is the principal fund that accounts for the daily operations of the City. Total revenue at June 30, 2012 was \$12,851,380 compared to \$12,757,207 in the prior year. Taxes and licenses, permits, and fees make up 87.0% of all General Fund revenues or approximately \$11,178,000. The remaining General Fund revenue sources totaled approximately \$1,673,000 and consisted of shared revenue (from the state and county), grants, fines, and other miscellaneous sources. The increase in revenues over the prior year is primarily due to an increase in property tax collections and licenses, permits and fees, grants and other revenues, offset by decreases in MASC statewide business license distributions, franchise and fines 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 54.7%, or \$7,030,133, of total General Fund revenue for the fiscal period ending June 30, 2012.

General fund expenditures

General Fund expenditures for the year ended June 30, 2012 totaled \$12,198,791 compared to \$11,967,565 for the prior year. The increase reflects increases in public works and recreation of \$185,943 and \$140,696, respectively. Public works increased during the year due to higher than anticipated repairs on garbage trucks, equipment rental and the cost of recycling collection bins. Recreation expenditure increases were related to the addition of adult sports programs and increased participation in all levels of sports programming.

The Public Safety and Public Works functions accounted for approximately 64.1% of all General Fund expenditures (excluding capital outlay). Actual expenditures for these functions, excluding capital outlay, were \$5,873,081 for Public Safety and \$1,601,153 for Public Works. The remaining 35.9% of General Fund expenditures (excluding capital outlay) came from the areas of Recreation and Parks of \$1,949,589, General Government of \$1,451,353 and interest and debt service of \$791,810. The City also had Capital Outlay in the General Fund of \$531,805 for 2012.

General fund balance

The total fund balance for the General Fund increased primarily due to an excess of \$652,589 of revenues over expenditures. The total increase in the General Fund was \$435,414 for 2012, leaving the fund balance for the General Fund at \$3,225,513 at June 30, 2012. Unassigned fund balance for the General Fund was \$2,966,605, or approximately 24.3% 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 increased compared to the prior year, increasing by \$167,414, or 12.85% over 2011. This increase was attributable to an increase in the number of restaurants in the City, coupled with positive employment trends locally that have provided additional discretionary spending, combining to generate increased food taxes. An increase in attendance at Freedom Weekend Aloft also spurred the local hospitality industry, benefitting accommodations and hospitality tax revenues. The transfer to a nonmajor debt service fund of \$12,334,981, offset by refunding revenue bond proceeds of \$10,872,000 consumed the excess of revenues over expenditures for the fiscal year, resulting in a small overall decrease of \$10,979 in the special revenue fund balance to \$830,273 at June 30, 2012.

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 \$5,864,928. Factors concerning the operations of this fund have already been addressed in the discussion of the City's business-type activities.

General fund budgetary highlights

The net change in fund balance for the general fund was \$435,414 compared to a budgeted increase of \$346,225, for a positive variance of \$89,189.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

As of June 30, 2012, the City had invested a net amount of \$40,942,087 in capital assets.

This table shows 2012 Capital Asset balances (net of depreciation) compared to 2011:

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

	Governmental activities		Business-type activities		Total	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
Land	\$ 6,797,051	\$ 6,627,706	\$ -	\$ -	\$ 6,797,051	\$ 6,627,706
Construction in progress	34,597	17,571	-	-	34,597	17,571
Infrastructure	11,772,374	11,773,800	5,338,313	5,509,772	17,110,687	17,283,572
Buildings and improvements	14,003,374	14,338,018	-	-	14,003,374	14,338,018
Equipment	578,102	682,409	11,502	19,130	589,604	701,539
Furniture and fixtures	3,324	9,289	-	-	3,324	9,289
Signage	7,822	-	-	-	7,822	-
Vehicles	2,346,247	2,603,306	49,381	69,209	2,395,628	2,672,515
Capital assets, net	\$ 35,542,891	\$ 36,052,099	\$ 5,399,196	\$ 5,598,111	\$ 40,942,087	\$ 41,650,210

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

- Depreciation expense of \$1,433,847 for governmental activities.
- Infrastructure increases totaling \$395,210.
- Land purchase of \$164,458.
- Building and improvements increases totaling \$146,427.

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

Long-term obligations

As of June 30, 2012, the City had total long-term obligations of \$14,216,946. Of this debt, \$2,050,000 was General Obligation Bond ("GOBs") debt which is backed by the full faith and credit of the City. The City also has accommodations and hospitality tax revenue refunding bond debt outstanding at yearend of \$10,486,058, net of deferred loss on refunding of \$385,942. In addition, the City had other long-term obligations of \$170,000 for Sewer Revenue Bonds, \$1,365,429 for outstanding capital leases, and \$145,459 for compensated absence liabilities.

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Debt:						
General obligation bonds	\$ 2,050,000	\$ 2,585,000	\$ -	\$ -	\$ 2,050,000	\$ 2,585,000
Certificates of participation, net	-	11,339,237	-	-	-	11,339,237
Refunding bonds	10,486,058	-	-	-	10,486,058	-
Note payable	-	-	170,000	210,000	170,000	210,000
Total debt	12,536,058	13,924,237	170,000	210,000	12,706,058	14,134,237
Capital leases	1,365,429	578,304	-	-	1,365,429	578,304
Accrued compensated absences	138,705	145,545	6,754	5,665	145,459	151,210
Total	<u>\$ 14,040,192</u>	<u>\$ 14,648,086</u>	<u>\$ 176,754</u>	<u>\$ 215,665</u>	<u>\$ 14,216,946</u>	<u>\$ 14,863,751</u>

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

- The City's GOBs decreased \$535,000 (20.7%) during the current year. This decrease was due to principal payments of \$535,000.
- The City's COPs were paid in full during the current year through two refunding bonds entered into in March 2012, totaling \$10,872,000.
- The City's Capital leases outstanding increased by \$787,125 due to a new, \$903,000 master lease, which was offset by principal payments of \$115,875 on existing capital lease obligations.

(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The City's statutory debt limit at June 30, 2012 was approximately \$5,325,000. The City had non-referendum bonded debt of \$2,050,000 which resulted in the City having an unused legal debt margin of approximately \$3,275,000.

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

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

Economic factors that were considered in preparing the FY 12-13 budget were as follows:

- The unemployment rate in Greenville County, in which Simpsonville is located, is at 8.6% and compares favorably with the unemployment rate of the State of South Carolina at approximately 9.4%. Rate data is as of June 30, 2012.

The adopted FY 12-13 operating budget for all funds is \$16,247,882. Highlights of FYE 13 operating budget are as follows:

- The City's budget is set to provide an addition to the general fund balance of approximately \$291,000, an increase to the sewer fund balance of approximately \$196,000, an increase to the special revenue fund balance of approximately \$203,000, and an increase to victims' assistance fund balance of approximately \$5,500.

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, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,038,317	\$ 538,705	\$ 3,577,022
Cash and cash equivalents, restricted	2,300,399	-	2,300,399
Investments, restricted	1,009	-	1,009
Property taxes receivable, net	317,954	-	317,954
Accounts receivable	780,047	120,930	900,977
Due from County Treasurer	65,865	-	65,865
Internal balances	15,897	(15,897)	-
Other assets	274,168	3,437	277,605
Debt issuance costs, net	98,809	-	98,809
Capital assets:			
Non-depreciable	6,831,648	-	6,831,648
Depreciable, net	28,711,243	5,399,196	34,110,439
Total assets	<u>42,435,356</u>	<u>6,046,371</u>	<u>48,481,727</u>
LIABILITIES			
Accounts payable and accrued liabilities	942,716	3,040	945,756
Accrued interest payable	24,584	1,649	26,233
Deferred revenue - other	12,387	-	12,387
Long-term liabilities:			
Due within one year	1,445,704	42,200	1,487,904
Due in more than one year	12,594,488	134,554	12,729,042
Total liabilities	<u>15,019,879</u>	<u>181,443</u>	<u>15,201,322</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,532,462	5,229,196	27,761,658
Restricted			
Court funds	62,455	-	62,455
Special revenues	878,815	-	878,815
Capital projects	629,818	-	629,818
Unrestricted	3,311,927	635,732	3,947,659
Total net assets	<u><u>\$ 27,415,477</u></u>	<u><u>\$ 5,864,928</u></u>	<u><u>\$ 33,280,405</u></u>

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, 2012

	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	\$ 1,717,403	\$ 3,236,825	\$ 138,732	\$ 678,249	\$ 2,336,403	\$ -	\$ 2,336,403
Public safety	6,336,564	129,275	130,850	-	(6,076,439)	-	(6,076,439)
Public works	2,126,388	165,504	9,671	-	(1,951,213)	-	(1,951,213)
Recreation	2,413,145	196,541	-	-	(2,216,604)	-	(2,216,604)
Interest and fiscal charges	328,780	-	-	-	(328,780)	-	(328,780)
Total governmental activities	<u>12,922,280</u>	<u>3,728,145</u>	<u>279,253</u>	<u>678,249</u>	<u>(8,236,633)</u>	<u>-</u>	<u>(8,236,633)</u>
Business-type activities							
Sewer	753,428	722,359	-	727	-	(30,342)	(30,342)
Total business-type activities	<u>753,428</u>	<u>722,359</u>	<u>-</u>	<u>727</u>	<u>-</u>	<u>(30,342)</u>	<u>(30,342)</u>
Total primary government	<u>\$ 13,675,708</u>	<u>\$ 4,450,504</u>	<u>\$ 279,253</u>	<u>\$ 678,976</u>	<u>(8,236,633)</u>	<u>(30,342)</u>	<u>(8,266,975)</u>

