



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
Year Ended June 30, 2015

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

Prepared By: Finance Department
David Dyrhaug, City Administrator
Judy Bishop, CPA, Finance Director

INTRODUCTORY SECTION

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (UNAUDITED)

	<u>Page Number</u>
Table of Contents	i
Transmittal Letter	1
Listing of Principal Officials	5
Organizational Chart	6
Certificate of Achievement for Excellence in Financial Reporting	7

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	11
Management's Discussion and Analysis	13
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	24
Statement of Activities	25
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	28
Reconciliation of the Governmental Funds Statement of the Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	29
Statement of Net Position - Enterprise Fund	30
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund	31
Statement of Cash Flows - Enterprise Fund	32
Notes to the Financial Statements	33
Required Supplementary Information:	
<u>Budgetary Comparison Schedules</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - General Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Accommodations and Hospitality Tax Fund	63
Notes to the Budgetary Comparison Schedules	64

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

FINANCIAL SECTION (CONTINUED)

Page Number

Required Supplementary Information: (Continued)

Pension Plan Schedules

Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Retirement System	65
Schedule of the City's Contributions - South Carolina Retirement System	66
Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Police Officers Retirement System	67
Schedule of the City's Contributions - South Carolina Police Officers Retirement System	68

Supplementary Information:

Schedule of Expenditures by Department - Revised Budget and Actual - General Fund	70
---	----

Combining and Individual Fund Financial Schedules - Non Major Governmental Funds

Combining Balance Sheet - Non Major Governmental Funds	79
Combining Balance Sheet - Non Major Special Revenue Funds	80
Combining Balance Sheet - Non Major Capital Projects Funds	82
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Governmental Funds	83
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Special Revenue Funds	84
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Capital Projects Funds	86
Schedule of Court Fines, Assessments, and Surcharges - Special Revenue Fund - Victims' Assistance	87

STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

Net Position by Component - Last Ten Fiscal Years - (Accrual Basis of Accounting)	93
Changes in Net Position - Last Ten Fiscal Years - (Accrual Basis of Accounting)	94
Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	96
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	97
Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	99

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2015

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

	<u>Page Number</u>
<u>Revenue Capacity Information</u>	
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	100
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	101
Principal Property Taxpayers - Current Year and Nine Years Ago	102
Property Tax Levies and Collections - Last Ten Fiscal Years	103
<u>Debt Capacity Information</u>	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	104
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	105
Direct and Overlapping Governmental Activities Debt - As of June 30, 2015	106
Legal Debt Margin Information - Last Ten Fiscal Years	107
Pledged Revenue Coverage - Sewer Revenue Bond - Last Ten Fiscal Years	108
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics - Last Ten Fiscal Years	109
Principal Employers - Current Year and Nine Years Ago	110
<u>Operating Information</u>	
Operating Indicators by Function/Program - Last Ten Fiscal Years	111
Full-Time Equivalents City Government Employees by Function - Last Ten Fiscal Years	112
Capital Asset Statistics by Function - Last Ten Fiscal Years	113

COMPLIANCE SECTION

Independent Auditor's Report - Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	117
Schedule of Findings and Responses	119

(This page intentionally left blank.)



City of
SIMPSONVILLE

November 24, 2015

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

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

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("CAFR") of the City of Simpsonville, South Carolina ("City") for the year ended June 30, 2015.

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 Greene, Finney & Horton, LLLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Simpsonville's financial statements for the year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis

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



("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.

Profile of the Government

Population. The City of Simpsonville is located in the Upstate Region of South Carolina and has an estimated population of 20,125. Simpsonville has experienced a high rate of growth in the past twenty years, and has become the retail hub of southern Greenville County as stores follow residential rooftops. Originally founded around the Woodside textile mill, Simpsonville is now a diverse economic market with some of the highest per-capita income in Greenville County.

Form of Government. The City was originally incorporated in the 1901. The City adopted the Council form of government pursuant to the Home Rule Act of 1975. The current governing body is comprised of a mayor elected at-large and six council members, all of whom are elected at-large but must reside in specific districts. As contained in Section 2-31 of the Code of Ordinances of the City 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.

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

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



requests according to prioritized service levels. A preliminary budget documents is then prepared and submitted to Council for workshop and review in late April. City Council has the first reading in the first council meeting in May, with a second reading of the budget ordinance in the first meeting of June.

Factors Affecting Economic Condition

Local Economy. The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Residential building permit activity grew during the fiscal year. Commercial occupancy rates also appear to be steadily improving.

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

Financial Policies. The City’s Finance Director is responsible for cash management and prepares monthly cash flow projections for the General Fund. The City adopted a new comprehensive procurement policy in April 2011 that meets all state procurement standards. To facilitate improved planning of cash flow, City departments are regularly contacted to identify major expenditures and major receipts of reimbursements from state and federal grant programs. These and other efforts ensure that the cash position of the General Fund remains positive and adequate to meet current and future requirements.

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

Awards and Acknowledgements

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



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

Respectfully Submitted,

David C. Dyrhaug, AICP
City Administrator

Judy Bishop, CPA
Finance Director

CITY OF SIMPSONVILLE, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2015

Established

1901

MAYOR PRO-TEM

Geneva Lawrence

CITY COUNCIL MEMBERS

Matthew Gooch
Taylor Graham
Geneva Lawrence
Elizabeth Braswell
George Lee Curtis
Sylvia Lockaby

CITY ADMINISTRATOR

David Dyrhaug, AICP

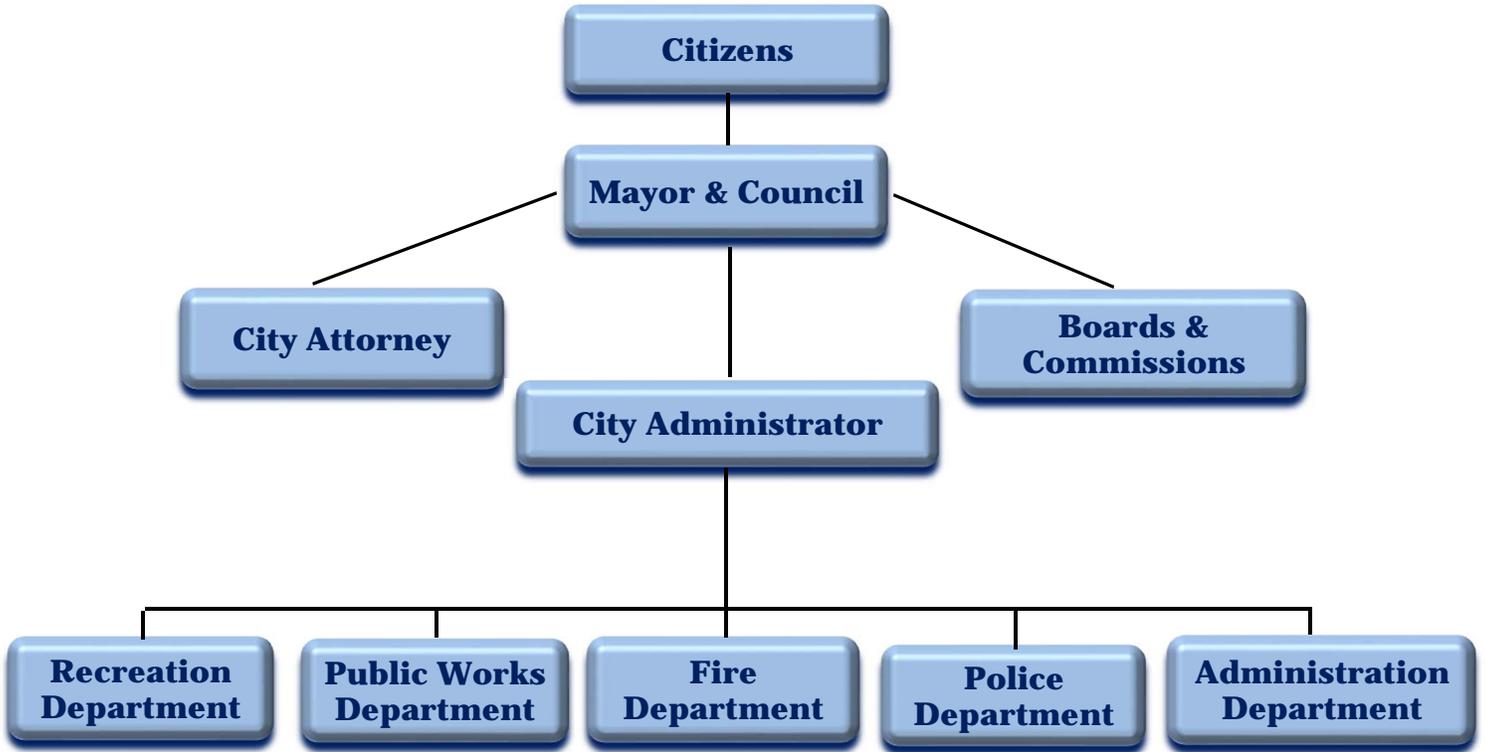
FINANCE DIRECTOR

Judy Bishop, CPA

CITY ATTORNEY

David Holmes

CITY OF SIMPSONVILLE





Government Finance Officers Association

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

Presented to

**City of Simpsonville
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

(This page intentionally left blank.)

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I.B to the financial statements, in the year ended June 30, 2015 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" and Governmental Accounting Standards Board Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*". Our opinion is not modified with respect to these matters.

Correction of an Error

As discussed in Note IV.E to the financial statements, in the year ended June 30, 2015 the City discovered that it had not correctly recorded its capital asset balances for its governmental activities as of June 30, 2014 by approximately \$1,134,000. This error was corrected when it was discovered. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 24, 2015

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

As management of the City of Simpsonville ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2015 ("FY 2015" or "2015") compared to year ended June 30, 2014 ("FY 2014" or "2014"). The intent of this discussion and analysis is to look at the City's financial performance as a whole. We would encourage readers to not only consider the information presented here, but also the information provided in letter of transmittal, the financial statements and notes to the financial statements to enhance their understanding the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- In the Statement of Net Position, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the at the close of the most recent year by approximately \$32,062,000. Unrestricted net position was a deficit of approximately \$4,076,000 primarily due to implementing Governmental Accounting Standard Boards ("GASB") Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") in 2015. See further discussion below.
- The City's total net position increased by approximately \$3,468,000 compared to the prior year restated net position, as revenues of approximately \$18,695,000 exceeded expenses of approximately \$15,227,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$8,753,000, an increase of approximately \$1,880,000.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$5,387,000 (38% of total General Fund expenditures for the FY 2015).
- The City's capital assets increased by approximately \$1,568,000 (4%). The increase in capital assets was primarily due to capital asset additions of approximately \$3,310,000, partially offset by depreciation expense of approximately \$1,742,000.
- The City's total debt decreased by approximately \$803,000 (7%). This decrease was due to scheduled principal payments on existing debt of approximately \$1,553,000, partially offset by the issuance of a Series 2014 lease purchase obligation of \$750,000.
- The City implemented GASB #68 and GASB #71 in 2015. These Statements require the City to recognize a net pension liability, deferred outflows of resources (including pension contributions made after the measurement date) and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plan, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and presents more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased by approximately \$10,759,000, which consisted of approximately \$10,305,000 for its governmental activities and \$454,000 for its business-type activities (Sewer Enterprise Fund), reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B in the notes to the financial statements for more information regarding the City's retirement plans.