General revenues			
Property taxes levied for general purposes	6,858,254	-	6,858,254
Hospitality and accommodations taxes	1,563,786	-	1,563,786
MASC telecommunications and insurance taxes	1,462,765	-	1,462,765
Intergovernmental revenues, not restricted to specific purposes	333,489	-	333,489
Unrestricted investment earnings	13,740	2,321	16,061
Gain on disposal of capital assets	158,462	-	158,462
Miscellaneous revenues	123,484	-	123,484
Total general revenues	<u>10,513,980</u>	<u>2,321</u>	<u>10,516,301</u>
Change in net assets	2,277,347	(28,021)	2,249,326
Net assets beginning of year	25,138,130	5,892,949	31,031,079
Net assets end of year	<u>\$ 27,415,477</u>	<u>\$ 5,864,928</u>	<u>\$ 33,280,405</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Accommodations and Hospitality Special Revenue	Infrastructure Capital Projects Fund	Heritage Pointe Project	Master Lease	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,808,844	\$ 229,473	\$ -	\$ -	\$ -	\$ -	\$ 3,038,317
Cash and cash equivalents, restricted	62,455	426,517	-	182,214	891,058	738,155	2,300,399
Investments, restricted	1,009	-	-	-	-	-	1,009
Receivables, net:							
Taxes	317,954	-	-	-	-	-	317,954
Accounts	645,221	134,581	-	54	-	191	780,047
Due from:							
County treasurer	65,865	-	-	-	-	-	65,865
Other governmental funds	202,389	-	-	-	-	1,717	204,106
Sewer fund	15,897	-	-	-	-	-	15,897
Other assets	192,461	81,707	-	-	-	-	274,168
Total assets	\$ 4,312,095	\$ 872,278	\$ -	\$ 182,268	\$ 891,058	\$ 740,063	\$ 6,997,762
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 430,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,642
Accrued salaries and fringe benefits	370,415	-	-	-	-	-	370,415
Accrued expenses	141,659	-	-	-	-	-	141,659
Due to:							
Other governmental funds	-	42,005	-	154,510	-	7,591	204,106
Deferred revenue - other	12,387	-	-	-	-	-	12,387
Deferred revenue - property taxes	131,479	-	-	-	-	-	131,479
Total liabilities	1,086,582	42,005	-	154,510	-	7,591	1,290,688
FUND BALANCES							
Nonspendable	192,461	81,707	-	-	-	-	274,168
Restricted	62,455	748,566	-	27,758	891,058	732,309	2,462,146
Committed	-	-	-	-	-	163	163
Assigned	3,992	-	-	-	-	-	3,992
Unassigned	2,966,605	-	-	-	-	-	2,966,605
Total fund balances	3,225,513	830,273	-	27,758	891,058	732,472	5,707,074
Total liabilities and fund balances	\$ 4,312,095	\$ 872,278	\$ -	\$ 182,268	\$ 891,058	\$ 740,063	\$ 6,997,762

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, 2012

Total fund balances - Governmental funds		\$	5,707,074
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	6,797,051		
Projects in progress	34,597		
Buildings and improvements	19,042,624		
Infrastructure	21,892,829		
Furniture and fixtures	119,631		
Machinery and equipment	2,233,503		
Vehicles	6,665,716		
Signage	8,300		
Accumulated depreciation	<u>(21,251,360)</u>		
Total capital assets			35,542,891
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			
			131,479
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 \$100,784 are shown net of accumulated amortization of \$1,975			
			98,809
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.			
			(24,584)
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 \$225,898			
Long-term liabilities consisted of the following:			
Long-term debt	(12,922,000)		
Long-term debt - deferred loss on refunding, net	385,942		
Capital leases	(1,365,429)		
Accrued compensated absences	<u>(138,705)</u>		
Total long-term liabilities			<u>(14,040,192)</u>
Net assets of governmental activities		\$	<u><u>27,415,477</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, 2012

	General	Accommodations and Hospitality Special Revenue	Infrastructure Capital Projects Fund	Heritage Pointe Project	Master Lease	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Local	\$ 7,030,133	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,030,133
Hospitality and accommodations	-	1,469,865	-	-	-	-	1,469,865
MASC telecommunication and insurance	1,462,765	-	-	-	-	-	1,462,765
Franchise	1,175,966	-	-	-	-	-	1,175,966
Licenses, permits, and fees	1,508,799	-	-	-	-	-	1,508,799
Grants	179,569	-	-	-	-	-	179,569
Fines	96,320	-	-	-	-	13,271	109,591
Shared revenue:							
County	99,684	-	-	182,113	-	491,510	773,307
State	580,910	-	-	-	-	82,548	663,458
Interest	10,245	1,842	-	155	58	1,440	13,740
Other	706,989	120	-	-	-	118,742	825,851
Total revenues	12,851,380	1,471,827	-	182,268	58	707,511	15,213,044
EXPENDITURES							
Current:							
General government	1,451,353	19,825	-	-	-	148,527	1,619,705
Public safety	5,873,081	-	-	-	-	85,979	5,959,060
Public works	1,601,153	-	-	-	-	-	1,601,153
Recreation and parks	1,949,589	-	-	-	-	-	1,949,589
Capital outlay	531,805	-	-	154,510	-	38,816	725,131
Debt service:							
Principal	650,872	-	-	-	-	730,000	1,380,872
Interest and fiscal charges	140,938	-	-	-	-	388,139	529,077
Total expenditures	12,198,791	19,825	-	154,510	-	1,391,461	13,764,587
Excess (deficiency) of revenues over (under) expenditure:	652,589	1,452,002	-	27,758	58	(683,950)	1,448,457
Other financing sources (uses):							
Proceeds from the sale of capital assets	14,846	-	-	-	-	-	14,846
Insurance proceeds	143,616	-	-	-	-	-	143,616
Revenue refunding bonds issued	-	10,872,000	-	-	-	-	10,872,000
Payment to refunded certificates of participation escrow agent	-	-	-	-	-	(11,216,842)	(11,216,842)
Capital lease proceeds	12,000	-	-	-	891,000	-	903,000
Transfers in	-	-	373,703	-	-	12,348,915	12,722,618
Transfers out	(387,637)	(12,334,981)	-	-	-	-	(12,722,618)
Total other financing sources (uses)	(217,175)	(1,462,981)	373,703	-	891,000	1,132,073	716,620
Net change in fund balances	435,414	(10,979)	373,703	27,758	891,058	448,123	2,165,077
Fund (deficits) balances, beginning of year	2,790,099	841,252	(373,703)	-	-	284,349	3,541,997
Fund balances, end of year	\$ 3,225,513	\$ 830,273	\$ -	\$ 27,758	\$ 891,058	\$ 732,472	\$ 5,707,074

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, 2012

Net change in fund balances - Total government funds	\$ 2,165,077
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.	(171,879)
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	1,265,000
Capital leases	115,872
Current refunding of certificates of participation	10,955,000
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	6,840
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.	69,900
Deferred losses on refundings must be deferred and amortized over the life of the respective debt in the Statement of Activities. This is the amortization of deferred losses.	(29,721)
Debt proceeds provide current financial resources to governmental fund, but issuing debt increases long-term liabilities in the Statement of Net Assets.	
Revenue refunding bond	(10,872,000)
Capital lease	(903,000)
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.	200,297
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 write-off of debt issuance cost, as the associated debt was repaid during the year, and amortization of new debt issuance costs.	(115,615)
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 cost of issuance for the new debt issued during the current year	100,784
Governmental funds report capital asset additions as expenditures (\$924,639, net of contributed assets of \$0). However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense of (\$1,433,847). This is the amount by which depreciation expense exceeded capital asset additions in the current period.	(509,208)
Change in net assets of government activities	\$ 2,277,347

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, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	538,705
Receivables, net		120,930
Other assets		3,437
		663,072
Total current assets		663,072

NONCURRENT ASSETS

Depreciable capital assets		9,747,441
Less accumulated depreciation		(4,348,245)
		5,399,196
Total noncurrent assets		5,399,196
Total assets	\$	6,062,268

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Compensated absences	\$	2,200
Accrued interest payable		1,649
Accrued expenses		3,040
Bond payable, current		40,000
Due to other funds		15,897
		62,786
Total current liabilities		62,786

LONG TERM LIABILITIES

Compensated absences		4,554
Bond payable, noncurrent		130,000
		134,554
Total long term liabilities		134,554
Total liabilities		197,340

NET ASSETS

Invested in capital assets, net of related debt		5,229,196
Unrestricted		635,732
		5,864,928
Total Net Assets	\$	5,864,928

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, 2012**

OPERATING REVENUES	
Sewer maintenance fees	\$ 722,359
Total operating revenues	722,359
OPERATING EXPENSES	
Personnel services	299,707
Contractual services	85,633
Materials and supplies	11,991
Other operating expenses	149,422
Depreciation	198,915
Total operating expenses	745,668
Operating loss	(23,309)
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,321
Interest expense	(7,760)
Total nonoperating revenues (expenses)	(5,439)
Loss before contributions	(28,748)
CAPITAL CONTRIBUTIONS - INFRASTRUCTURE	
Change in net assets	727
Change in net assets	(28,021)
NET ASSETS, BEGINNING OF YEAR	5,892,949
NET ASSETS, END OF YEAR	\$ 5,864,928

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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 798,493
Cash payments for goods and services	(255,579)
Payments to employees	<u>(298,619)</u>
Net cash provided by operating activities	<u>244,295</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	(76,569)
Grant proceeds	<u>727</u>
Net cash used for noncapital financing activities	<u>(75,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>2,321</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on revenue bond payable	(40,000)
Interest payments	<u>(8,147)</u>
Net cash used in capital and related financing activities	<u>(48,147)</u>
Net increase in cash and cash equivalents	122,627
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>416,078</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 538,705</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (23,309)
Adjustments to reconcile operating loss to net cash provided by operations:	
Depreciation expense	198,915
Change in:	
Accounts receivable	76,134
Other assets	(1,364)
Accrued salaries and fringe benefits	1,089
Accrued expenses	<u>(7,170)</u>
Net cash provided by operating activities	<u>\$ 244,295</u>

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.

The ***Heritage Point Capital Project Fund, a major fund***, is the fund used to account for financial resources to be used for the acquisition or construction of major capital projects at Heritage Point.

The ***Master Lease Capital Project Fund, a major fund***, is the fund used to account for financial resources to be used for the acquisition or construction of major capital equipment.

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital projects funds

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

Debt service fund

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

Assets, liabilities, and equity

Cash, 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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

Receivables and payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, 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 capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$5,000 for furniture and equipment, vehicles, land improvements and buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized.

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 government-wide basic financial statements. The portion applicable to the Proprietary Fund is also recorded in the Proprietary Fund financial statements. The governmental funds will also recognize compensated absences for termination and retirements that occurred prior to year end and are expected to be paid within a short time subsequent to year end, if they are material.

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

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

Accrued liabilities and long-term obligations

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

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.

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 \$5,933,617 as of June 30, 2012 (which had a carrying value of \$5,875,935), all were covered by federal depository insurance or by collateral pledged by the financial institution.

Investments

As of June 30, 2012, 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)	\$ 1,009	Less than 60 days

Interest Rate Risk

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

Credit Risk

The City has no investment policy that would further limit its investment choices other than state law. As of June 30, 2012, 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.

(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, 2012, the City had investments with one issuer.