OVERVIEW OF FINANCIAL STATEMENTS

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, business licenses and permits, and state and federal grant funds (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and recreation and parks. The business-type activity is the City's sewer operation for which it charges its customers a fee to provide. The government-wide financial statements can be found as listed in the table of contents.

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

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

The City maintains two major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund and the Accommodations and Hospitality Tax Fund. The governmental fund financial statements can be found as listed in the table of contents.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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 the City’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position. ▪ Statement of Activities. 	<ul style="list-style-type: none"> ▪ Balance Sheet. ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances. 	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Revenues, Expenses, and Changes in Net Position. ▪ Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Balance Sheet Information	All balance sheet elements, both financial and capital, and short-term and long-term.	Only balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term obligations are included.	All balance sheet elements, short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the City's net position as of June 30, 2015 compared to June 30, 2014.

	Governmental Activities		Business-Type Activities		Total	
	2015 *	2014 ^	2015 *	2014	2015 *	2014 ^
Assets:						
Current and Other Assets	\$ 9,897,162	8,072,980	898,455	1,525,915	10,795,617	\$ 9,598,895
Capital Assets, Net	35,136,422	35,493,064	8,636,110	6,711,108	43,772,532	42,204,172
Total Assets	45,033,584	43,566,044	9,534,565	8,237,023	54,568,149	51,803,067
Deferred Outflows of Resources						
Deferred Refunding Charges	278,236	314,138	-	-	278,236	314,138
Deferred Pension Charges	1,046,086	-	39,679	-	1,085,765	-
Total Deferred Outflows of Resources	1,324,322	314,138	39,679	-	1,364,001	314,138
Liabilities						
Other Liabilities	1,052,169	1,384,870	8,021	8,315	1,060,190	1,393,185
Net Pension Liabilities	10,354,706	-	460,611	-	10,815,317	-
Long-Term Liabilities	10,842,119	11,273,356	53,663	97,163	10,895,782	11,370,519
Total Liabilities	22,248,994	12,658,226	522,295	105,478	22,771,289	12,763,704
Deferred Inflows of Resources						
Deferred Pension Credits	1,059,555	-	38,833	-	1,098,388	-
Net Position						
Net Investment in Capital Assets	25,386,868	24,379,994	8,591,110	6,621,108	33,977,978	31,001,102
Restricted	2,475,710	2,226,638	-	-	2,475,710	2,226,638
Unrestricted	(4,813,221)	4,615,324	422,006	1,510,437	(4,391,215)	6,125,761
Total Net Position	\$ 23,049,357	31,221,956	9,013,116	8,131,545	32,062,473	\$ 39,353,501

* The City implemented GASB #68/71 in FY 2015. See Financial Highlights section for more details.

^ Certain amounts have been restated due to a prior period adjustment. See Note IV.E in the notes to the financial statements for more details.

The City's total assets increased approximately \$2,765,000 from the prior year. Current and other assets increased \$1,197,000 primarily due to an increase in cash and cash equivalents from the City's strong financial performance in the current year. Capital assets increased approximately \$1,568,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities increased approximately \$10,008,000 from the prior year primarily due to the new net pension liabilities related to the City's implementation of GASB #68/71 in 2015 (as discussed earlier in the Financial Highlights section). The increase in deferred outflows of resources and deferred inflows of resources was also due to the City's implementation of GASB #68/71 in 2015 (as discussed earlier in the Financial Highlights section).

The City's net investment in capital assets (i.e., land, buildings, machinery, equipment, infrastructure, vehicles, etc.) less any related outstanding debt/lease purchase obligations used to acquire those assets was approximately \$33,978,000 at June 30, 2015. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position of approximately \$2,476,000 represents resources that are subject to external restrictions on how they may be used. This portion of net position is restricted primarily for debt service or special revenue programs which are restricted by the revenue source (i.e. hospitality fee, accommodations tax, etc.). The remaining portion of the City's net position is unrestricted net position deficit of approximately (\$4,391,000), which is primarily due to implementing GASB #68/71 in the current year (as discussed earlier in the Financial Highlights section).

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for 2015 compared to 2014.

	Governmental Activities		Business-Type Activities		Totals	
	2015 *	2014 ^	2015 *	2014	2015 *	2014 ^
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,770,605	1,495,628	1,604,692	1,550,581	3,375,297	\$ 3,046,209
Operating Grants and Contributions	49,191	45,091	-	-	49,191	45,091
Capital Grants and Contributions	338,588	100,211	507,850	713,475	846,438	813,686
General Revenues:						
Taxes	13,927,055	13,301,360	-	-	13,927,055	13,301,360
Other	494,194	502,676	3,443	3,760	497,637	506,436
Total Revenues	16,579,633	15,444,966	2,115,985	2,267,816	18,695,618	17,712,782
Expenses:						
General Government	1,701,247	1,710,715	-	-	1,701,247	1,710,715
Public Safety	7,665,770	7,262,072	-	-	7,665,770	7,262,072
Public Works	2,322,940	2,326,880	-	-	2,322,940	2,326,880
Recreation and Parks	2,422,580	2,538,249	-	-	2,422,580	2,538,249
Interest and Other Charges	334,404	328,151	-	-	334,404	328,151
Sewer	-	-	780,293	728,934	780,293	728,934
Total Expenses	14,446,941	14,166,067	780,293	728,934	15,227,234	14,895,001
Change in Net Position	2,132,692	1,278,899	1,335,692	1,538,882	3,468,384	2,817,781
Net Position, Beginning of Year, as Previously Reported	31,221,956	28,809,123	8,131,545	6,592,663	39,353,501	35,401,786
Adjustment - Implementation of GASB #68/71 *	(10,305,291)	-	(454,121)	-	(10,759,412)	-
Prior Period Adjustment ^	-	1,133,934	-	-	-	1,133,934
Net Position, Beginning of Year, as Restated	20,916,665	29,943,057	7,677,424	6,592,663	28,594,089	36,535,720
Net Position - End of Year	\$23,049,357	31,221,956	9,013,116	8,131,545	32,062,473	\$39,353,501

* The City implemented GASB #68/71 in FY 2015. See Financial Highlights section for more details.

^ Certain amounts have been restated due to a prior period adjustment. See Note IV.E in the notes to the financial statements for more details.

Governmental Activities. Governmental activities increased the City’s net position by approximately \$2,133,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues increased approximately \$1,135,000 (7%) from the prior year primarily due to (a) higher charges for services (due to higher building permits), (b) higher capital grants and contributions (due to contributions from the County for road resurfacing), and (c) higher tax revenues (due to higher business license and hospitality tax revenues).
- Total governmental activities expenses increased by approximately \$281,000 (2%) from the prior year primarily due to higher salaries and fringe benefits.

Business-Type Activities. Net position for business-type activities (sewer) increased by approximately \$1,336,000. Please see “Proprietary Fund” discussion in the following section for details.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balance of approximately \$8,753,000, an increase of approximately \$1,880,000 over the prior year fund balance. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately 62% or \$5,387,000 of the total governmental fund balance of approximately \$8,753,000 constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids (\$383,000; nonspendable), (2) public safety (\$109,000; restricted), (3) debt service or capital projects (\$762,000; restricted), (4) tourism related expenditures (\$1,507,000; restricted), (5) unspent lease purchase proceeds (\$328,000; restricted), (6) municipal court (\$71,000; restricted), (7) cultural arts and other items (\$26,000; restricted) and (8) Hillpine Bridge project (\$180,000; committed).

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance was approximately \$6,348,000. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund (\$5,387,000) represents approximately 38% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$1,647,000, or 35%. This increase was primarily due to higher licenses, permits, and fees (due to increased residential construction), partially offset by higher operating and capital outlay expenditures (which were offset by the 2014 lease purchase proceeds and transfers in from the Accommodations and Hospitality Tax Fund to supplement tourism related expenditures incurred at Heritage Park and the Amphitheatre).

The fund balance for the Accommodations and Hospitality Tax Fund increased by approximately \$211,000 or 12%. This increase was primarily due to revenues exceeding expenditures and transfers out to the Debt Service Fund for debt payments and to the General Fund for tourism related expenditures at Heritage Park and the Amphitheatre. At June 30, 2015, fund balance was approximately \$1,928,000, of which approximately \$1,507,000 was restricted for tourism related expenditures and \$421,000 was restricted for debt service payments.

In addition, the fund balances of the other governmental funds increased by approximately \$22,000, or 5%, over the prior year ending fund balances. This increase was primarily due to revenues and transfers in from the Accommodations and Hospitality Tax Fund slightly exceeding expenditures.

Proprietary Fund. The City's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Net position of the Sewer Enterprise Fund at the end of the year amounted to approximately \$9,013,000. Details on changes in the City's Sewer Fund were as follows:

- Total sewer operating revenues slightly increased approximately \$54,000 or 3% from the prior year. Sewer operating expenses slightly increased approximately \$54,000 or 8% from the prior year. The City also received contributed capital from developers for sewer lines and manholes of approximately \$508,000. Net position increased approximately \$1,336,000 as a result of revenues exceeding expense.
- The City implemented GASB #68/71 in 2015 which also impacted the City's Sewer Fund. The Sewer Fund's beginning net position was decreased by approximately \$454,000, reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Financial Highlights Section for more details.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

FINANCIAL ANALYSIS OF THE CITY’S FUNDS (CONTINUED)

General Fund Budgetary Highlights: If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not make any budget amendments during 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets as of June 30, 2015 and June 30, 2014, amounted to approximately \$43,773,000 and \$42,204,000 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The City’s capital assets (net of depreciation) as of June 30, 2015 and 2014 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 ^	2015	2014	2015	2014 ^
Land	\$ 6,724,258	6,724,258	-	-	6,724,258	\$ 6,724,258
Construction in Progress	-	178,570	2,555,476	985,824	2,555,476	1,164,394
Buildings and Improvements	19,374,143	19,168,517	-	-	19,374,143	19,168,517
Machinery and Equipment	2,789,047	2,413,219	192,184	147,243	2,981,231	2,560,462
Infrastructure	24,152,929	23,660,002	10,506,356	9,998,506	34,659,285	33,658,508
Vehicles	7,416,495	7,261,467	315,167	315,167	7,731,662	7,576,634
Capital Assets (Historical Cost)	60,456,872	59,406,033	13,569,183	11,446,740	74,026,055	70,852,773
Accumulated Depreciation	25,320,450	23,912,969	4,933,073	4,735,632	30,253,523	28,648,601
Total	<u>\$ 35,136,422</u>	<u>35,493,064</u>	<u>8,636,110</u>	<u>6,711,108</u>	<u>43,772,532</u>	<u>\$ 42,204,172</u>

^ Certain amounts have been restated due to a prior period adjustment. See Note IV.E for more details.