Reconciliation to the financial statements

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

Statement of net assets		Footnotes	
Cash and cash equivalents	\$ 3,577,022	Petty cash	\$ 1,486
Restricted cash and cash equivalents	2,300,399	Carrying value of deposits	5,875,935
Investments	<u>1,009</u>	Fair value of investments	<u>1,009</u>
Total deposits and investments	<u>\$ 5,878,430</u>	Total deposits and investments	<u>\$ 5,878,430</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 \$66.6 million at the rate of 61.7 mills for the City and 27.5 mills for the Fire Service District of the County. These taxes are due without penalty through January 15th. Property taxes receivable includes an allowance for uncollectible taxes of approximately \$6,500 at June 30, 2012. 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, 2012, the City had deferred delinquent property taxes for the General Fund of \$131,479.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables

Interfund balances at June 30, 2012, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 218,286	\$ -
Accommodations and Hospitality Tax Special Revenue Fund	-	42,005
Sewer Enterprise Fund	-	15,897
Nonmajor funds:		
Victim Assistance Fund	1,717	-
Heritage Creek Project Fund	-	7,591
Heritage Pointe Project Fund	-	154,510
Totals	<u>\$ 220,003</u>	<u>\$ 220,003</u>

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30, 2012 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, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General Fund	\$ -	\$ 387,637
Accommodations and Hospitality Tax Special Revenue Fund	-	12,334,981
Infrastructure Capital Projects Fund	373,703	-
Nonmajor Funds:		
Debt Service Fund	12,334,981	-
Arts and Cultural Center Fund	13,446	-
Historical Marker Fund	488	-
Totals	<u>\$ 12,722,618</u>	<u>\$ 12,722,618</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 in addition to the current refunding of the City's certificates of participation during the year.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the City for governmental activities for the year ended June 30, 2012, 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	\$ 164,458	\$ -	\$ 4,887	\$ 6,797,051
Construction in progress	17,571	34,597	-	(17,571)	34,597
Total capital assets, non-depreciable	<u>6,645,277</u>	<u>199,055</u>	<u>-</u>	<u>(12,684)</u>	<u>6,831,648</u>
Capital assets, depreciable:					
Infrastructure	21,497,619	395,210	-	-	21,892,829
Building and improvements	18,896,197	146,427	-	-	19,042,624
Equipment	2,160,299	61,520	-	11,684	2,233,503
Furniture and fixtures	119,631	-	-	-	119,631
Signage	-	7,300	-	1,000	8,300
Vehicles	6,592,539	115,127	(41,950)	-	6,665,716
Total capital assets, depreciable	<u>49,266,285</u>	<u>725,584</u>	<u>(41,950)</u>	<u>12,684</u>	<u>49,962,603</u>
Less: accumulated depreciation for:					
Infrastructure	9,723,819	396,636	-	-	10,120,455
Building and improvements	4,558,179	481,071	-	-	5,039,250
Equipment	1,477,890	177,511	-	-	1,655,401
Furniture and fixtures	110,342	5,965	-	-	116,307
Signage	-	478	-	-	478
Vehicles	3,989,233	372,186	(41,950)	-	4,319,469
Total accumulated depreciation	<u>19,859,463</u>	<u>1,433,847</u>	<u>(41,950)</u>	<u>-</u>	<u>21,251,360</u>
Total capital assets, depreciable, net	<u>29,406,822</u>	<u>(708,263)</u>	<u>-</u>	<u>12,684</u>	<u>28,711,243</u>
Total governmental activities capital assets, net	<u>\$ 36,052,099</u>	<u>\$ (509,208)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,542,891</u>

The carrying value of equipment recorded under capital lease was \$1,233,579, and is included above as cost of \$2,903,453 and accumulated depreciation of \$1,669,874. 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	\$ 61,245
Public safety	382,488
Public works	526,061
Recreation and parks	464,053
Total depreciation expense governmental activities	<u>\$ 1,433,847</u>

(Continued)

NOTE 6 - CAPITAL ASSETS, Continued

Capital asset activity for the City for business-type activities for the year ended June 30, 2012, 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	\$ 9,285,031	\$ -	\$ -	\$ -	\$ 9,285,031
Equipment	147,243	-	-	-	147,243
Vehicles	315,167	-	-	-	315,167
Total capital assets, depreciable	<u>9,747,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,747,441</u>
Less: accumulated depreciation for:					
Infrastructure	3,775,259	171,459	-	-	3,946,718
Equipment	128,113	7,628	-	-	135,741
Vehicles	245,958	19,828	-	-	265,786
Total accumulated depreciation	<u>4,149,330</u>	<u>198,915</u>	<u>-</u>	<u>-</u>	<u>4,348,245</u>
Total capital assets, depreciable, net	<u>5,598,111</u>	<u>(198,915)</u>	<u>-</u>	<u>-</u>	<u>5,399,196</u>
Total business-type activities capital assets, net	<u>\$ 5,598,111</u>	<u>\$ (198,915)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,399,196</u>

NOTE 7 - SHORT-TERM OBLIGATIONS

The City issued a Tax Anticipation Note ("TAN") in July 2011, totaling \$2,000,000 through a local bank. The TAN was issued to provide the City cash reserves until the 2012 property taxes were levied and collected. The City repaid the TAN in April 2012, including interest of \$11,292.

The following is a summary of the changes in the City's short-term obligations for 2012:

<u>Governmental activities</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Tax anticipation notes	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Total governmental activities	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</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, 2012 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, 2012, 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. This series was paid off through a current refunding in March 2012.
- 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. This series was paid off through a current refunding in March 2012.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

- 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. This series was paid off through a current refunding in March 2012.
- 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. This series was paid off through a current refunding in March 2012.
- 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. This series was paid off through a current refunding in March 2012.

Accommodations and hospitality tax revenue refunding bonds

- 2012A Series - issued in March 2012 for \$8,745,000 with annual principal installments varying from \$478,000 to \$856,000 beginning January 1, 2013 and ending January 1, 2024. Interest is payable semi-annually on January 1 and July 1 with interest at 2.79%. Debt issuance cost of approximately \$75,000 was expensed in 2012 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2012A refunding were used to currently refund the Series 2004, 2005, 2006 and 2008 Certificates of Participation.
- 2012B Series - issued in March 2012 for \$2,127,000 with annual principal installments varying from \$106,000 to \$164,000 beginning January 1, 2013 and ending January 1, 2028. Interest is payable semi-annually on January 1 and July 1 with interest at 3.32%. Debt issuance cost of approximately \$26,000 was expensed in 2012 rather than being amortized over the life of the bond due to the immaterial amount of debt issuance cost. The proceeds from the 2012B refunding were used to currently refund the Series 2007 Certificate of Participation.

Revenue bond

- Sewer Revenue Bond - issued in January 6, 2006 for \$370,000 with annual installments varying from \$30,000 to \$45,000 beginning April 1, 2008 and ending on April 1, 2016. Interest is payable semi-annually on April 1 and October 1 with interest at 3.88%. Debt issuance cost of approximately \$16,000 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 were used to complete the new Bi-Lo Line and the new line in Hunter's Woods.

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

Capital leases

- \$860,000 capital lease was entered into in March, 2005 Master Equipment Lease (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 Master Equipment Lease (MEL) - The City has entered into a MEL obligation that was used for the purchase of vehicles and related equipment for the police department and public works department, rigging structure and tent for the Heritage Park Amphitheater, and vehicles and equipment for the fire department. The lease on the equipment is for a period of six years, which began in April 2010. Annual payments begin at \$24,339 for the first year and rise to \$608,288 for the remaining 5 years, which includes interest at 4.39%.
- \$903,000 capital lease entered into in June, 2012 Master Equipment Lease (MEL) - The City has entered into a MEL obligation and plans to purchase vehicles and related equipment for the police, fire, and public works departments as well as playground equipment for the recreation department. The lease on the equipment is for a period from June 2012 through October 2020. Payments of \$30,692 are due the first day after each quarter-end, beginning January 1, 2013 and include interest of 1.9%. Upon closing of the agreement, \$12,000 of the proceeds was used to pay issuance costs. At June 30, 2012, the City had unused capital proceeds (restricted cash and cash equivalents) of \$891,058 (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, 2012.

<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	\$ 310,000	\$ -	\$ 70,000	\$ 240,000	\$ 75,000
2001 Series	230,000	-	35,000	195,000	45,000
2003 Series	405,000	-	50,000	355,000	55,000
2006 Series	80,000	-	40,000	40,000	40,000
2007 Series	620,000	-	45,000	575,000	45,000
2007A Series	420,000	-	170,000	250,000	45,000
2008 Series	<u>520,000</u>	<u>-</u>	<u>125,000</u>	<u>395,000</u>	<u>125,000</u>
	<u>2,585,000</u>	<u>-</u>	<u>535,000</u>	<u>2,050,000</u>	<u>430,000</u>
Certificates of participation:					
2004 Series	5,810,000	-	5,810,000	-	-
2004 Series - Deferred loss	(345,763)	-	(345,763)	-	-
2005 Series	600,000	-	600,000	-	-
2006 Series	1,870,000	-	1,870,000	-	-
2007 J.R. Lien Series	2,230,000	-	2,230,000	-	-
2008 J.R. Lien Series	<u>1,175,000</u>	<u>-</u>	<u>1,175,000</u>	<u>-</u>	<u>-</u>
	<u>11,339,237</u>	<u>-</u>	<u>11,339,237</u>	<u>-</u>	<u>-</u>
Refunding bonds:					
2012A Series	-	8,745,000	-	8,745,000	734,000
20012A Series - Deferred loss	-	(394,917)	(8,975)	(385,942)	(35,902)
2012B Series	-	<u>2,127,000</u>	-	<u>2,127,000</u>	<u>119,000</u>
	<u>-</u>	<u>10,477,083</u>	<u>(8,975)</u>	<u>10,486,058</u>	<u>817,098</u>
Total debt	<u>13,924,237</u>	<u>10,477,083</u>	<u>11,865,262</u>	<u>12,536,058</u>	<u>1,247,098</u>
Capital leases:					
March 2005 MEL	32,980	-	16,170	16,810	16,810
April 2010 MEL	545,324	-	99,705	445,619	104,180
June 2012 MEL	<u>-</u>	<u>903,000</u>	<u>-</u>	<u>903,000</u>	<u>47,616</u>
Total capital leases	<u>578,304</u>	<u>903,000</u>	<u>115,875</u>	<u>1,365,429</u>	<u>168,606</u>
Accrued compensated absences	<u>145,545</u>	<u>278,085</u>	<u>284,925</u>	<u>138,705</u>	<u>30,000</u>
Total governmental activities	<u>\$ 14,648,086</u>	<u>\$ 11,658,168</u>	<u>\$ 12,266,062</u>	<u>\$ 14,040,192</u>	<u>\$ 1,445,704</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

<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>
Business-type activities					
Sewer Revenue Bond, Series 2006	\$ 210,000	\$ -	\$ 40,000	\$ 170,000	\$ 40,000
Accrued compensated absences	<u>5,665</u>	<u>6,799</u>	<u>5,710</u>	<u>6,754</u>	<u>2,200</u>
Total business-type activities	<u>\$ 215,665</u>	<u>\$ 6,799</u>	<u>\$ 45,710</u>	<u>\$ 176,754</u>	<u>\$ 42,200</u>

All long-term obligations are funded from resources from the General, Special Revenue, and Sewer Funds. Interest cost for the year ended June 30, 2012, was approximately \$537,000, 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, 2012.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2012, the City had \$2,050,000 of bonded debt subject to the 8% limit of approximately \$5,325,000 resulting in an unused legal debt margin of approximately \$3,275,000.

The annual requirements to amortize debt outstanding for the City's governmental and business-type activities at June 30, 2012, were as follows:

<u>Years ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Refunding bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities					
2013	\$ 430,000	\$ 83,307	\$ 853,000	\$ 157,301	\$ 1,523,608
2014	410,000	65,237	802,000	290,173	1,567,410
2015	430,000	47,836	827,000	267,235	1,572,071
2016	225,000	29,710	836,000	243,573	1,334,283
2017	170,000	21,624	865,000	219,661	1,276,285
2018-2022	385,000	42,068	4,704,000	712,889	5,843,957
2023-2027	-	-	1,821,000	146,960	1,967,960
2028-2029	<u>-</u>	<u>-</u>	<u>164,000</u>	<u>5,445</u>	<u>169,445</u>
Totals	<u>\$ 2,050,000</u>	<u>\$ 289,782</u>	<u>\$ 10,872,000</u>	<u>\$ 2,043,237</u>	<u>\$ 15,255,019</u>

(Continued)

NOTE 8 - LONG-TERM OBLIGATIONS, Continued

<u>Years ending June 30,</u>	<u>Revenue Bonds</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
Business-Type Activities			
2013	\$ 40,000	\$ 6,596	\$ 46,596
2014	40,000	5,044	45,044
2015	45,000	3,492	48,492
2016	<u>45,000</u>	<u>1,746</u>	<u>46,746</u>
Totals	<u>\$ 170,000</u>	<u>\$ 16,878</u>	<u>\$ 186,878</u>

As of June 30, 2012, 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			
2013	\$ 168,606	\$ 31,972	\$ 200,578
2014	215,912	28,505	244,417
2015	222,877	21,475	244,352
2016	230,071	14,211	244,282
2017	113,412	9,357	122,769
2018-22	<u>414,551</u>	<u>15,142</u>	<u>429,693</u>
Totals	<u>\$ 1,365,429</u>	<u>\$ 120,662</u>	<u>\$ 1,486,091</u>

Advance and current refunding

The City issued the 2004 COPS (Certificates of Participation) in April 2004 to (a) payoff the 2003 COPS ("Current Refunding") and to (b) advance refund the 2000 COPS (by purchasing U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments). As a result of the above, the 2000 COPS are considered defeased and the liability has been removed from the City's governmental activities column of the statement of net assets. The outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2012 was approximately \$2,485,000.

The City issued the Accommodations and Hospitality Tax Revenue Refunding Bonds, Series 2012A and 2012B in March 2012 to pay off the Series 2004, 2005, 2006, 2007 and 2008 Certificates of Participation ("Current Refunding"). The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$394,917. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the old debt. The transactions resulted in a reduction of approximately \$529,000 in future debt service payments.

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	\$ 35,542,891	\$ 5,399,196
Less: bonds payable, net	(12,536,058)	(170,000)
Capital lease payable	(1,365,429)	-
Add: Unspent capital lease proceeds	<u>891,058</u>	<u>-</u>
	<u>22,532,462</u>	<u>5,229,196</u>
Restricted city court funds	62,455	-
Restricted for capital activity	1,520,876	-
Restricted special revenues	878,815	-
Less: Unspent capital lease proceeds	<u>(891,058)</u>	<u>-</u>
	<u>1,571,088</u>	<u>-</u>
Unrestricted	<u>3,311,927</u>	<u>635,732</u>
Total net assets	<u>\$ 27,415,477</u>	<u>\$ 5,864,928</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, 2012 are as follow:

	General Fund	Accommodations and Hospitality Special Revenue	Heritage Pointe Project	Master Lease	Non-Major Governmental Funds	Total
Fund Balances:						
Nonspendable						
Prepaid items	\$ 192,461	\$ 81,707	\$ -	\$ -	\$ -	\$ 274,168
Restricted for:						
Accommodations and hospitality tax revenue refunding bond debt service	-	748,566	-	-	-	748,566
General government - city court funds	62,455	-	-	-	-	62,455
Special revenue - Veterans' Memorial	-	-	-	-	3,502	3,502
Special revenue - fireman's 1% fund	-	-	-	-	9,408	9,408
Special revenue - arts and cultural center	-	-	-	-	61,924	61,924
Special revenue - victims' assistance	-	-	-	-	55,415	55,415
Capital projects - Bryson Meadows	-	-	-	-	32,037	32,037
Capital projects - Stewart Park	-	-	-	-	31,004	31,004
Capital projects - Estates at Governor's Lake	-	-	-	-	70,588	70,588
Capital projects - Heritage Creek	-	-	-	-	91,731	91,731
Capital projects - Knightsbridge	-	-	-	-	199,623	199,623
Capital projects - Heritage Pointe	-	-	27,758	-	-	27,758
Capital projects - Fowler Chase	-	-	-	-	177,077	177,077
Capital projects - capital acquisitions	-	-	-	891,058	-	891,058
Committed to:						
Special revenue - fire prevention	-	-	-	-	163	163
Assigned to:						
Capital projects - council chambers	3,992	-	-	-	-	3,992
Unassigned	2,966,605	-	-	-	-	2,966,605
Total fund balances	\$ 3,225,513	\$ 830,273	\$ 27,758	\$ 891,058	\$ 732,472	\$ 5,707,074

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, 2012. The City was required to contribute 11.36%, 11.13% and 10.65% of gross earnings under PORS for the years ended June 30, 2012, June 30, 2011 and June 30, 2010, respectively. The City was required to contribute 9.39% for the year ended June 30, 2012 and 9.24% for the years ended June 30, 2011 and June 30, 2010, respectively, under SCRS. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .20% of payroll for PORS and .15% of payroll for SCRS to provide a group life insurance benefit for their participants. All employers contribute at the actuarially required contribution rates. The City contributed amounts equal to the required contribution to the SCRS of approximately \$215,000, PORS of \$388,000; SCRS of approximately \$207,000, PORS of \$376,000; and SCRS of \$210,500, PORS of \$343,000; for the years ended June 30, 2012, 2011, and 2010 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, 2012, the City made premium payments totaling approximately \$198,546. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City has also joined together with other municipalities in the state to form the South Carolina Municipal Insurance Trust ("SCMIT"), a public entity risk pool operating as a common risk management and insurance program for worker's compensation. The City pays a quarterly premium to SCMIT. For the year ended June 30, 2012, the City made premium payments totaling approximately \$141,712. 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.

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 27.5 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, 2012 for \$1,750,000, due April 15, 2013, bearing interest at an annual rate of 0.68%.

The City issued a Sewer System Revenue Bond Anticipation Note on September 20, 2012 for \$750,000, due on September 20, 2013, bearing interest at an annual rate of 0.80% per annum.

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, 2012

	Budget - original and final	Actual	Variance Over (under)
REVENUES			
Taxes:			
Property	\$ 7,049,364	\$ 7,030,133	\$ (19,231)
MASC Telecommunication and Insurance	1,331,213	1,462,765	131,552
Franchise	1,160,578	1,175,966	15,388
Licenses, permits and fees	1,457,840	1,508,799	50,959
Grants	193,230	179,569	(13,661)
Fines	110,948	96,320	(14,628)
Shared Revenue:			
County	100,830	99,684	(1,146)
State	338,457	580,910	242,453
Interest	14,088	10,245	(3,843)
Other	880,985	706,989	(173,996)
Total revenues	<u>12,637,533</u>	<u>12,851,380</u>	<u>213,847</u>
EXPENDITURES			
Current:			
General government			
Mayor and City Council	95,855	72,833	23,022
City Administration	1,391,012	1,378,520	12,492
Public safety			
Police Department	2,994,351	2,736,347	258,004
Fire Department	3,252,023	3,136,734	115,289
Public works	1,590,085	1,601,153	(11,068)
Recreation and Parks	1,882,359	1,949,589	(67,230)
Capital Outlay	255,255	531,805	(276,550)
Debt service:			
Principal Reduction	655,872	650,872	5,000
Interest	174,496	140,938	33,558
Total expenditures	<u>12,291,308</u>	<u>12,198,791</u>	<u>92,517</u>
Excess (deficiency) of revenues over expenditures	<u>346,225</u>	<u>652,589</u>	<u>306,364</u>
OTHER FINANCING SOURCES			
Proceeds from the sale of capital assets	-	14,846	14,846
Insurance proceeds	-	143,616	143,616
Capital lease proceeds	-	12,000	12,000
Transfers out	-	(387,637)	(387,637)
Total financing sources	<u>-</u>	<u>(217,175)</u>	<u>(217,175)</u>
NET CHANGE IN FUND BALANCE	346,225	435,414	89,189
FUND BALANCE, BEGINNING OF YEAR	<u>2,790,099</u>	<u>2,790,099</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,136,324</u></u>	<u><u>\$ 3,225,513</u></u>	<u><u>\$ 89,189</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, 2012

	Budget - original and final	Actual	Variance Over (under)
REVENUES			
Taxes:			
Hospitality and Accommodations	\$ 1,160,547	\$ 1,469,865	\$ 309,318
Interest	550	1,842	1,292
Miscellaneous	100	120	20
Total revenues	<u>1,161,197</u>	<u>1,471,827</u>	<u>310,630</u>
EXPENDITURES			
Current - general government			
Professional services	9,660	11,356	(1,696)
Trust fees	10,104	8,469	1,635
Total expenditures	<u>19,764</u>	<u>19,825</u>	<u>(61)</u>
Excess (deficiency) of revenues over expenditures	<u>1,141,433</u>	<u>1,452,002</u>	<u>310,569</u>
OTHER FINANCING USES			
Revenue refunding bonds issued	-	10,872,000	10,872,000
Transfers out	(1,118,139)	(12,334,981)	(11,216,842)
Total financing uses	<u>(1,118,139)</u>	<u>(1,462,981)</u>	<u>(344,842)</u>
NET CHANGE IN FUND BALANCE	23,294	(10,979)	(34,273)
FUND BALANCE,			
BEGINNING OF YEAR	<u>841,252</u>	<u>841,252</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 864,546</u>	<u>\$ 830,273</u>	<u>\$ (34,273)</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, 2012

	Budget - original and final	Actual	Variance
GENERAL GOVERNMENT			
Mayor And City Council:			
Current			
Salaries	\$ 46,600	\$ 49,565	\$ (2,965)
Tax-Payroll	3,274	3,676	(402)
Retirement	2,686	3,351	(665)
Insurance-Group	15,874	6,542	9,332
Insurance-Worker's Compensation	1,221	792	429
Professional Training	200	-	200
Discretionary Funds	21,000	4,894	16,106
Dues, Subscriptions and Memberships	800	589	211
Local Meetings and Meals	1,000	54	946
Office and Printing	1,500	1,164	336
Miscellaneous	-	138	(138)
Supplies	200	256	(56)
Equipment, Furniture and Fixtures- Non Capital	-	615	(615)
Employee Auto Allowance	-	103	(103)
Telephone, Modem and Fax	1,500	1,094	406
Total Mayor and City Council	95,855	72,833	23,022
City Administration: General			
Current			
Salaries	420,292	382,565	37,727
Overtime	800	777	23
Tax-Payroll	31,426	28,609	2,817
Retirement	39,540	36,314	3,226
Unemployment	-	751	(751)
Insurance-Group	54,693	36,180	18,513
Insurance- Worker's Compensation	6,884	3,045	3,839
Temporary Employees	-	30,777	(30,777)
Fuel Usage	4,508	3,616	892
Tires Expenditures	1,000	-	1,000
Professional Training	8,250	11,640	(3,390)
Contractual Services- Professional	69,000	93,952	(24,952)
Dues, Subscriptions, and Memberships	9,016	9,259	(243)
Supplies-Office	6,000	7,131	(1,131)
Supplies-Other	2,000	3,048	(1,048)
Telephone, Fax, Cell and Pagers	13,884	17,997	(4,113)
IT Communications	3,060	1,247	1,813
Computer Software and Support	20,800	25,142	(4,342)
Small Equipment	200	102	98
Equipment, Furniture and Fixtures- Non Capital	1,500	13,873	(12,373)