The total increase in the City’s capital assets for the current year was approximately \$1,568,000 (4%). Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$1,188,000 for governmental activities which consisted primarily of the following:
 - Infrastructure additions of approximately \$493,000 for road resurfacing on City-owned roads, which includes \$240,000 that was paid for and donated to the City by the County.
 - Purchases of various machinery and equipment of approximately \$314,000.
 - Purchases of various vehicles of approximately \$293,000.
 - Building and improvement additions of approximately \$88,000.
- Capital asset additions of approximately \$2,122,000 for business-type activities which consisted primarily of the following:
 - Ongoing sewer rehabilitation projects for approximately \$1,570,000.
 - Donated infrastructure (sewer lines and manholes) from developers for approximately \$508,000.
 - Sewer camera for approximately \$44,000.
- Depreciation expense of approximately \$1,545,000 for governmental activities and approximately \$197,000 for business-type activities.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2015 and June 30, 2014, the City had total outstanding debt (including lease purchases) of approximately \$10,715,000 and \$11,517,000, respectively. Of the City's total long-term obligations at June 30, 2015, approximately \$799,000 was general obligation debt which is backed by the full faith and credit of the City. The City's total debt and lease purchases as of June 30, 2015 and 2014 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Debt:						
General Obligation Bonds	\$ 799,132	1,256,395	-	-	799,132	\$ 1,256,395
Revenue Bonds	-	-	45,000	90,000	45,000	90,000
Tax Revenue Bonds	8,390,000	9,217,000	-	-	8,390,000	9,217,000
Lease Purchases	1,480,411	953,813	-	-	1,480,411	953,813
Total Debt	<u>\$ 10,669,543</u>	<u>11,427,208</u>	<u>45,000</u>	<u>90,000</u>	<u>10,714,543</u>	<u>\$ 11,517,208</u>

The total decrease in the City's debt and lease purchase obligations for the current year was approximately \$803,000 or 7%. Major 2015 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt (including lease purchases) decreased by approximately \$758,000 (7%) during the current year primarily due to scheduled principal payments, partially offset by the issuance of a 2014 lease purchase obligation for \$750,000. The proceeds from this lease purchase obligation have and will be used to purchase vehicles and related equipment for the police department, self-contained breathing air units and radio communication equipment for the fire department, and a communication/dispatch radio console for the police/dispatch department.
- The City's business-type activities total debt decreased approximately \$45,000 (50%) during the current year due to scheduled principal payments.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2015, the City had approximately \$799,000 of bonded debt subject to the 8% debt limit of approximately \$5,823,000 resulting in an unused legal debt margin of approximately \$5,024,000.

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

ECONOMIC FACTORS AND 2016 BUDGET FOR THE CITY

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2016 ("FY 16") budget. The state of the economy, tourism activity, anticipated building activity, future capital needs, and the best interests of the City's residents were all taken into account. Economic factors and key budget highlights that were considered in preparing the FY 16 budget were as follows:

- The City continues to benefit from a strong local economy relative to other areas of the country and state. Following a decline with the recession, building permits have steadily increased. In turn, tax receipts and other revenues are expected to continue to grow as well. Residential building permit activity grew during the FY 15. Commercial occupancy rates also appear to be steadily improving.
- The FY 16 budget includes an increase over the prior year's budget for real property taxes which is result of both a 2.9 mil property tax increase and growth due to new development.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2015

REQUESTS FOR INFORMATION

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

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,530,970	1,013,444	\$ 6,544,414
Cash and Cash Equivalents, Restricted	2,650,596	-	2,650,596
Property Taxes Receivable, Net	112,119	-	112,119
Accounts Receivable	725,943	276,575	1,002,518
Internal Balances	394,309	(394,309)	-
Due From County Treasurer	99,761	-	99,761
Prepays	383,464	2,745	386,209
Capital Assets, Net:			
Non-Depreciable	6,724,258	2,555,476	9,279,734
Depreciable, Net	28,412,164	6,080,634	34,492,798
TOTAL ASSETS	45,033,584	9,534,565	54,568,149
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Refunding Charges	278,236	-	278,236
Deferred Pension Charges	1,046,086	39,679	1,085,765
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,324,322	39,679	1,364,001
LIABILITIES			
Accounts Payable	464,515	-	464,515
Accrued Salaries and Fringe Benefits	372,814	-	372,814
Accrued Expenses	158,268	6,462	164,730
Accrued Interest Payable	12,127	437	12,564
Unearned Revenue	44,445	1,122	45,567
Net Pension Liabilities	10,354,706	460,611	10,815,317
Non-Current Liabilities:			
Due Within One Year	1,529,142	49,332	1,578,474
Due in More Than One Year	9,312,977	4,331	9,317,308
TOTAL LIABILITIES	22,248,994	522,295	22,771,289
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,059,555	38,833	1,098,388
NET POSITION			
Net Investment in Capital Assets	25,386,868	8,591,110	33,977,978
Restricted For:			
Tourism and Related Expenditures	1,506,627	-	1,506,627
Debt Service	421,337	-	421,337
Court	70,832	-	70,832
Public Safety	108,546	-	108,546
Cultural Arts	24,160	-	24,160
Capital Projects	341,006	-	341,006
Other	3,202	-	3,202
Unrestricted	(4,813,221)	422,006	(4,391,215)
TOTAL NET POSITION	\$ 23,049,357	9,013,116	\$ 32,062,473

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,701,247	669,777	-	-	(1,031,470)	-	\$ (1,031,470)
Public Safety	7,665,770	417,364	32,193	-	(7,216,213)	-	(7,216,213)
Public Works	2,322,940	203,702	4,798	338,588	(1,775,852)	-	(1,775,852)
Recreation and Parks	2,422,580	479,762	12,200	-	(1,930,618)	-	(1,930,618)
Interest and Other Charges	334,404	-	-	-	(334,404)	-	(334,404)
Total Governmental Activities	14,446,941	1,770,605	49,191	338,588	(12,288,557)	-	(12,288,557)
Business-Type Activities:							
Sewer	780,293	1,604,692	-	507,850	-	1,332,249	1,332,249
Total Business-Type Activities	780,293	1,604,692	-	507,850	-	1,332,249	1,332,249
TOTAL - PRIMARY GOVERNMENT	\$ 15,227,234	3,375,297	49,191	846,438	(12,288,557)	1,332,249	(10,956,308)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					7,441,317	-	7,441,317
Hospitality and Accommodations Taxes					2,001,682	-	2,001,682
Business Licenses					3,038,948	-	3,038,948
Franchise Fees					1,445,108	-	1,445,108
Unrestricted Intergovernmental Revenue					399,222	-	399,222
Unrestricted Investment Earnings					17,845	3,443	21,288
Gain on Disposal of Capital Assets					38,218	-	38,218
Miscellaneous					38,909	-	38,909
Total General Revenues					14,421,249	3,443	14,424,692
CHANGE IN NET POSITION					2,132,692	1,335,692	3,468,384
NET POSITION, Beginning of Year - As Previously Reported					30,088,022	8,131,545	38,219,567
Cumulative Change in Accounting Principle - GASB #68/71					(10,305,291)	(454,121)	(10,759,412)
Prior Period Adjustment					1,133,934	-	1,133,934
NET POSITION, Beginning of Year, Restated					20,916,665	7,677,424	28,594,089
NET POSITION, End of Year					\$ 23,049,357	9,013,116	\$ 32,062,473

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 5,530,970	-	-	\$ 5,530,970
Cash and Cash Equivalents, Restricted	398,486	1,769,594	482,516	2,650,596
Receivables, Net:				
Taxes	112,119	-	-	112,119
Accounts	562,979	162,964	-	725,943
Interfund Receivables	400,493	-	2,878	403,371
Due From County Treasurer	99,761	-	-	99,761
Prepays	383,086	-	378	383,464
TOTAL ASSETS	\$ 7,487,894	1,932,558	485,772	\$ 9,906,224
LIABILITIES				
Accounts Payable	\$ 464,515	-	-	\$ 464,515
Accrued Salaries and Fringe Benefits	372,814	-	-	372,814
Accrued Expenses	151,000	-	7,268	158,268
Interfund Payables	2,878	4,594	1,590	9,062
Unearned Revenue	44,445	-	-	44,445
TOTAL LIABILITIES	1,035,652	4,594	8,858	1,049,104
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	104,124	-	-	104,124
TOTAL DEFERRED INFLOWS OF RESOURCES	104,124	-	-	104,124
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,139,776	4,594	8,858	1,153,228
FUND BALANCES				
Nonspendable - Prepays	383,086	-	378	383,464
Restricted For:				
Tourism Related Expenditures	-	1,506,627	-	1,506,627
Debt Service	-	421,337	-	421,337
Unspent Lease Purchase Proceeds	327,653	-	-	327,653
Court	70,832	-	-	70,832
Public Safety	-	-	108,546	108,546
Cultural Arts	-	-	23,782	23,782
Capital Projects	-	-	341,006	341,006
Other	-	-	3,202	3,202
Committed For:				
Hillpine Bridge Project	180,000	-	-	180,000
Assigned For:				
Unassigned	5,386,547	-	-	5,386,547
TOTAL FUND BALANCES	6,348,118	1,927,964	476,914	8,752,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 7,487,894	1,932,558	485,772	\$ 9,906,224

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

JUNE 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 8,752,996**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets were \$60,456,872 and the accumulated depreciation was \$25,320,450.	35,136,422
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore have been deferred in the funds.	104,124
Interest is recorded as an expenditure when paid in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end.	(12,127)
Deferred refunding charges are amortized over the lives of the refunding bonds in the Statements of Net Position; however, the costs are recognized in the year incurred in the governmental funds.	278,236
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State Retirement Plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(10,368,175)
Long-term liabilities, including bonds payable and capital leases, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt (Including Lease Purchases)	(10,669,543)
Compensated Absences (Annual Leave)	(172,576)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 23,049,357**

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Local	\$ 7,473,598	-	-	\$ 7,473,598
Hospitality and Accommodations	-	1,844,952	-	1,844,952
MASC Telecommunications and Insurance	1,833,985	-	-	1,833,985
Franchise	1,445,108	-	-	1,445,108
Licenses, Permits, and Fees	2,022,159	-	-	2,022,159
Grants	25,855	-	-	25,855
Fines and Forfeitures	126,649	-	22,968	149,617
Shared Revenue:				
County	98,588	-	-	98,588
State	688,452	-	-	688,452
Interest	11,278	5,714	853	17,845
Other	661,455	94	71,988	733,537
TOTAL REVENUES	14,387,127	1,850,760	95,809	16,333,696
EXPENDITURES				
Current:				
General Government:	1,666,588	6,011	17,876	1,690,475
Public Safety	7,188,711	-	30,009	7,218,720
Public Works	1,722,366	-	-	1,722,366
Recreation and Parks	1,912,506	-	-	1,912,506
Capital Outlay	870,526	-	26,128	896,654
Debt Service:				
Principal	680,665	-	827,000	1,507,665
Interest and Other Fiscal Charges	37,820	-	255,404	293,224
TOTAL EXPENDITURES	14,079,182	6,011	1,156,417	15,241,610
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	307,945	1,844,749	(1,060,608)	1,092,086
OTHER FINANCING SOURCES (USES)				
Transfers In	563,905	12,791	1,116,642	1,693,338
Transfers Out	(12,791)	(1,646,309)	(34,238)	(1,693,338)
Issuance of Lease Purchase	750,000	-	-	750,000
Insurance Proceeds	5,861	-	-	5,861
Sale of Capital Assets	32,357	-	-	32,357
TOTAL OTHER FINANCING SOURCES (USES)	1,339,332	(1,633,518)	1,082,404	788,218
NET CHANGES IN FUND BALANCES	1,647,277	211,231	21,796	1,880,304
FUND BALANCES, Beginning of Year	4,700,841	1,716,733	455,118	6,872,692
FUND BALANCES, End of Year	\$ 6,348,118	1,927,964	476,914	\$ 8,752,996

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 1,880,304**

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

Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities. (32,281)

Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the State Retirement Plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities (62,884)

Repayment of debt and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,507,665

Lease purchase proceeds provide current financial resources to governmental funds, but issuing debt or entering into capital leases increases long-term liabilities in the Statement of Net Position. (750,000)

Deferred refunding charges are expenditures the year they are incurred in governmental funds, but are amortized over the life of the bonds in the Statement of Activities. This amount is the amortization for the current year. (35,902)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (5,278)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (12,290)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,544,979 exceeded capital asset additions of \$1,188,337 (which includes \$240,000 in donated capital assets) in the current period. (356,642)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,132,692**

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2015

	SEWER FUND
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,013,444
Receivables, Net	276,575
Prepays	2,745
Total Current Assets	<u>1,292,764</u>
Noncurrent Assets:	
Capital Assets, Net:	
Non-Depreciable	2,555,476
Depreciable, Net	6,080,634
Total Noncurrent Assets	<u>8,636,110</u>
TOTAL ASSETS	<u>9,928,874</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>39,679</u>
LIABILITIES	
Current Liabilities:	
Accrued Interest Payable	437
Accrued Expenses	6,462
Interfund Payables	394,309
Unearned Revenue	1,122
Current Portion of Compensated Absences Payable	4,332
Current Portion of Revenue Bond	45,000
Total Current Liabilities	<u>451,662</u>
Noncurrent Liabilities:	
Compensated Absences Payable, Less Current Portion	4,331
Net Pension Liability	460,611
Total Noncurrent Liabilities	<u>464,942</u>
TOTAL LIABILITIES	<u>916,604</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>38,833</u>
NET POSITION	
Net Investment in Capital Assets	8,591,110
Unrestricted	422,006
TOTAL NET POSITION	<u>\$ 9,013,116</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	SEWER FUND
OPERATING REVENUES	
Sewer Maintenance Fees	\$ 1,604,692
TOTAL OPERATING REVENUES	1,604,692
OPERATING EXPENSES	
Personnel Expenses	364,848
Contractual Services	5,063
Materials and Supplies	6,454
Other Operating Expenses	203,431
Depreciation	197,441
TOTAL OPERATING EXPENSES	777,237
OPERATING INCOME	827,455
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	3,443
Interest Expense	(3,056)
TOTAL NON-OPERATING REVENUES (EXPENSES)	387
INCOME BEFORE CONTRIBUTIONS	827,842
Capital Contributions - Infrastructure	507,850
CHANGE IN NET POSITION	1,335,692
NET POSITION, BEGINNING OF YEAR - As Previously Reported	8,131,545
Cumulative Change in Accounting Principle - GASB #68/71	(454,121)
NET POSITION, BEGINNING OF YEAR - As Restated	7,677,424
NET POSITION, END OF YEAR	\$ 9,013,116

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2015

	SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,587,503
Cash Paid to Vendors	(216,219)
Payments to Employees	(357,704)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,013,580</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net Change In Interfund Balances	(99,424)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(99,424)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(1,614,593)
Principal Paid on Revenue Bond	(45,000)
Interest and Fees Paid on Revenue Bond	(3,492)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,663,085)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	3,443
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,443</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(745,486)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,758,930</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,013,444</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	\$ 827,455
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	197,441
Change in Accounts Representing Operating Activities:	
Accounts Receivable	(17,629)
Prepaid Items	(973)
Unearned Revenue	440
Accrued Expenses	(298)
Accrued Compensated Absences	1,500
Deferred Pension Charges	(13,933)
Net Pension Liability	(19,256)
Deferred Pension Credits	38,833
Net Cash Provided by Operating Activities	<u>\$ 1,013,580</u>
Noncash Capital and Related Financing Items:	
Donated Capital Assets	\$ 507,850

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

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

As required by GAAP, the financial statements must present the City's financial information with any of its component units (if significant). The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the City.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City has no significant component units.

Potential Component Unit

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

Major Operations

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

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

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

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

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are generally collected within 60 days of the end of the current fiscal period with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, capital lease expenditures, lease purchase expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt, lease purchase obligations, and acquisitions under capital leases are reported as other financing sources.

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The *General Fund, a major fund* and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

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

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

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

Veteran's Monument Fund	Victims' Assistance Fund
Animals of Simpsonville Fund	Seized Funds Fund
Fire Prevention Fund	Narcotics Fund
Arts and Cultural Center Fund	

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

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

The *Debt Service Fund, a non-major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of long-term debt principal, interest, and related costs for the City.

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City does not have any internal service funds and has one enterprise fund.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Change in Accounting Principle

The City implemented GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68") and GASB Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*" ("GASB #71" and collectively "Statements") for the year ended June 30, 2015. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. In addition, state and local governments who participate in a cost-sharing multiple employer plan are now required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that these Statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the City's financial obligations to current and former employees for past services rendered. In particular, these Statements require the City to recognize a net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System ("Plans"), cost-sharing multiple-employer defined benefit pension plans, on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption of these Statements had no impact on the City's governmental fund financial statements, which continue to report expenditures in the amount of the contractually required contributions, as required by the South Carolina Public Employee Benefit Authority ("PEBA") who administers the Plans. However, the adoption has resulted in the restatement of the City's net position as of July 1, 2014 for its government-wide and enterprise fund financial statements to reflect the reporting of net pension liabilities and deferred outflows of resources for each of its qualified Plans in accordance with the provisions of these Statements. Net position of the City's government-wide financial statements as of July 1, 2014 was decreased by approximately \$10,759,000, which consisted of approximately \$10,305,000 for its governmental activities and \$454,000 for its business-type activities (Sewer Enterprise Fund), reflecting the cumulative change in accounting principle related to the adoption of these Statements. See Note IV.B for more information regarding the City's retirement plans.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are preservation of capital, liquidity, and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices. The City currently or in the past year has primarily used the following investments in its operating activities:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

- South Carolina Local Government Investment Pool (“LGIP”) 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 \$1.00. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

2. Receivables and Payables

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

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

3. Prepaid Items

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

4. Capital Assets

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

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

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

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

5. Compensated Absences

It is the policy of the City to provide paid annual leave (commonly referred to as vacation leave or paid time off) which is earned on a monthly basis in varying amounts based on years of service to a maximum amount per scheduled work hour classification. The annual leave year runs from January 1st to December 31st. Annual leave is depleted on the first-in, first-out (“FIFO”) basis. A maximum of 40 hours of accrued annual leave will be paid upon voluntary termination as long as the six month introductory period has been completed and proper notice has been satisfied

Sick leave is earned on a monthly basis. Sick leave can only be used for a valid illness and will not be paid at termination or retirement.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”. The entire compensated absence liability and expense is reported in the government-wide financial statements. The portion applicable to the City’s enterprise activities is also recorded in the Enterprise Fund financial statements, if material. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

6. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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

7. *Deferred Outflows/Inflows of Resources*

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

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

8. *Fund Balance*

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

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance (Continued)

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

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

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

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

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

9. Net Position

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

10. Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for its participation in the Plans, which represents the City's proportionate share of the total pension liability over the fiduciary net position of the Plans, measured as of the City's preceding fiscal year-end.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions (Continued)

Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

11. Encumbrances

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

12. Accounting Estimates

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

13. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2015, none of the City's bank balances of approximately \$9,341,000 (with a carrying value of approximately \$9,194,000) were exposed to custodial credit risk.

Investments

As of June 30, 2015, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
South Carolina Local Government Investment Pool	Unrated	\$ 1,017	^

^ Investments in 2a7-like pools do not required interest rate risk disclosure.

Interest Rate Risk: The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

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

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

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

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2015 were (a) those imposed by the revenue source (i.e. hospitality fees, accommodation taxes, grants, etc.), (b) debt service reserve funds, and (c) unspent debt/lease proceeds.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

A. Deposits and Investments (Continued)

Reconciliation to the Financial Statements

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

Description	Amount
Carrying Amount of Deposits	\$ 9,193,993
Fair Value of Investments	1,017
Total Deposits and Investments	\$ 9,195,010
Statement of Net Position:	
Cash and Cash Equivalents	\$ 6,544,414
Cash and Cash Equivalents, Restricted	2,650,596
Total Cash and Cash Equivalents	\$ 9,195,010

B. Receivables and Unavailable/Unearned Revenues

Property Taxes

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

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

Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 16th. Taxes are levied and billed in October on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates:

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

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

The City's fiscal year 2015 real and business personal property taxes (which was for tax year 2014) were levied in October 2014 based on a millage rate of 61.7 mills for the City and 26.0 mills for the Fire Service District of the County. The City's assessed value of real and personal property (including vehicles) was approximately \$72.8 million for tax year 2014. Any amounts received by Greenville County but not yet remitted to the City at year end are included in the caption "Due from County Treasurer" in the Balance Sheet and Statement of Net Position.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

Other Receivables

Accounts receivable and other receivables represent amounts due to the City for grants, derived tax revenues, security services, charges for services, etc. All receivables are shown net of an allowance for uncollectibles of approximately \$15,000. The City's net receivables at June 30, 2015 consisted of the following:

Description	General Fund	Accommodations and Hospitality Tax Fund	Sewer Fund	Totals
Property Taxes	\$ 112,119	-	-	\$ 112,119
Utilities	-	-	276,575	276,575
Accommodations Taxes	55,012	22,879	-	77,891
Hospitality Fees	-	140,085	-	140,085
MASC Insurance	42,033	-	-	42,033
Franchise Fees	315,779	-	-	315,779
Aid to Subdivisions	92,577	-	-	92,577
Other	57,578	-	-	57,578
Net Receivables	\$ 675,098	162,964	276,575	\$ 1,114,637

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2015, the City's governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 104,124	-	\$ 104,124
Restaurant Alcohol Permits	General	-	11,593	11,593
SCMIT, SCMIRF Participation Credit	General	-	32,852	32,852
Total		\$ 104,124	44,445	\$ 148,569

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2015, consisted of the following individual fund receivables and payables (all of which are expected to be repaid within one year):

Fund	Receivables	Payables
General Fund	\$ 400,493	\$ 2,878
Accommodations and Hospitality Tax Fund	-	4,594
Non Major Governmental Funds	2,878	1,590
Sewer Fund	-	394,309
Totals	\$ 403,371	\$ 403,371