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, 2012

	Budget - original and final	Actual	Variance
City Administration: General, Continued			
Current			
Utilities	131,000	143,824	(12,824)
General Insurance	218,718	195,081	23,637
Physical Examinations and Drug/Alcohol Testing	100	285	(185)
Local Meetings and Meals	2,000	2,147	(147)
Equipment Rent	16,000	12,749	3,251
Bank Fees	3,100	4,967	(1,867)
Building Inspection Fees	65,000	58,469	6,531
Advertising	2,000	2,144	(144)
Community Relations	41,233	41,289	(56)
Memorials and Awards	1,500	1,196	304
Miscellaneous	5,000	3,502	1,498
Postage	6,000	4,946	1,054
Business Service	1,900	1,909	(9)
Printing	2,000	909	1,091
Repairs & Maintenance-Buildings	8,500	9,000	(500)
Repairs & Maintenance-Equipment	4,500	7,783	(3,283)
Repairs & Maintenance- Drive Train	1,000	284	716
Repairs & Maintenance- Routine	600	498	102
Repairs & Maintenance- Vehicle Body Work	1,000	-	1,000
County Stormwater Fees	5,583	5,582	1
Contingency	25,644	2,527	23,117
Cost of Issuance	-	16,094	(16,094)
Total Administration	1,235,231	1,221,210	14,021
City Administration: Court Division			
Current			
Salaries	105,949	107,505	(1,556)
Tax-Payroll	7,658	7,749	(91)
Retirement	10,870	11,132	(262)
Insurance-Group	19,082	21,406	(2,324)
Insurance-Worker's Compensation	1,971	546	1,425
Professional Training	800	903	(103)
Supplies-Office	500	209	291
Computer software and support	300	702	(402)
IT Communications	3,051	1,502	1,549
Printing	200	-	200
Jurors, Bailiffs and Witnesses	5,000	5,530	(530)
Contingency	400	126	274
Total Court Administration	155,781	157,310	(1,529)
Total City Administration	1,391,012	1,378,520	12,492

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, 2012

	Budget - original and final	Actual	Variance
Police Department: Operations			
Current			
Salaries	1,468,569	1,402,644	65,925
Overtime	23,000	18,582	4,418
Extra Duties-Overtime	88,000	53,112	34,888
Tax-Payroll	117,185	108,359	8,826
Retirement	181,090	171,304	9,786
Insurance-Group	243,187	252,346	(9,159)
Insurance-Worker's Compensation	60,202	43,408	16,794
Fuel Usage	118,599	116,076	2,523
Tires Expenditures	10,000	12,591	(2,591)
Professional Training	15,000	6,900	8,100
Contractual Services-Inmate Labor	2,000	1,329	671
Dues, Subscriptions, and Memberships	2,500	405	2,095
Supplies-Office	6,500	6,154	346
Supplies-Other	3,300	4,052	(752)
Supplies-Safety	1,500	1,336	164
Supplies-Police	800	229	571
Telephone, Fax, Cell and Pagers	20,000	17,459	2,541
Computer Software and Support	5,000	5,465	(465)
IT Communications	1,000	284	716
Small Equipment	500	66	434
Utilities	27,000	10,884	16,116
Physical Examinations and Drug/Alcohol Testing	10,000	2,343	7,657
Local Meetings and Meals	700	464	236
Leases-Equipment	6,000	4,290	1,710
Advertising	200	65	135
Body Armor Grant	4,541	1,209	3,332
Police Equipment Grant Expenditures	2,000	2,006	(6)
Direct JAG Grant Expenditures	10,738	10,863	(125)
Equipment-Non Capital	-	1,662	(1,662)
Community Relations	2,500	2,379	121
Vehicle License Fees	1,570	-	1,570
Postage	1,500	1,434	66
Uniforms	27,500	21,452	6,048
Employee Uniform Allowance	7,000	6,941	59
Printing	1,000	595	405
Repairs and Maintenance- Buildings	3,000	3,601	(601)
Repairs and Maintenance- Equipment	9,000	9,953	(953)
Repairs and Maintenance-Radios	3,000	2,113	887
Repairs and Maintenance- Drive train	4,000	4,877	(877)
Repairs and Maintenance- Routine	22,000	14,669	7,331
Repairs and Maintenance Vehicle Body Work	4,000	4,385	(385)

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, 2012

	Budget - original and final	Actual	Variance
Police Department: Operations, Continued			
Current			
Tools and Small Equipment	600	379	221
Contingency	19,943	1,233	18,710
Firearms/Ammunition	6,000	3,679	2,321
Chemicals	500	294	206
Informant Fees	500	-	500
Housing-Inmate	35,000	39,228	(4,228)
Housing-Juvenile	3,000	550	2,450
Radio User Fees	25,000	15,639	9,361
Tuition Reimbursement	2,000	3,149	(1,149)
Contractual Services	20,000	5,512	14,488
Police Services	4,500	3,772	728
Total Operations	2,632,224	2,401,726	230,498
Police Department: Dispatch			
Current			
Salaries	224,660	230,326	(5,666)
Overtime	26,421	11,224	15,197
Extra Duties-Overtime	-	946	(946)
Tax-Payroll	18,497	17,963	534
Retirement	23,577	22,888	689
Insurance-Group	48,663	43,803	4,860
Insurance- Worker's Compensation	3,559	1,985	1,574
Professional Training	3,000	250	2,750
Dues, Subscriptions, and Memberships	450	-	450
Supplies-Other	200	-	200
IT Communications	4,500	3,964	536
Computer Software and Support	1,000	-	1,000
Physical Examinations and Drug/Alcohol Testing	2,600	23	2,577
Repairs and Maintenance-Equipment	1,500	-	1,500
Repairs and Maintenance-Radios	1,000	470	530
Uniforms	1,500	779	721
Contingency	1,000	-	1,000
Total Dispatch	362,127	334,621	27,506
Total Police Department	2,994,351	2,736,347	258,004
Fire Department			
Current			
Salaries	1,968,524	1,956,202	12,322
Extra Duties-Overtime	25,000	8,702	16,298
Tax-Payroll	144,145	140,802	3,343

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, 2012

	Budget - original and final	Actual	Variance
Fire Department, Continued			
Current			
Retirement	227,769	227,359	410
Unemployment	-	(1,840)	1,840
Insurance-Group	400,794	402,085	(1,291)
Insurance-Worker's Compensation	62,070	59,414	2,656
Professional Training	23,000	21,406	1,594
Dues, Subscriptions, and Memberships	3,600	2,902	698
Supplies-Office	4,000	3,556	444
Supplies-Other	7,850	8,385	(535)
Supplies-Safety	40,250	36,949	3,301
Landscaping	750	338	412
Telephone, Fax, Cell and Pagers	12,200	11,817	383
IT Communications	200	738	(538)
Computer Software and Support	7,600	7,226	374
Small Equipment	500	837	(337)
Utilities	32,000	31,826	174
Equipment Rent	3,600	3,308	292
Fuel Usage	48,196	49,644	(1,448)
Tires Expenditures	20,100	16,781	3,319
Physical Examinations and Drug/Alcohol Testing	15,000	14,859	141
Local Meetings and Meals	1,500	1,181	319
Community Relations	2,000	1,807	193
DHS Grant Expenditures	67,090	722	66,368
Equipment, Furniture and Fixtures-Non Capital	18,500	17,652	848
Postage	400	378	22
Uniforms	26,000	26,241	(241)
Printing	500	246	254
Repairs and Maintenance-Buildings	7,000	21,479	(14,479)
Repairs and Maintenance-Equipment	23,900	23,665	235
Repairs and Maintenance-Radios	4,000	3,668	332
Repairs and Maintenance- Drive train	19,000	3,557	15,443
Repairs and Maintenance- Routine	20,000	18,798	1,202
Repairs and Maintenance- Vehicle Body Work	3,000	10,973	(7,973)
Radio User Fees	200	49	151
Miscellaneous Supplies	1,250	1,187	63
Contingency	8,135	414	7,721
Chemicals	1,400	482	918
Tools and Small Equipment	1,000	939	61
Total Fire Department	3,252,023	3,136,734	115,289

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, 2012

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration			
Current			
Salaries	432,205	434,920	(2,715)
Overtime	30,000	20,229	9,771
Extra Duties-Overtime	15,000	3,355	11,645
Tax-Payroll	34,994	33,590	1,404
Retirement	44,810	43,670	1,140
Unemployment	2,086	(296)	2,382
Insurance-Group	105,230	97,047	8,183
Insurance-Worker's Compensation	37,204	24,477	12,727
Temporary Employees	-	8,111	(8,111)
Professional Training	500	1,230	(730)
Contractual Services-Inmate Labor	65,000	57,091	7,909
Professional Fees	20,000	500	19,500
Dues, Subscriptions, and Memberships	500	-	500
Equipment Rent	4,500	46,886	(42,386)
Supplies-Cement and Masonry	17,400	1,930	15,470
Supplies-Asphalt and Paving	33,000	1,842	31,158
Supplies-Electric and Lighting	12,000	11,645	355
Supplies-Office	1,900	829	1,071
Supplies-Other	3,500	9,079	(5,579)
Supplies-Safety	4,127	1,631	2,496
Chemicals	1,000	68	932
Landscaping	2,000	812	1,188
Printing	400	577	(177)
Small Office Equipment	150	64	86
Utilities	18,000	15,585	2,415
Telephone, Fax, Cell and Pagers	10,000	13,697	(3,697)
IT Communications	180	285	(105)
Computer Software and Support	4,130	4,086	44
Physical Examinations and Drug/Alcohol Testing	600	799	(199)
Advertising	-	282	(282)
Animal Control	2,500	3,008	(508)
Employee Recognition	800	433	367
Miscellaneous	-	815	(815)
Postage	300	19	281
Uniforms	6,648	7,026	(378)
Repairs and Maintenance-Buildings	10,000	9,675	325
Repairs and Maintenance-Equipment	20,000	27,729	(7,729)
Repairs and Maintenance-Facilities	6,000	1,561	4,439
Repairs and Maintenance-Street, Buildings & Parks	10,000	9,411	589
Tools and Small Equipment	7,000	8,276	(1,276)
Repairs and Maintenance- Vehicles	40,000	112,208	(72,208)
Repairs and Maintenance- Routine	26,000	6,980	19,020