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

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

Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 563,905	\$ 12,791
Accommodations and Hospitality Tax Fund	12,791	1,646,309
Non Major Governmental Funds	1,116,642	34,238
Totals	<u>\$ 1,693,338</u>	<u>\$ 1,693,338</u>

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

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2015, was as follows:

Governmental Activities:	Restated Beginning Balance *	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 6,724,258	-	-	-	\$ 6,724,258
Construction In Progress	178,570	-	-	(178,570)	-
Total Capital Assets, Non-Depreciable	<u>6,902,828</u>	<u>-</u>	<u>-</u>	<u>(178,570)</u>	<u>6,724,258</u>
Capital Assets, Depreciable:					
Buildings and Improvements	19,168,517	88,479	-	117,147	19,374,143
Machinery and Equipment	2,413,219	314,405	-	61,423	2,789,047
Infrastructure	23,660,002	492,927	-	-	24,152,929
Vehicles	7,261,467	292,526	137,498	-	7,416,495
Total Capital Assets, Depreciable	<u>52,503,205</u>	<u>1,188,337</u>	<u>137,498</u>	<u>178,570</u>	<u>53,732,614</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	6,016,086	488,329	-	-	6,504,415
Machinery and Equipment	2,007,879	143,458	-	-	2,151,337
Infrastructure	10,990,274	421,819	-	-	11,412,093
Vehicles	4,898,730	491,373	137,498	-	5,252,605
Total Accumulated Depreciation	<u>23,912,969</u>	<u>1,544,979</u>	<u>137,498</u>	<u>-</u>	<u>25,320,450</u>
Total Capital Assets, Depreciable, Net	<u>28,590,236</u>	<u>(356,642)</u>	<u>-</u>	<u>178,570</u>	<u>28,412,164</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,493,064</u>	<u>(356,642)</u>	<u>-</u>	<u>-</u>	<u>\$ 35,136,422</u>

* Certain amounts have been restated due to a prior period adjustment. See Note IV.E for more details.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

D. Capital Assets (Continued)

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 57,949	\$ 53,043
Public Safety	524,518	419,715
Public Works	519,018	579,307
Recreation and Parks	86,852	492,914
Total - Governmental Activities	<u>\$ 1,188,337</u>	<u>\$ 1,544,979</u>

The City is participating in a Municipal Match Program for Roads with the Greenville Legislative Delegation Transportation Committee (“GLDTC”). Through this program the City received donated paving for City streets of approximately \$240,000 in 2015 which is included in the 2015 capital asset additions total above.

Capital asset activity for the City’s business-type activities for the year ended June 30, 2015, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Construction In Progress	\$ 985,824	1,569,652	-	-	\$ 2,555,476
Total Capital Assets, Non-Depreciable	<u>985,824</u>	<u>1,569,652</u>	<u>-</u>	<u>-</u>	<u>2,555,476</u>
Capital Assets, Depreciable:					
Infrastructure	9,998,506	507,850	-	-	10,506,356
Equipment	147,243	44,941	-	-	192,184
Vehicles	315,167	-	-	-	315,167
Total Capital Assets, Depreciable	<u>10,460,916</u>	<u>552,791</u>	<u>-</u>	<u>-</u>	<u>11,013,707</u>
Less: Accumulated Depreciation for:					
Infrastructure	4,285,546	180,144	-	-	4,465,690
Equipment	144,751	7,464	-	-	152,215
Vehicles	305,335	9,833	-	-	315,168
Total Accumulated Depreciation	<u>4,735,632</u>	<u>197,441</u>	<u>-</u>	<u>-</u>	<u>4,933,073</u>
Total Capital Assets, Depreciable, Net	<u>5,725,284</u>	<u>355,350</u>	<u>-</u>	<u>-</u>	<u>6,080,634</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,711,108</u>	<u>1,925,002</u>	<u>-</u>	<u>-</u>	<u>\$ 8,636,110</u>

Construction in progress in the City’s business-type activities primarily represents ongoing costs associated with the sewer rehabilitation project with Renewable Water Resources (“ReWa”).

From time to time, the City donated land and infrastructure for new subdivisions/projects that are given to the City from various developers. During fiscal year 2015, the City received approximately \$508,000 in donated sewer infrastructure primarily related to several new subdivisions. The Town’s engineers inspect and approve (verifying that the donated infrastructure meets federal, state and local building codes) donated infrastructure before the City takes over ownership. The City’s engineer certifies the construction costs related to the infrastructure and the donation is recorded in the City’s capital asset system.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) or General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Accommodations and Hospitality Tax Revenue Refunding Bonds (“AHTRRB”) are considered a special obligation of the City and are payable solely from a pledge of accommodation and hospitality taxes. Sewer Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from the sewer operations of the City. Lease Purchase obligations (“LP”) 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 ATHTRRB, RB, LP obligations nor the interest thereon. Details on the City’s outstanding debt and lease purchase obligations as of June 30, 2015 are as follows:

	Balance at June 30, 2015
<i>Sewer Revenue Bond</i>	
\$370,000 Sewer Revenue Bond issued in January 2006 (“RB – 2006”), which is due in annual installments of \$30,000 – \$45,000 beginning on April 1, 2008 and running through April 1, 2016, including interest at 3.88% paid semiannually. The proceeds from these bonds were used to complete the Bi-Lo sewer line and the sewer line in Hunter’s Woods.	\$ 45,000
<i>General Obligation Refunding Bonds</i>	
\$1,756,162 Series 2013 General Obligation Refunding Bond issued in February 2013 (“GORB – Series 2013”), which is due in annual principal installments of \$56,602 – \$457,264 beginning on April 1, 2013 and running through April 1, 2022. Interest is payable semi-annually on April 1 st and October 1 st with interest at 1.35%. The proceeds from these bonds were used to refund the Series 2000, 2001, 2003, 2006, 2007, 2007A, and 2008 General Obligation Bonds.	799,132
<i>Accommodations and Hospitality Tax Revenue Refunding Bonds</i>	
\$8,745,000 Series 2012A Accommodations and Hospitality Tax Revenue Refunding Bonds issued in March 2012 (“AHTRRB – Series 2012A”), which is due in annual principal installments of \$478,000 to \$856,000 beginning January 1, 2013 and ending January 1, 2024. Interest is payable semi-annually on January 1 st and July 1 st with interest at 2.79%. The proceeds from the AHTRRB – Series 2012A were used to refund the Series 2004, 2005, 2006, and 2006 Certificates of Participation.	6,599,000
\$2,127,000 Series 2012B Accommodations and Hospitality Tax Revenue Refunding Bonds issued in March 2012 (“AHTRRB – Series 2012B”), which is due in annual principal installments of \$106,000 to \$164,000 beginning January 1, 2013 and ending January 1, 2028. Interest is payable semi-annually on January 1 st and July 1 st with interest at 3.32%. The proceeds from the AHTRRB – Series 2012B were used to refund the Series 2007 Certificates of Participation.	1,791,000
<i>Lease Purchases</i>	
\$545,324 lease purchase agreement was entered into in April 2010 (“LP – 2010”), with six annual payments (including interest) ranging from \$24,605 to \$122,000 beginning October 1, 2010 through November 1, 2015 which includes interest at 4.39%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police department and public works department, rigging structure and tent for the Heritage Park Amphitheater, and vehicles and equipment for the fire department.	\$ 118,846

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

E. Long-Term Obligations (Continued)

<i>Lease Purchase (Continued)</i>	<u>Balance at June 30, 2015</u>
<p>\$903,000 lease purchase agreement was entered into in June 2012 (“LP – 2012”), with 60 quarterly payments (including interest) of \$30,692 beginning January 1, 2013 through October 1, 2020 which includes interest at 1.90%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police, fire, and public works departments as well as playground equipment for the recreation department.</p>	\$ 611,565
<p>\$903,000 lease purchase agreement was entered into in August 2014 (“LP – 2014”), with 5 annual payments (including interest) of \$156,916 beginning August 1, 2015 through August 1, 2019 which includes interest at 1.53%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police department, self-contained breathing air units and radio communication equipment for the fire department, and a communication/dispatch radio console for the police/dispatch department.</p>	\$ 750,000

Presented below is a summary of changes in long-term obligations for the City’s governmental and business-type activities for the year ended June 30, 2015:

<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 Refunding Bonds:					
GORB - Series 2013	\$ 1,256,395	-	457,263	799,132	\$ 230,619
Accommodations and Hospitality Tax Revenue Refunding Bonds:					
AHTRRB - Series 2012A	7,315,000	-	716,000	6,599,000	725,000
AHTRRB - Series 2012B	1,902,000	-	111,000	1,791,000	111,000
Subtotal	9,217,000	-	827,000	8,390,000	836,000
Total Debt	10,473,395	-	1,284,263	9,189,132	1,066,619
Lease Purchases:					
LP - 2010	232,587	-	113,741	118,846	118,846
LP - 2012	721,226	-	109,661	611,565	111,759
LP - 2014	-	750,000	-	750,000	145,630
Total Lease Purchases	953,813	750,000	223,402	1,480,411	376,235
Total Debt and Lease Purchases	11,427,208	750,000	1,507,665	10,669,543	1,442,854
Compensated Absences	160,286	265,263	252,973	172,576	86,288
Total Governmental Activities	<u>\$ 11,587,494</u>	<u>1,015,263</u>	<u>1,760,638</u>	<u>10,842,119</u>	<u>\$ 1,529,142</u>
Business-Type Activities:					
RB – Series 2006	\$ 90,000	-	45,000	45,000	\$ 45,000
Compensated Absences	7,163	7,692	6,192	8,663	4,332
Total Business-Type Activities	<u>\$ 97,163</u>	<u>7,692</u>	<u>51,192</u>	<u>53,663</u>	<u>\$ 49,332</u>

Resources from the General Fund have been utilized to liquidate the governmental activities GORB, lease purchase obligations, and compensated absences liability. Resources from the Accommodations and Hospitality Tax Fund have been used to liquidate the AHTRRB. Resources from the Sewer Fund have been utilized to liquidate all of the business-type activities long-term obligations.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

E. Long-Term Obligations (Continued)

Interest paid on the debt issued by the City is generally exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. The City does not believe it has an arbitrage liability at June 30, 2015.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or Town shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or Town 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, 2015, the City had approximately \$799,000 of bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$72,790,000) was approximately \$5,823,000 and the unused legal debt margin was approximately \$5,024,000 at June 30, 2015.

The Series 2006 Revenue Bond requires the City to maintain user rates sufficient to generate net revenues (as defined by the agreement) of 120% per any fiscal year of the combined annual principal and interest payments on all debt paid from or secured by the revenues of the Sewer Fund. The City is in compliance with all such significant financial covenants and restrictions at June 30, 2015.