(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, 2012

	Budget - original and final	Actual	Variance
Public Works: Sanitation, Maintenance and Administration, Continued			
Current			
Repairs and Maintenance- Vehicle Body Work	1,000	7	993
Fuel Usage	138,271	126,311	11,960
Tire Expenditures	35,000	35,703	(703)
Cost of Waste Cans	49,210	54,407	(5,197)
Solid Waste Grant Expenditures	4,000	6,190	(2,190)
Safety Grant Expenditures	-	2,450	(2,450)
CDBG Project - Woodside Mill Village	-	3,891	(3,891)
Contingency	21,753	-	21,753
Tipping Fees	96,280	109,238	(12,958)
Total Sanitation, Maintenance and Administration	1,375,178	1,359,359	15,819
Public Works Department: Fleet Division			
Current			
Salaries	101,856	130,389	(28,533)
Overtime	20,000	9,601	10,399
Extra Duties-Overtime	-	1,536	(1,536)
Tax-Payroll	8,946	10,081	(1,135)
Retirement	11,442	13,411	(1,969)
Insurance-Group	23,993	26,609	(2,616)
Insurance-Worker's Compensation	2,964	2,806	158
Professional Training	-	543	(543)
Supplies-Office	300	84	216
Utilities	7,790	11,210	(3,420)
Supplies-Other	1,000	5,623	(4,623)
Supplies-Safety	1,166	428	738
Supplies-Garage Stock	-	756	(756)
Telephone, Fax, Cell and Pagers	1,200	583	617
Computer Software and Support	-	1,318	(1,318)
Repairs and Maintenance-Buildings	8,000	962	7,038
Repairs and Maintenance-Equipment	-	53	(53)
Repairs and Maintenance-Facilities	3,000	-	3,000
Uniforms	2,746	3,531	(785)
Equipment Rent	500	1,897	(1,397)
Vehicle Operating	-	241	(241)
Postage	300	18	282
Chemicals	1,800	1,890	(90)
Oils and Lubricants	13,904	14,186	(282)
Physical Examinations and Drug/Alcohol Testing	-	70	(70)
Contingency	1,000	-	1,000
Tools and Small Equipment	3,000	3,968	(968)
Total Fleet	214,907	241,794	(26,887)
Total Public Works	1,590,085	1,601,153	(11,068)

(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, 2012

	Budget - original and final	Actual	Variance
Recreation Department			
Recreation			
Current			
Salaries	462,063	468,718	(6,655)
Overtime	5,000	3,730	1,270
Extra Duties-Overtime	5,000	-	5,000
Tax-Payroll	35,163	35,274	(111)
Retirement	42,127	41,359	768
Unemployment	783	-	783
Insurance-Group	84,214	81,996	2,218
Insurance-Worker's Compensation	5,049	10,609	(5,560)
Insurance-General	5,000	2,327	2,673
Temporary Employees	-	9,023	(9,023)
Professional Training	2,000	1,081	919
Contractual Services-Inmate Labor	19,000	8,307	10,693
Contractual Services- Recreation	106,000	109,144	(3,144)
Dues, Subscriptions, and Memberships	1,200	656	544
Supplies-Recreation	-	1,453	(1,453)
Supplies- Cement and Masonry	2,000	300	1,700
Supplies- Electric and Lighting	1,500	2,757	(1,257)
Supplies-Office	2,300	1,975	325
Supplies-Other	6,000	6,773	(773)
Supplies-Safety	1,000	1,013	(13)
Landscaping	25,000	27,253	(2,253)
Telephone, Fax, Cell and Pagers	7,500	5,595	1,905
Computer Software and Support	1,200	355	845
IT Communications	1,000	785	215
Small Equipment	400	190	210
Utilities	65,000	67,448	(2,448)
Physical Examinations and Drug/Alcohol Testing	-	328	(328)
Advertising	1,500	515	985
Postage	440	457	(17)
Uniforms	5,100	4,452	648
Employee Uniform Allowance	1,000	735	265
Printing	800	801	(1)
Repairs and Maintenance- Buildings	19,500	19,315	185
Repairs and Maintenance- Equipment	6,000	3,864	2,136
Repairs and Maintenance-Facilities	6,000	11,229	(5,229)
Repairs and Maintenance- Drive train	16,289	9,648	6,641
Repairs and Maintenance- Routine	2,500	599	1,901
Repairs and Maintenance- Vehicle Body Work	2,000	-	2,000
Fuel Usage	17,734	23,610	(5,876)
Tires Expenditures	2,050	863	1,187
Contingency	3,533	3,484	49
Grant Fund Expenditures	15,250	9,576	5,674
PARD Grant Expenditures	12,222	-	12,222

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, 2012

	Budget - original and final	Actual	Variance
Recreation, Continued			
Current			
Chemicals	20,000	21,692	(1,692)
Equipment Rent	3,000	3,337	(337)
Tools and Small Equipment	1,500	1,955	(455)
Total Recreation	1,021,917	1,004,581	17,336
Heritage Park			
Current			
Salaries	136,413	150,016	(13,603)
Overtime	7,500	1,908	5,592
Extra-Duties Overtime	7,500	-	7,500
Tax-Payroll	11,289	11,302	(13)
Retirement	9,699	9,971	(272)
Insurance-Group	20,653	16,794	3,859
Insurance-Worker's Compensation	1,714	2,007	(293)
Professional Training	1,000	784	216
Dues, Subscriptions, and Memberships	1,200	-	1,200
Supplies-Office	2,200	1,966	234
Supplies-Other	7,800	10,283	(2,483)
Supplies-Safety	1,000	1,095	(95)
Supplies-Recreation	10,000	8,327	1,673
Landscaping	-	63	(63)
Telephone, Fax, Cell and Pagers	5,500	4,440	1,060
IT Communications	1,400	1,655	(255)
Computer Software and Support	1,000	401	599
Utilities	137,000	162,228	(25,228)
Physical Examinations and Drug/Alcohol Testing	-	22	(22)
Advertising	1,500	231	1,269
Postage	440	63	377
Employee Uniform Allowance	500	189	311
Printing	900	472	428
Repairs and Maintenance- Buildings	7,500	10,086	(2,586)
Repairs and Maintenance- Equipment	11,000	7,306	3,694
Repairs and Maintenance- Facilities	5,000	10,108	(5,108)
Repairs and Maintenance- Drive train	2,000	2,508	(508)
Repairs and Maintenance- Routine	1,500	217	1,283
Repairs and Maintenance- Vehicle Body Work	1,000	-	1,000
Fuel Usage	11,345	10,486	859
Tires Expenditures	450	286	164
Train Repairs and Maintenance- Drive Train	2,000	2,675	(675)
Train Repairs and Maintenance- Routine	650	10,073	(9,423)
Train Wheels	5,900	5,780	120
Contingency	2,621	731	1,890

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, 2012

	Budget - original and final	Actual	Variance
Heritage Park, Continued			
Current			
Equipment Rent	1,800	1,759	41
Small Office Equipment	500	-	500
Tools and Small Equipment	500	967	(467)
Recreation Services	128,030	160,232	(32,202)
Adult Sports	-	633	(633)
Promotional	2,000	-	2,000
Little League All Stars	-	1,153	(1,153)
Hospitality Food	-	194	(194)
Cost of Concession Goods Sold	60,000	64,804	(4,804)
Total Heritage Park	610,004	674,215	(64,211)
Amphitheatre			
Current			
Personnel and Events	150,000	150,000	-
Worker's Compensation	-	11	(11)
Telephone, Modem, and Fax	8,000	10,098	(2,098)
IT Communications	5,000	5,111	(111)
Repairs and Maintenance	25,938	17,586	8,352
Tools and Small Equipment	500	-	500
Supplies	7,000	2,550	4,450
Equipment Rental	1,500	887	613
Handicapped Accessibility Grant Expenditures	-	31,588	(31,588)
Professional Fees	50,000	50,000	-
Electric and Lighting Supplies	2,000	929	1,071
Miscellaneous	500	2,033	(1,533)
Total Amphitheatre	250,438	270,793	(20,355)
Total Recreation and Parks	1,882,359	1,949,589	(67,230)
Capital Outlay	255,255	531,805	(276,550)
Debt Service			
Principal Reduction	655,872	650,872	5,000
Interest	174,496	140,938	33,558
Total Debt Service	830,368	791,810	38,558
Total Expenditures	\$ 12,291,308	\$ 12,198,791	\$ 92,517

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	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	\$ 128,666	\$ 609,489	\$ -	\$ 738,155
Receivables, net:				
Accounts	29	162	-	191
Due from:				
Other funds	1,717	-	-	1,717
Total assets	<u>\$ 130,412</u>	<u>\$ 609,651</u>	<u>\$ -</u>	<u>\$ 740,063</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ 7,591	\$ -	\$ 7,591
Total liabilities	<u>-</u>	<u>7,591</u>	<u>-</u>	<u>7,591</u>
FUND BALANCES				
Restricted	130,249	602,060	-	732,309
Committed	163	-	-	163
Total fund balances	<u>130,412</u>	<u>602,060</u>	<u>-</u>	<u>732,472</u>
Total liabilities and fund balances	<u>\$ 130,412</u>	<u>\$ 609,651</u>	<u>\$ -</u>	<u>\$ 740,063</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Historical Marker Center	Victims' Assistance Fund	Leadership Simpsonville	Non-Major Special Revenue Funds
ASSETS									
Cash and cash equivalents, restricted	\$ 3,502	\$ -	\$ 9,408	\$ 163	\$ 61,908	\$ -	\$ 53,685	\$ -	\$ 128,666
Receivables, net:									
Accounts	-	-	-	-	16	-	13	-	29
Due from:									
Other funds	-	-	-	-	-	-	1,717	-	1,717
Total assets	<u>\$ 3,502</u>	<u>\$ -</u>	<u>\$ 9,408</u>	<u>\$ 163</u>	<u>\$ 61,924</u>	<u>\$ -</u>	<u>\$ 55,415</u>	<u>\$ -</u>	<u>\$ 130,412</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Total liabilities	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Restricted	3,502	-	9,408	-	61,924	-	55,415	-	130,249
Committed	-	-	-	163	-	-	-	-	163
Total fund balances	<u>3,502</u>	<u>-</u>	<u>9,408</u>	<u>163</u>	<u>61,924</u>	<u>-</u>	<u>55,415</u>	<u>-</u>	<u>130,412</u>
Total liabilities and fund balances	<u>\$ 3,502</u>	<u>\$ -</u>	<u>\$ 9,408</u>	<u>\$ 163</u>	<u>\$ 61,924</u>	<u>\$ -</u>	<u>\$ 55,415</u>	<u>\$ -</u>	<u>\$ 130,412</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
June 30, 2012

	Bryson Meadows Project	Stewart Park Project	Estates at Governor's Lake Project	Heritage Creek Project	Knightsbridge Project	Fowler Chase Project	Non-Major Capital Project Funds
ASSETS							
Cash and cash equivalents, restricted	\$ 32,031	\$ 30,999	\$ 70,569	\$ 99,301	\$ 199,564	\$ 177,025	\$ 609,489
Receivables, net:							
Accounts	6	5	19	21	59	52	162
Total assets	<u>\$ 32,037</u>	<u>\$ 31,004</u>	<u>\$ 70,588</u>	<u>\$ 99,322</u>	<u>\$ 199,623</u>	<u>\$ 177,077</u>	<u>\$ 609,651</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 7,591	\$ -	\$ -	\$ 7,591
FUND BALANCES							
Restricted	32,037	31,004	70,588	91,731	199,623	177,077	602,060
Total fund balances	32,037	31,004	70,588	91,731	199,623	177,077	602,060
Total liabilities and fund balances	<u>\$ 32,037</u>	<u>\$ 31,004</u>	<u>\$ 70,588</u>	<u>\$ 99,322</u>	<u>\$ 199,623</u>	<u>\$ 177,077</u>	<u>\$ 609,651</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the year ended June 30, 2012

	Non-Major Special Revenue Funds	Non-Major Capital Projects Funds	Non-Major Debt Service Fund	Total Non-Major Governmental Funds
REVENUES				
Fines	\$ 13,271	\$ -	\$ -	\$ 13,271
Shared Revenue:				
County	16,167	475,343	-	491,510
State	82,548	-	-	82,548
Interest	345	1,095	-	1,440
Other	118,742	-	-	118,742
Total revenues	231,073	476,438	-	707,511
EXPENDITURES				
Current:				
General government				
City Administration	148,527	-	-	148,527
Public safety				
Fire Department	85,979	-	-	85,979
Capital Outlay	31,225	7,591	-	38,816
Debt service:				
Principal Reduction	-	-	730,000	730,000
Interest	-	-	388,139	388,139
Total expenditures	265,731	7,591	1,118,139	1,391,461
Excess (deficiency) of revenues over expenditures	(34,658)	468,847	(1,118,139)	(683,950)
OTHER FINANCING SOURCES				
Capital lease proceeds	-	-	-	-
Payment to refunded certificates of participation escrow agent			(11,216,842)	(11,216,842)
Transfers in	13,934	-	12,334,981	12,348,915
Total financing sources	13,934	-	1,118,139	1,132,073
NET CHANGE IN FUND BALANCE	(20,724)	468,847	-	448,123
FUND BALANCE, BEGINNING OF YEAR	151,136	133,213	-	284,349
FUND BALANCE, END OF YEAR	\$ 130,412	\$ 602,060	\$ -	\$ 732,472

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, 2012

	Veteran's Monument	Honor Flight Fund	Fireman's 1% Fund	Fire Prevention Fund	Arts and Cultural Center	Historical Marker Fund	Victims' Assistance Fund	Leadership Simpsonville	Non-Major Special Revenue Funds
REVENUES									
Fines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,271	\$ -	\$ 13,271
Shared Revenue:									
County	-	-	-	-	16,167	-	-	-	16,167
State	-	-	82,548	-	-	-	-	-	82,548
Interest	6	21	-	-	147	4	164	3	345
Other	150	107,364	-	28	-	-	-	11,200	118,742
Total revenues	156	107,385	82,548	28	16,314	4	13,435	11,203	231,073
EXPENDITURES									
Current:									
General government									
City Administration	216	139,200	-	-	-	-	6,671	2,440	148,527
Public safety									
Fire Department	-	-	85,979	-	-	-	-	-	85,979
Capital Outlay	-	-	-	-	15,162	7,300	-	8,763	31,225
Total expenditures	216	139,200	85,979	-	15,162	7,300	6,671	11,203	265,731
OTHER FINANCING SOURCES									
Transfers in	-	-	-	-	13,446	488	-	-	13,934
NET CHANGE IN FUND BALANCE	(60)	(31,815)	(3,431)	28	14,598	(6,808)	6,764	-	(20,724)
FUND BALANCE, BEGINNING OF YEAR	3,562	31,815	12,839	135	47,326	6,808	48,651	-	151,136
FUND BALANCE, END OF YEAR	\$ 3,502	\$ -	\$ 9,408	\$ 163	\$ 61,924	\$ -	\$ 55,415	\$ -	\$ 130,412

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, 2012

	Bryson Meadows Project	Stewart Park Project	Estates at Governor's Lake Project	Heritage Creek Project	Knightsbridge Project	Fowler Chase Project	Non-Major Capital Project Funds
REVENUES							
Shared Revenue:							
County	\$ -	\$ -	\$ -	\$ 99,000	\$ 199,335	\$ 177,008	\$ 475,343
Interest	83	80	253	322	288	69	1,095
Total revenues	83	80	253	99,322	199,623	177,077	476,438
EXPENDITURES							
Current:							
Capital Outlay	-	-	-	7,591	-	-	7,591
Total expenditures	-	-	-	7,591	-	-	7,591
Excess of revenues over expenditures	83	80	253	91,731	199,623	177,077	468,847
NET CHANGE IN FUND BALANCE	83	80	253	91,731	199,623	177,077	468,847
FUND BALANCE, BEGINNING OF YEAR	31,954	30,924	70,335	-	-	-	133,213
FUND BALANCE, END OF YEAR	\$ 32,037	\$ 31,004	\$ 70,588	\$ 91,731	\$ 199,623	\$ 177,077	\$ 602,060

CITY OF SIMPSONVILLE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES
For the year ended June 30, 2012

Court fines	
Court fines collected	\$ 96,320
Court fines retained by the City	96,320
	<hr/>
Court fines remitted to the State Treasurer	<u>\$ -</u>
Court assessments	
Court assessments collected	\$ 88,434
Court assessments retained by the City	9,996
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Court assessments remitted to the State Treasurer	<u>\$ 78,438</u>
Court surcharges	
Court surcharges collected	\$ 60,547
Court surcharges retained by the City	3,275
	<hr/>
Court surcharges remitted to the State Treasurer	<u>\$ 57,272</u>
Victim Services	
Court assessments allocated to Victim Services	\$ 9,996
Court surcharges allocated to Victim Services	3,275
Local funds	164
	<hr/>
	13,435
Funds allocated to Victim Services	
Victim Services expenditures	<hr/>
	6,671
Funds available for carryforward	<u>\$ 6,764</u>

STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	73 - 78
Revenue Capacity These schedules contain trend information to help the reader assess the City’s most significant local revenue source, the property tax.	79 - 83
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.	84 - 88
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.	89 - 90
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.	91 - 93

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 NINE FISCAL YEARS

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 22,532,462
Restricted	161,226	-	339,862	355,787	-	-	228,231	1,185,563	1,571,088
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>	<u>3,311,927</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>	<u>\$ 27,415,477</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	\$ 5,229,196
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>	<u>635,732</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>	<u>\$ 5,864,928</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	\$ 27,761,658
Restricted	161,226	-	339,862	355,787	-	-	228,231	1,185,563	1,571,088
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>	<u>3,947,659</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>	<u>\$ 33,280,405</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 NINE FISCAL YEARS**

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 1,717,403
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	6,336,564
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	2,126,388
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	2,413,145
Interest and other charges	495,663	538,508	711,440	682,171	758,389	605,924	754,683	625,421	328,780
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>	<u>12,922,280</u>
Business-type activities									
Sewer	-	-	-	407,449	628,172	557,810	589,381	714,284	753,428
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>	<u>753,428</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>	<u>\$ 13,675,708</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	\$ 3,236,825
Public safety	144,062	216,581	257,659	261,601	170,680	156,833	143,604	175,394	129,275
Public works	175,550	413,047	470,913	-	-	130,536	136,680	154,776	165,504
Parks and recreation	-	96,640	95,231	112,025	103,878	128,319	117,434	156,310	196,541
Operating grants and contributions	508,372	362,913	511,303	389,889	311,778	183,278	474,938	257,091	279,253
Capital grants and contributions	-	-	-	-	342,452	1,225,236	597,479	1,218,353	678,249
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>	<u>4,685,647</u>
Business-type activities									
Charges for services									
Sewer	-	-	-	767,310	686,456	600,603	776,773	669,778	722,359
Capital grants and contributions	-	-	-	272,535	2,435,540	-	211,838	6,525	727
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>	<u>723,086</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>	<u>\$ 5,408,733</u>

(Continued)

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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (8,236,633)
Business-type activities	-	-	-	632,396	2,493,824	42,793	399,230	(37,981)	(30,342)
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>	<u>\$ (8,266,975)</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	\$ 6,858,254
Accommodations taxes	747,092	925,893	1,116,394	1,199,782	1,274,349	1,131,741	1,348,159	1,379,556	1,563,786
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	1,462,765
Unrestricted intergovernmental revenues	113,469	364,373	397,018	419,589	467,349	450,697	372,471	342,522	333,489
Unrestricted investment earnings	14,577	37,808	35,419	71,793	114,637	17,709	21,413	14,758	13,740
Unrestricted donations and contributions	-	-	-	-	553,650	35,390	-	-	-
Gains on disposal/sale of capital assets	-	-	-	-	6,789	-	17,295	26,675	158,462
Miscellaneous revenues	-	168,869	217,014	273,409	303,182	68,810	286,298	107,963	123,484
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>	<u>10,513,980</u>
Business-type activities									
Unrestricted investment earnings	-	-	-	-	-	1,481	4,851	2,513	2,321
Miscellaneous revenues	-	-	-	-	-	229	-	-	-
Transfers	-	-	-	-	-	(983,909)	-	-	-
Total business-type activities	-	-	-	-	-	(982,199)	4,851	2,513	2,321
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>	<u>10,516,301</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	\$ 2,277,347
Business-type activities	-	-	-	632,396	2,493,824	(939,406)	404,081	(35,468)	(28,021)
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>	<u>\$ 2,249,326</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									
	2003	2004	2005	2006	2007 *	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ -	\$ 868,561	\$ 1,139,681	\$ -	\$ -	\$ 143,632	\$ 35,166	\$ 496,567	\$ -	\$ -
Unreserved	2,590,778	1,247,665	728,841	2,077,903	1,583,179	669,173	666,460	1,405,976	-	-
Nonspendable	-	-	-	-	-	-	-	-	178,366	192,461
Restricted	-	-	-	-	-	-	-	-	66,359	62,455
Assigned	-	-	-	-	-	-	-	-	-	3,992
Unassigned	-	-	-	-	-	-	-	-	2,545,374	2,966,605
Total General Fund	<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>	<u>3,225,513</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,889	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Special revenue funds	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	81,707
Restricted	-	-	-	-	-	-	-	-	1,119,204	2,399,691
Committed	-	-	-	-	-	-	-	-	135	163
Unassigned	-	-	-	-	-	-	-	-	(373,703)	-
Total all other governmental funds	<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>	<u>2,481,561</u>
Total all governmental funds	<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>	<u>\$ 5,707,074</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes by source:										
Property tax	\$ 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	\$ 7,030,133
Accommodations tax	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865
MASC Telecommunications and insurance	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	1,462,765
Franchise	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966
Intergovernmental	724,087	598,060	727,286	1,006,777	809,480	661,586	615,454	898,639	828,563	1,436,765
Charges for services	10,316	178,965	413,047	470,913	357,780	-	-	-	-	-
Fines and forfeitures	161,261	144,066	228,842	246,307	231,614	150,340	119,085	125,024	149,997	109,591
Licenses and fees	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	1,508,799
Investment earnings	120,297	14,577	37,808	35,314	177,776	114,636	17,709	21,413	14,758	13,740
Grants	-	-	-	-	-	554,230	470,378	503,861	156,858	179,569
Miscellaneous	68,741	26,681	227,994	311,023	34,744	388,649	677,947	699,260	759,928	825,851
Total revenues	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	15,213,044
Expenditures										
Current:										
General government	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	1,619,705
Public safety	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	5,959,060
Public service	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	1,601,153
Parks and recreation	592,448	632,704	839,791	948,822	1,105,072	1,221,422	1,437,988	1,284,059	1,808,893	1,949,589
Nondepartmental	40,388	-	-	-	-	-	-	-	-	-
Contingencies	2,850	-	-	-	-	-	-	-	-	-
Capital outlay	1,342,574	6,090,631	3,506,755	1,880,171	1,929,021	5,572,186	858,596	776,162	881,335	725,131
Debt service:										
Principal	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	1,380,872
Interest and fiscal charges	448,194	492,681	465,639	527,377	491,835	582,871	656,649	728,242	642,743	529,077
Bond issuance costs	-	238,636	40,000	24,453	80,930	129,500	-	-	-	-
Total expenditures	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	13,764,587
Excess of revenues over (under) expenditures	\$ (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	\$ 1,448,457