Presented below is a summary of debt service requirements to maturity by year for the City’s governmental and business-type activities as of June 30, 2015:

Year Ended June 30,	Debt		Lease Purchase		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2016	\$ 1,066,619	242,405	376,235	22,924	\$ 1,708,183
2017	1,043,287	214,964	261,626	15,800	1,535,677
2018	1,018,817	187,466	266,096	11,295	1,483,674
2019	975,593	159,926	270,644	6,712	1,412,875
2020	1,006,014	132,559	275,266	2,054	1,415,893
2021-2025	3,599,802	277,876	30,544	148	3,908,370
2026-2028	479,000	24,153	-	-	503,153
Totals	<u>\$ 9,189,132</u>	<u>1,239,349</u>	<u>1,480,411</u>	<u>58,933</u>	<u>\$ 11,967,825</u>

Year Ended June 30,	Debt		Total
	Principal	Interest	
<u>Business-Type Activities</u>			
2016	\$ 45,000	1,746	\$ 46,746

The City issued the 2004 Certificates of Participation (“COPS”) in April 2004 to (a) payoff the 2003 COPS (“Current Refunding”) and to (b) advance refund the 2000 COPS (by purchasing U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments). As a result of the above, the 2000 COPS are considered defeased and the liability has been removed from the City’s governmental activities column of the Statement of Net Position. The outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2015 was approximately \$1,660,000. Both the 2004 COPS and 2003 COPS were refunded with the AHTRRB Series 2012A and Series 2012B.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management

Participation in Public Entity Risk Pools for Property and Casualty Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City has joined together with other municipalities in the state to form the South Carolina Municipal Insurance and Risk Financing Fund (“SCMIRF”) and the South Carolina Municipal Insurance Trust (“SCMIT”), which are public entity risk pools currently operating as a common risk management and insurance program for general risk insurance and workers compensation, respectively.

The City pays an annual premium to SCMIRF for its general risk insurance. For the year ended June 30, 2015, the City made premium payments totaling approximately \$275,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net assets/position from its most recently issued audited financial statements at December 31, 2014, totaled approximately \$21,590,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

The City pays an annual premium to SCMIT for its workers compensation insurance. For the year ended June 30, 2015, the City made premium payments totaling approximately \$104,000. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net assets/position from its most recently issued audited financial statements at December 31, 2014, totaled approximately \$52,879,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

B. Retirement Plans

The City participates in the State of South Carolina’s retirement plans, which are administered by the South Carolina Public Employee Benefit Authority (“PEBA”), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the South Carolina Retirement Systems’ Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits’ link on PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public Commissions, and political subdivisions.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Description (Continued)

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

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

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

Plan Benefits

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

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

	SCRS Rates			PORS Rates		
	2013	2014	2015	2013	2014	2015
Employer Rate:						
Retirement	10.45%	10.45%	10.75%	11.90%	12.44%	13.01%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.60%</u>	<u>10.60%</u>	<u>10.90%</u>	<u>12.30%</u>	<u>12.84%</u>	<u>13.41%</u>
Employee Rate	<u>7.00%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>7.00%</u>	<u>7.84%</u>	<u>8.41%</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

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

Year Ended June 30,	SCRS Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed
2015	\$ 281,714	100%	\$ 507,396	100%
2014	272,401	100%	479,981	100%
2013	\$ 234,208	100%	\$ 431,237	100%

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

Year Ended June 30,	SCRS Payroll	PORS Payroll	Total Payroll
2015	\$ 2,584,532	3,783,716	\$ 6,368,248
2014	2,569,820	3,738,171	6,307,991
2013	\$ 2,209,505	3,505,993	\$ 5,715,498

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

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA's consulting actuary, Gabriel, Roeder, Smith and Company.

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2014, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 42,955,205,796	25,738,521,026	\$ 17,216,684,770	59.92%
PORS	\$ 5,899,529,434	3,985,101,996	\$ 1,914,427,438	67.55%

At June 30, 2015, the City reported a total net pension liability of approximately \$10,815,000, which consisted of approximately \$4,873,000 and \$5,942,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2014, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2013 that was projected forward to the measurement date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At June 30, 2014, the City's SCRS proportion was 0.02831 percent, which was equal to its proportion measured as of June 30, 2013. At June 30, 2014, the City's PORS proportion was 0.31038 percent, which was equal to its proportion measured as of June 30, 2013.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of approximately \$342,000 and \$520,000 for the SCRS and PORS, respectively. At June 30, 2015, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS:		
Differences Between Expected and Actual Experience	\$ 138,090	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	410,859
City's Contributions Subsequent to the Measurement Date	281,714	-
Total SCRS	<u>419,804</u>	<u>410,859</u>
PORS:		
Differences Between Expected and Actual Experience	158,565	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	687,529
City's Contributions Subsequent to the Measurement Date	507,396	-
Total PORS	<u>665,961</u>	<u>687,529</u>
Total SCRS and PORS	<u>\$ 1,085,765</u>	<u>\$ 1,098,388</u>

Approximately \$282,000 and \$507,000 that was reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2016	\$ (60,002)	(130,761)	\$ (190,763)
2017	(60,002)	(130,761)	(190,763)
2018	(60,002)	(130,761)	(190,763)
2019	(92,763)	(136,681)	(229,444)
Total	<u>\$ (272,769)</u>	<u>(528,964)</u>	<u>\$ (801,733)</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The following table provides a summary of the actuarial cost method and assumptions used in the July 1, 2013, valuations for SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age	Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Salary Increases	Levels off at 3.5%	Levels off at 4.0%
Includes Inflation at	2.75%	2.75%
Benefit Adjustments	Lesser of 1% or \$500	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

Former Job Class	Males	Females
Educators and Judges	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety, Firefighters and members of the South Carolina National Guard	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment City ("RSIC") using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5%		
Cash	2%	0.30	0.01
Short Duration	3%	0.60	0.02
Domestic Fixed Income	13%		
Core Fixed Income	7%	1.10	0.08
High Yield	2%	3.50	0.07
Bank Loans	4%	2.80	0.11
Global Fixed Income	9%		
Global Fixed Income	3%	0.80	0.02
Emerging Markets Debt	6%	4.10	0.25
Global Public Equity	31%	7.80	2.42
Global Tactical Asset Allocation Alternatives	10%	5.10	0.51
Hedge Funds (Low Beta)	32%		
Private Debt	8%	4.00	0.32
Private Equity	7%	10.20	0.71
Real Estate (Broad Market)	9%	10.20	0.92
Commodities	5%	5.90	0.29
Commodities	3%	5.10	0.15
Total Expected Real Return	100%		5.88
Inflation for Actuarial Purposes			2.75
Total Expected Nominal Return			8.63

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Discount Rate (Continued)

The following table presents the sensitivity of the City’s proportionate share of the net pension liability of the Plans as of June 30, 2014 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability of the SCRS	\$ 6,306,423	4,873,355	\$ 3,677,765
City's proportionate share of the net pension liability of the PORS	\$ 8,303,737	5,941,962	\$ 3,987,789

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA’s Retirement Benefits’ website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The City reported a payable of approximately \$36,000 and \$64,000 to the PEBA as of June 30, 2015, representing required employer and employee contributions for the month of June 2015 for the SCRS and PORS, respectively. These amounts are included in Accrued Salaries and Fringe Benefits on the financial statements and were paid in July 2015.

C. Postemployment Benefits Other Than Pensions

In 2004, GASB issued Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” (“GASB #45”). GASB #45 establishes standards for the measurement, recognition and display of Other Postemployment Benefits (“OPEB”) expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City implemented GASB #45 in fiscal year 2010. This implementation had no impact as the City currently does not provide any OPEB benefits (i.e. retiree health benefits, etc.) to its retirees.

D. Contingent Liabilities and Commitments

Litigation

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

Construction Commitments

The City’s enterprise fund has remaining construction commitments of approximately \$275,000 outstanding at June 30, 2015 related to a sewer rehabilitation project.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

D. Contingent Liabilities and Commitments (Continued)

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2015.

Fire Protection Services

In July 2005, the City entered into a new agreement with Greenville County whereby the City will provide fire protection services to the unincorporated area of Greenville County known as the Simpsonville Fire Service Area ("FSA"). The County will pay the City operating and debt service fees based on millage (presently 26.0 mills). This agreement expires in June 2015 but is automatically renewed each year thereafter for one year terms; however, either party may terminate the agreement subject to a 90 day written notice to the other party prior to the annual June 30 expiration date. The City received approximately \$2,968,000 in tax revenues related to the FSA during the year ended June 30, 2015.

Agreement with Renewable Water Resources

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

E. Prior Period Adjustment

In reviewing its capital asset listing, the City discovered that it had understated its capital asset balances in the prior year for its governmental activities by approximately \$1,134,000 as the City had inadvertently not recorded the local match the County provided in the road resurfacing contracts between the City and the County on City-owned roads. The City has corrected this item by reflecting a prior period adjustment in its June 30, 2015 government-wide financial statements.

F. Subsequent Events

In August 2015, the City entered into a lease purchase agreement with a financial institution for approximately \$895,000. The lease purchase was issued under the Master Lease Agreement dated June 14, 2012. Vehicles and equipment to be purchased under the lease will be for the administration, police, fire, and public works departments. The City will make 20 quarterly payments of \$46,802 (which includes interest at 1.63%) beginning January 2016 through October 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

IV. OTHER INFORMATION (CONTINUED)

F. Subsequent Events (Continued)

In August 2015, Council approved the City's acceptance of 5.4 miles of low volume secondary roads within the City limits. The City is currently in the process of determining the appropriate value to assign to these roads as they will be capitalized in fiscal year 2016.

In September 2015, Greenville County issued the Series 2015B General Obligation Bonds (Simpsonville Fire Service Area Project) for \$3,385,000. The proceeds from this bond will be used to pay for a portion of the costs of the acquisition of land for a new fire station, the construction and equipping of a new fire station, and the acquisition of fire trucks and equipment for the new fire station. Once completed, this fire station will be owned and operated by the City.

In September 2015, the City issued the Series 2015 General Obligation Bonds for \$1,175,000. The proceeds from this bond will be used to pay for the acquisition of fire trucks, trailers, and miscellaneous equipment and the construction and equipping of a transfer station and related equipment. Annual principal payments range from \$34,000 to \$197,000 beginning April 2016 through April 2022, with interest paid semi-annually at 1.83%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes:				
Property	\$ 7,526,555	7,526,555	7,473,598	\$ (52,957)
MASC Telecommunications and Insurance	1,555,451	1,555,451	1,833,985	278,534
Franchise	1,310,482	1,310,482	1,445,108	134,626
Licenses, Permits, and Fees	1,460,682	1,460,682	2,022,159	561,477
Grants	99,263	99,263	25,855	(73,408)
Fines	91,927	91,927	126,649	34,722
Shared Revenue:				
County	100,211	100,211	98,588	(1,623)
State	575,273	575,273	688,452	113,179
Interest	7,513	7,513	11,278	3,765
Other	682,138	682,138	661,455	(20,683)
TOTAL REVENUES	<u>13,409,495</u>	<u>13,409,495</u>	<u>14,387,127</u>	<u>977,632</u>
EXPENDITURES				
Current:				
General Government				
Mayor and City Council	69,521	69,521	66,635	2,886
City Administration	1,465,416	1,465,416	1,599,953	(134,537)
Public Safety				
Police Department	3,485,269	3,485,269	3,549,628	(64,359)
Fire Department	3,676,673	3,676,673	3,639,083	37,590
Public Works	1,871,040	1,871,040	1,722,366	148,674
Recreation and Parks	2,137,181	2,137,181	1,912,506	224,675
Capital Outlay	1,355,210	1,355,210	870,526	484,684
Debt Service:				
Principal	680,141	680,141	680,665	(524)
Interest	88,436	88,436	37,820	50,616
TOTAL EXPENDITURES	<u>14,828,887</u>	<u>14,828,887</u>	<u>14,079,182</u>	<u>749,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,419,392)	(1,419,392)	307,945	1,727,337
OTHER FINANCING SOURCES (USES)				
Transfers In	750,000	750,000	563,905	(186,095)
Transfers Out	-	-	(12,791)	(12,791)
Issuance of Lease Purchase	736,040	736,040	750,000	13,960
Insurance Proceeds	-	-	5,861	5,861
Sale of Capital Assets	15,900	15,900	32,357	16,457
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,501,940</u>	<u>1,501,940</u>	<u>1,339,332</u>	<u>(162,608)</u>
NET CHANGE IN FUND BALANCE	82,548	82,548	1,647,277	1,564,729
FUND BALANCES, Beginning of Year	4,700,841	4,700,841	4,700,841	-
FUND BALANCES, End of Year	<u>\$ 4,783,389</u>	<u>4,783,389</u>	<u>6,348,118</u>	<u>\$ 1,564,729</u>

Note: The City's original and revised budget reflected an expected surplus of \$82,548 in the current year.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Hospitality Tax	\$ 1,201,587	1,201,587	1,578,815	\$ 377,228
Accommodations Tax	192,535	192,535	266,137	73,602
Interest	2,260	2,260	5,714	3,454
Other Revenue	60	60	94	34
TOTAL REVENUES	<u>1,396,442</u>	<u>1,396,442</u>	<u>1,850,760</u>	<u>454,318</u>
EXPENDITURES				
Current:				
General Government	8,567	8,567	6,011	(2,556)
TOTAL EXPENDITURES	<u>8,567</u>	<u>8,567</u>	<u>6,011</u>	<u>(2,556)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,387,875	1,387,875	1,844,749	456,874
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	12,791	12,791
Transfers Out	(1,832,404)	(1,832,404)	(1,646,309)	186,095
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,832,404)</u>	<u>(1,832,404)</u>	<u>(1,633,518)</u>	<u>198,886</u>
NET CHANGE IN FUND BALANCE	(444,529)	(444,529)	211,231	655,760
FUND BALANCES, Beginning of Year	1,716,733	1,716,733	1,716,733	-
FUND BALANCES, End of Year	<u>\$ 1,272,204</u>	<u>1,272,204</u>	<u>1,927,964</u>	<u>\$ 655,760</u>

Note: The City's original and revised budget reflected the use of appropriated fund balance of \$444,529 in the current year.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

YEAR ENDED JUNE 30, 2015

A. BASIS OF ACCOUNTING

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

B. BUDGETARY INFORMATION

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

1. During the months of February and March, the City department heads develop operating budgets while the management and finance departments develop revenue forecasts.
2. During March and April, the City Administrator reviews the department budgets and revenue forecasts. After various refinements and reviews, a proposed budget is presented to the City Council.
3. After two readings during May and June, for which public notices have been announced, the City Council adopts an annual budget ordinance for the General Fund, Accommodations and Hospitality Tax Fund, and Sewer Fund.
4. During the year, accountability for the budget for each department is primarily the responsibility of the department head. The City Administrator has the authority to transfer funds within departments but funds can only be transferred between departments by approval of the City Council. The legal level of budgetary control is at the department level, as reflected in the required supplementary information.
5. The presented budgetary information is as originally adopted or as amended by the City Council. During the year, the City Council did not revise the budget.
6. At the year-end, unencumbered balances of appropriations lapse into the unappropriated fund balance.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.028306%	0.028306%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,873,355	\$ 5,077,087
City's Covered-Employee Payroll	\$ 2,569,820	\$ 2,209,505
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	189.64%	229.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year. Only two years of information was readily available.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 281,714	\$ 272,401
Contributions in Relation to the Contractually Required Contribution:	281,714	272,401
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 2,584,532	\$ 2,569,820
Contributions as a Percentage of Covered-Employee Payroll:	10.90%	10.60%

Notes to Schedule:

Only two years of information was readily available.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.31038%	0.31038%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,941,962	\$ 6,434,051
City's Covered-Employee Payroll	\$ 3,738,171	\$ 3,505,993
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	158.95%	183.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of the preceding fiscal year. Only two years of information was readily available.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

LAST TWO FISCAL YEARS

	Year Ended June 30,	
	2015	2014
Contractually Required Contribution	\$ 507,396	\$ 479,981
Contributions in Relation to the Contractually Required Contribution:	507,396	479,981
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 3,783,716	\$ 3,738,171
Contributions as a Percentage of Covered-Employee Payroll:	13.41%	12.84%

Notes to Schedule:

Only two years of information was readily available.

SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
Mayor and City Council:			
Current:			
Salaries	\$ 46,600	37,302	\$ 9,298
FICA	3,380	2,700	680
Retirement	3,936	2,754	1,182
Insurance - Group	340	12,279	(11,939)
Insurance - Worker's Compensation	606	528	78
Insurance - Liability	659	989	(330)
Discretionary Funds	14,000	9,983	4,017
Dues, Subscriptions, and Memberships	-	100	(100)
Total Mayor and City Council	<u>69,521</u>	<u>66,635</u>	<u>2,886</u>
City Administration: General			
Current:			
Salaries	496,906	441,915	54,991
Overtime	800	854	(54)
Extra Duties - Overtime	-	2,095	(2,095)
FICA	36,698	32,867	3,831
Retirement	53,503	48,280	5,223
Insurance - Group	68,589	63,810	4,779
Insurance - Worker's Compensation	2,538	2,280	258
Insurance - Liability	4,980	6,107	(1,127)
Temporary Employees	-	23,228	(23,228)
Fuel Usage	4,029	1,307	2,722
Tires	1,000	-	1,000
Professional Training	13,551	11,623	1,928
Contractual Services - Professional	50,034	40,818	9,216
Dues, Subscriptions, and Memberships	8,995	8,723	272
Supplies	10,000	10,229	(229)
Telephone, Fax, Cell and Pagers	16,476	9,148	7,328
IT Communications	9,759	3,761	5,998
Computer Software and Support	44,222	45,427	(1,205)
Non-Capital Equipment	6,823	4,944	1,879
Utilities	155,250	155,935	(685)
Physical Examinations and Drug/Alcohol Testing	500	85	415
Local Meetings and Meals	2,000	612	1,388
Equipment Rent	19,249	19,910	(661)
Bank Fees	5,940	16,319	(10,379)
Building Inspection Fees	75,000	214,988	(139,988)
Advertising	3,000	457	2,543
Community Relations	83,499	132,154	(48,655)
Employee Recognition	2,500	2,503	(3)
Memorials and Awards	1,500	1,521	(21)
Miscellaneous	5,000	3,695	1,305
Postage	6,500	4,367	2,133
Printing	1,900	3,239	(1,339)
Repairs and Maintenance - Buildings	10,922	12,155	(1,233)
Repairs and Maintenance - Equipment	4,920	6,502	(1,582)
Repairs and Maintenance - Routine	\$ 600	562	\$ 38

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
General Government (Continued)			
City Administration: General (Continued)			
Current:			
Repairs and Maintenance - Vehicle Body Work	\$ -	1,250	\$ (1,250)
County Stormwater Fees	5,780	5,660	120
Contingency	30,210	26,314	3,896
Cost of Issuance	-	12,735	(12,735)
Total City Administration: General	<u>1,243,173</u>	<u>1,378,379</u>	<u>(135,206)</u>
City Administration: Court Division			
Current:			
Salaries	149,348	151,742	(2,394)
Overtime	-	24	(24)
FICA	11,128	11,087	41
Retirement	17,087	17,516	(429)
Insurance - Group	26,589	29,656	(3,067)
Insurance - Worker's Compensation	530	368	162
Insurance - Liability	583	807	(224)
Professional Training	1,500	793	707
Dues, Subscriptions, and Memberships	60	-	60
Supplies	1,740	1,923	(183)
Telephone, Fax, Cell and Pagers	660	803	(143)
IT Communications	3,660	915	2,745
Computer Software and Support	510	378	132
Printing	500	704	(204)
Repairs and Maintenance - Equipment	-	128	(128)
Postage	1,524	1,417	107
Jurors, Bailiffs, and Witnesses	5,700	2,775	2,925
Non-Capital Equipment	478	-	478
Rental Expense	520	537	(17)
Miscellaneous	126	1	125
Total City Administration: Court Division	<u>222,243</u>	<u>221,574</u>	<u>669</u>
Total City Administration	<u>1,465,416</u>	<u>1,599,953</u>	<u>(134,537)</u>
Total General Government	<u>1,534,937</u>	<u>1,666,588</u>	<u>(131,651)</u>
Public Safety			
Police Department: Operations			
Current:			
Salaries	1,644,010	1,653,493	(9,483)
Overtime	30,000	56,703	(26,703)
Extra Duties-Overtime	62,275	84,881	(22,606)
FICA	127,626	130,428	(2,802)
Retirement	224,265	237,280	(13,015)
Insurance - Group	343,497	307,614	35,883
Insurance - Worker's Compensation	40,481	41,586	(1,105)
Insurance - Liability	97,084	104,572	(7,488)
Fuel Usage	145,548	111,699	33,849
Tires	16,000	10,981	5,019
Professional Training	\$ 23,000	21,551	\$ 1,449