(Continued)

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

	Fiscal year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	12,722,618
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)	(12,722,618)
Issuance of bonds	-	-	-	-	-	1,045,000	755,000	-	-	10,872,000
Proceeds from capital lease	353,678	-	860,000	-	-	-	-	545,324	-	903,000
Issuance of note payable	-	-	103,150	-	33,193	-	-	-	-	-
Issuance of certificate of participation	-	-	1,340,000	1,047,500	2,790,000	3,900,000	-	-	-	-
Issuance of refunding debt	-	12,015,000	-	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	(8,057,032)	-	-	-	-	-	-	-	(11,216,842)
Sale of capital assets	54,100	929,656	-	-	-	6,789	22,441	30,019	63,177	14,846
Insurance Proceeds	-	-	-	-	-	37,710	17,162	18,579	35,137	143,616
Total other financing sources (uses)	<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>	<u>716,620</u>
Net Change in fund balances	<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>	<u>\$ 2,165,077</u>
Debt service as a percentage of noncapital expenditures	15.8%	18.7%	17.2%	17.0%	18.1%	21.3%	17.2%	16.4%	15.0%	14.9%

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property tax	\$ 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	\$ 7,030,133
Hospitality & accommodations tax	696,513	747,092	925,893	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865
MASC Telecommunications and insurance taxes	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	1,462,765
Franchise fees	-	-	775,039	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966
Total	<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>	<u>\$ 11,138,729</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
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%
2012	27,397,420	30,832,080	8,333,450	66,562,950	61.7	1,200,261,766	5.5%

Source: Greenville County Tax Receipt Reports

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

Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Direct Rates:										
Operating	50.70	50.70	50.70	50.70	50.70	48.60	41.60	44.20	41.60	41.60
Reserve Account	-	-	-	-	-	-	-	7.40	7.40	7.40
Debt Service	-	-	-	-	-	-	9.90	12.70	12.70	12.70
	<u>50.70</u>	<u>50.70</u>	<u>50.70</u>	<u>50.70</u>	<u>50.70</u>	<u>48.60</u>	<u>51.50</u>	<u>64.30</u>	<u>61.70</u>	<u>61.70</u>
County Rates:										
Greenville County	49.90	49.90	49.90	49.90	49.90	47.60	47.60	47.60	47.30	47.30
School District Rates:										
Greenville County Schools	144.10	144.10	147.80	147.90	156.40	150.70	156.70	156.70	157.80	162.50
Fire District Rates:										
Simpsonville Fire District	23.40	23.40	23.40	23.40	23.40	22.70	26.80	28.30	28.10	27.50

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	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value *	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,267,960	1	1.90%	\$ 550,680	3	1.30%
Walmart Real Estate	965,800	2	1.45%			
Jasmine Cove Apartments	689,960	3	1.04%			
Rohman Development Realty I	645,320	4	0.97%			
Centro Bradley Fairview Corner	612,450	5	0.92%			
Lowes Home Centers	592,860	6	0.89%	397,760	5	1.00%
NNN Arbors at Fairview	539,580	7	0.81%			0.00%
Frontier Communications	526,830	8	0.79%			
McIntosh Properties LLC	494,250	9	0.74%			
HD Development of Maryland Inc	476,080	10	0.72%			
Wares Delaware Corp.				631,440	2	1.50%
Verizon South				1,018,420	1	2.50%
Piedmont Natural Gas				356,350	6	0.96%
Mid America Runaways Bay LTD				343,200	7	0.80%
Garrett Blake P JR TR				318,370	9	0.80%
PCA Limited Partnership				500,770	4	1.20%
Oak Pointe Apartments LTD Partnership				331,600	8	0.80%
Belk-Simpson				314,830	10	0.80%
Total	\$ 6,811,090		10.2%	\$ 4,763,420		11.7%

**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
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%	104,959	3,937,006	93.6%
2012	4,225,831	-	4,225,831	3,901,389	92.3%	-	3,901,389	92.3%

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			
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%	789
2012	2,050,000	-	-	-	10,872,000	1,365,429	170,000	14,457,429	2.9%	755

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
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%	139
2012	2,050,000	-	2,050,000	0.2%	107

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, 2012

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 153,459,265	3.4%	\$ 5,217,615
School District:			
Greenville County Schools	10,794,325,542	8.0%	<u>863,546,043</u>
Subtotal, Overlapping Debt			863,546,043
City of Simpsonville			
General obligation bonds		100.00%	2,050,000
Capital leases		100.00%	<u>1,365,429</u>
			<u>3,415,429</u>
Total Direct and Overlapping Debt			<u>\$ 866,961,472</u>

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

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

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

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

	Fiscal Year									
	<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>	<u>2012</u>
* Debt Limit	\$ 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	\$ 5,325,036
Total net debt applicable to debt limit	<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>	<u>2,050,000</u>
Legal debt margin	<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>	<u>\$ 3,275,036</u>
Total net debt applicable to debt limit as a percentage of debt limit	77.9%	83.6%	77.4%	64.9%	73.4%	88.0%	76.0%	64.9%	51.6%	38.5%

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

Total assessed value	\$ 66,562,950
Debt Limit (8 % of total assessed value)	5,325,036
Amount of debt applicable to debt limit:	
Total bonded debt	2,050,000
Less: debt service fund balance	-
Less: debt issued through referendum	<u>-</u>
Total amount of debt applicable to debt limit	<u>2,050,000</u>
Legal debt margin	<u>\$ 3,275,036</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
PLEGGED 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			
2012	774,680	546,753	227,927	40,000	7,760	4.77			

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
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	18,652	451,341,096	24,198	36.7	7.7%
2012	19,149	490,769,721	25,629	37.1	7.6%

(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	2012			2003		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
School District of Greenville County	10,850	1	4.81%	6,684	1	3.30%
Greenville Hospital System	10,350	2	4.59%	6,366	2	3.14%
Michelin North America	4,400	3	1.95%	4,000	3	1.98%
Bon Secours St. Francis	4,200	4	1.86%	2,450	5	1.21%
General Electric Company	3,200	5	1.42%	2,000	8	0.99%
State of South Carolina	3,036	6	1.35%	2,512	4	1.24%
Flour Corporation	2,500	7	1.11%	2,400	6	1.19%
Bi-LO Supermarkets	2,419	8	1.07%			
Greenville County Government	1,944	9	0.86%	1,550	10	0.77%
US Government	1,835	10	0.81%			
KEMET Electronics				2,350	7	1.16%
W. R. Grace - Cryovac				1,650	9	0.82%
Total	44,734		19.83%	31,962		15.80%

Source: Greenville County 2012 Audit (Greenville Area Development Corporation, SC Appalachian Council of Governments, SC Employment Security Commission)

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Business licenses	1,246	1,256	1,192	1,360	1,338	1,238	1,249	1,515	1,568	1,478
Building permits issued	1,205	654	609	744	713	651	485	510	425	417
Building inspections conducted	4,094	3,966	3,515	3,693	3,394	4,080	931	1,437	1,681	2,069
Public safety - police										
Physical Arrests	-	-	-	-	-	300	601	649	470	1,713
Parking and traffic violations	-	4,139	3,807	4,191	4,207	2,836	3,374	4,362	4,151	2,842
Public safety - fire										
Emergency responses	1,266	1,284	1,485	1,613	1,780	1,786	2,087	1,998	2,144	2,220
Fires extinguished	115	110	125	112	120	146	42	90	105	106
Inspections	1,531	1,361	1,308	1,428	1,438	2,252	1,524	1,313	1,089	705
Public service										
Potholes repaired	-	-	-	-	-	87	121	43	43	52
Roads maintained (in miles)	53	55	57	61	63	67	67	68	68	68
Parks and recreation										
Recreational participants	1,565	1,847	2,039	2,103	2,231	1,675	1,686	1,786	1,173	2,661

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
General government	6	6	6	6	6	11	8	8	8	10
Justice and legal	3	3	3	3	3	4	3	3	3	3
Public safety	90	93	93	93	93	99	98	99	97	104
Public works	41	44	44	44	44	34	28	27	29	26
Parks and recreation	6	6	12	12	12	31	18	28	21	17
Total	<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>	<u>160</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Justice and legal										
Correction/jail cell facility capacity	4	4	4	4	4	2	2	2	2	2
Public safety - police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	27	27	29	29	29	29	29	30	32	28
Public safety - fire										
Number of fire stations	4	4	4	4	4	4	4	4	4	4
Number of fire trucks	6	6	8	8	8	7	7	7	10	10
Public service										
Streets (in miles)	53	55	57	61	63	67	67	68	68	68
Traffic signals	16	16	16	17	17	22	2	22	22	22
Parks and recreation										
Parks Acreage	35	35	125	125	125	125	162	162	162	162
Parks	8	8	9	9	9	9	9	9	9	9
Ball fields	6	6	12	12	12	12	12	12	12	13
Solid waste										
Collection/refuse trucks	5	5	5	6	6	21	20	20	20	20

Sources: Various City of Simpsonville departments.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 23, 2012. 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 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 previously.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's 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 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
October 23, 2012

Elliott Davis, LLC