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Operations (Continued)			
Current:			
Contractual Services-Inmate Labor	\$ 2,000	2,073	\$ (73)
Dues and Subscriptions	2,800	1,085	1,715
Supplies	13,300	18,376	(5,076)
Telephone, Fax, Cell and Pagers	23,244	24,930	(1,686)
Computer Software and Support	14,818	18,386	(3,568)
IT Communications	17,039	15,974	1,065
Utilities	17,000	13,054	3,946
Physical Examinations and Drug/Alcohol Testing	4,844	3,410	1,434
Local Meetings and Meals	700	1,029	(329)
Leases-Equipment	6,000	12,607	(6,607)
Advertising	200	-	200
Non-Capital Equipment	40,075	29,613	10,462
Community Relations	4,000	4,280	(280)
Vehicle License Fees	-	21	(21)
Postage	1,500	1,239	261
Uniforms	31,000	29,325	1,675
Employee Uniform Allowance	7,500	5,624	1,876
Printing	1,000	1,609	(609)
Animal Control	3,000	924	2,076
Repairs and Maintenance - Buildings	10,000	8,459	1,541
Repairs and Maintenance - Equipment	9,000	13,069	(4,069)
Repairs and Maintenance - Radios	5,000	4,197	803
Repairs and Maintenance - Drive Train	100	800	(700)
Repairs and Maintenance - Routine	20,000	20,388	(388)
Repairs and Maintenance - Vehicle Body Work	829	1,179	(350)
Tools and Small Equipment	7,500	14,926	(7,426)
Firearms/Ammunition	27,422	29,896	(2,474)
Chemicals	500	-	500
Informant Fees	500	-	500
Housing - Inmate	40,000	86,671	(46,671)
Housing - Juvenile	4,000	4,125	(125)
Radio User Fees	25,000	18,108	6,892
UDL Enforcement	5,000	5,529	(529)
DUI Enforcement Grant	-	3,983	(3,983)
Body Armor Grant	-	2,000	(2,000)
Tuition Reimbursements	2,000	-	2,000
Contractual Services	500	-	500
K-9 Grant	3,200	2,288	912
Police Services	4,500	6,274	(1,774)
Miscellaneous	1,000	764	236
Total Police Department: Operations	<u>\$ 3,109,857</u>	<u>3,167,003</u>	<u>\$ (57,146)</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Dispatch			
Current			
Salaries	\$ 239,525	234,988	\$ 4,537
Overtime	13,500	34,030	(20,530)
Extra Duties-Overtime	1,500	2,978	(1,478)
FICA	19,083	20,613	(1,530)
Retirement	27,361	29,319	(1,958)
Insurance - Group	53,269	42,831	10,438
Insurance - Workers' Compensation	845	593	252
Insurance - Liability	1,579	1,953	(374)
Non-Capital Equipment	3,000	2,477	523
Professional Training	3,000	3,179	(179)
Dues, Subscriptions, and Memberships	450	-	450
Supplies - Other	200	-	200
Computer Software and Support	1,000	-	1,000
IT Communications	4,500	2,886	1,614
Physical Examinations and Drug/Alcohol Testing	2,600	640	1,960
Repairs and Maintenance - Equipment	1,500	5,680	(4,180)
Repairs and Maintenance - Radios	1,000	458	542
Uniforms	1,500	-	1,500
Total Police Department: Dispatch	<u>375,412</u>	<u>382,625</u>	<u>(7,213)</u>
Total Police Department	<u>3,485,269</u>	<u>3,549,628</u>	<u>(64,359)</u>
Fire Department:			
Current			
Salaries	2,152,014	2,212,107	(60,093)
Extra Duties - Overtime	20,000	12,138	7,862
FICA	155,527	159,803	(4,276)
Retirement	280,242	296,156	(15,914)
Insurance - Group	485,455	472,120	13,335
Insurance - Workers' Compensation	58,024	50,031	7,993
Insurance - Liability	53,034	56,083	(3,049)
Professional Training	30,000	31,332	(1,332)
Dues, Subscriptions, and Memberships	6,800	6,225	575
Supplies	12,000	10,047	1,953
Supplies - Safety	44,600	37,588	7,012
Landscaping	1,000	653	347
Telephone, Fax, Cell and Pagers	12,200	11,722	478
Computer Software and Support	5,600	7,582	(1,982)
IT Communications	8,200	8,887	(687)
Utilities	45,706	40,601	5,105
Equipment Rent	7,200	5,774	1,426
Fuel Usage	59,186	48,855	10,331
Tires Expenditures	20,100	21,021	(921)
Physical Examinations and Drug/Alcohol Testing	15,600	13,340	2,260
Local Meetings and Meals	1,500	130	1,370
Community Relations	2,500	3,378	(878)
Non-Capital Equipment	26,500	23,716	2,784
Postage	\$ 400	30	\$ 370

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Fire Department: (Continued)			
Current			
Uniforms	\$ 25,500	22,505	\$ 2,995
Printing	500	523	(23)
Repairs and Maintenance - Buildings	12,000	16,866	(4,866)
Repairs and Maintenance - Equipment	25,000	30,517	(5,517)
Repairs and Maintenance - Radios	4,000	979	3,021
Repairs and Maintenance - Drive Train	10,809	10,809	-
Repairs and Maintenance - Routine	20,000	13,201	6,799
Repairs and Maintenance - Vehicle Body Work	183	183	-
Radio User Fees	200	203	(3)
Contingency	8,400	9,917	(1,517)
Chemicals	1,400	1,453	(53)
Safety Equipment Grant	64,043	2,000	62,043
Miscellaneous	1,250	608	642
Total Fire Department	<u>3,676,673</u>	<u>3,639,083</u>	<u>37,590</u>
Total Public Safety	<u>7,161,942</u>	<u>7,188,711</u>	<u>(26,769)</u>
Public Works			
Sanitation, Maintenance, and Administration:			
Current			
Salaries	512,359	515,529	(3,170)
Overtime	30,000	29,543	457
Extra Duties - Overtime	10,000	4,838	5,162
FICA	40,513	40,904	(391)
Retirement	59,379	59,219	160
Insurance - Group	113,195	100,750	12,445
Insurance - Workers' Compensation	26,555	17,159	9,396
Insurance - Liability	50,161	51,038	(877)
Professional Fees	411	17,970	(17,559)
Professional Training	500	450	50
Contractual Services - Inmate Labor	90,000	59,265	30,735
Equipment Rent	45,000	51,117	(6,117)
Supplies - Cement and Masonry	7,507	1,800	5,707
Supplies - Asphalt and Paving	8,000	4,808	3,192
Supplies - Electric and Lighting	15,000	4,040	10,960
Supplies - Other	6,900	7,924	(1,024)
Supplies - Safety	1,500	1,998	(498)
Chemicals	2,695	2,706	(11)
Landscaping	1,000	3,566	(2,566)
Printing	800	290	510
Utilities	25,000	18,734	6,266
Dues, Subscriptions, and Memberships	-	263	(263)
Telephone, Fax, Cell and Pagers	17,600	14,315	3,285
Computer Software and Support	4,130	2,061	2,069
IT Communications	375	141	234
Physical Examinations and Drug/Alcohol Testing	1,000	778	222
Advertising	263	975	(712)
Employee Recognition	800	258	542
Non-Capital Equipment	\$ 5,150	5,535	\$ (385)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Sanitation, Maintenance, and Administration: (Continued)			
Current			
Postage	\$ 300	23	\$ 277
Uniforms	10,000	11,015	(1,015)
Repairs and Maintenance - Buildings	7,000	5,383	1,617
Repairs and Maintenance - Equipment	28,000	15,327	12,673
Repairs and Maintenance - Facilities	2,000	1,592	408
Repairs and Maintenance - Street, Buildings, and Parks	10,000	6,363	3,637
Repairs and Maintenance - Routine	26,000	35,237	(9,237)
Repairs and Maintenance - Vehicles	76,601	73,051	3,550
Fuel Usage	149,726	100,339	49,387
Compressed Natural Gas Usage	24,900	25,570	(670)
Tires Expenditures	45,000	28,050	16,950
Cost of Waste Cans	56,035	57,703	(1,668)
Solid Waste Grant Expenditures	4,000	4,000	-
Safety Grant Expenditures	2,000	1,818	182
Stormwater R.O.W.	-	335	(335)
Contingency	90	90	-
Tipping Fees	120,000	121,752	(1,752)
Miscellaneous	1,000	-	1,000
Total Sanitation, Maintenance, and Administration	<u>1,638,445</u>	<u>1,505,622</u>	<u>132,823</u>
Fleet Division:			
Current			
Salaries	101,752	102,316	(564)
Overtime	13,000	2,633	10,367
FICA	8,243	7,638	605
Retirement	12,336	11,327	1,009
Insurance - Group	25,911	22,684	3,227
Insurance - Workers' Compensation	2,425	1,464	961
Insurance - Liability	1,542	1,728	(186)
Utilities	12,500	13,526	(1,026)
Supplies - Other	2,200	1,040	1,160
Supplies - Safety	1,000	706	294
Supplies - Garage Stock	7,000	5,397	1,603
Telephone, Fax, Cell and Pagers	500	415	85
Computer Software and Support	1,000	455	545
Repairs and Maintenance - Buildings	49	750	(701)
Repairs and Maintenance - Equipment	500	2,137	(1,637)
Repairs and Maintenance - Facilities	1,300	2,007	(707)
Uniforms	3,548	2,437	1,111
Equipment Rent	730	781	(51)
Postage	300	-	300
Chemicals	975	1,107	(132)
Oils and Lubricants	26,100	24,218	1,882
Non-Capital Equipment	9,684	11,808	(2,124)
Physical Examinations and Drug/Alcohol Testing	-	170	(170)
Total Fleet Division	<u>232,595</u>	<u>216,744</u>	<u>15,851</u>
Total Public Works	<u>\$ 1,871,040</u>	<u>1,722,366</u>	<u>\$ 148,674</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks			
Recreation:			
Current			
Salaries	\$ 539,632	533,010	\$ 6,622
Overtime	12,000	16,846	(4,846)
Extra Duties - Overtime	3,000	-	3,000
FICA	41,445	41,073	372
Retirement	55,276	56,657	(1,381)
Insurance - Group	105,817	99,478	6,339
Insurance - Liability	28,538	31,013	(2,475)
Insurance - Worker's Comp.	15,698	6,621	9,077
Insurance - General	5,434	3,479	1,955
Temporary Employees	34,320	21,615	12,705
Professional Training	2,000	431	1,569
Contractual Services - Inmate Labor	11,000	13,428	(2,428)
Contractual Services - Recreation	45,000	40,908	4,092
Dues, Subscriptions, and Memberships	1,200	810	390
Supplies - Cement and Masonry	2,000	353	1,647
Supplies - Electric and Lighting	3,500	2,393	1,107
Supplies - Office	2,300	2,209	91
Supplies - Other	8,000	7,590	410
Supplies - Safety	1,000	1,033	(33)
Landscaping	30,000	31,287	(1,287)
Telephone, Fax, Cell and Pagers	8,361	10,633	(2,272)
Computer Software and Support	1,200	876	324
IT Communications	1,000	1,605	(605)
Utilities	90,387	93,335	(2,948)
Physical Examinations and Drug/Alcohol Testing	-	255	(255)
Advertising	1,500	700	800
Postage	392	303	89
Uniforms	5,100	6,031	(931)
Non-Capital Equipment	5,100	9,372	(4,272)
Employee Uniform Allowance	1,000	1,229	(229)
Printing	800	649	151
Repairs and Maintenance - Buildings	25,924	22,871	3,053
Repairs and Maintenance - Equipment	3,230	2,180	1,050
Repairs and Maintenance - Facilities	23,868	14,631	9,237
Repairs and Maintenance - Drive Train	822	1,700	(878)
Repairs and Maintenance - Routine	2,500	722	1,778
Fuel Usage	30,703	31,571	(868)
Tires Expenditures	90	1,971	(1,881)
Grant Fund Expenditures	13,875	14,828	(953)
PARD Grant Expenditures	12,249	-	12,249
Chemicals	20,000	16,896	3,104
Equipment Rent	3,000	2,411	589
Miscellaneous	1,000	917	83
Total Recreation Department	\$ 1,199,261	1,145,920	\$ 53,341

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Heritage Park:			
Current			
Salaries	\$ 149,903	140,927	\$ 8,976
Overtime	10,500	2,179	8,321
FICA	10,914	10,102	812
Retirement	12,134	14,182	(2,048)
Insurance - Group	29,541	28,977	564
Insurance - Liability	9,872	10,473	(601)
Insurance - Worker's Comp.	2,102	1,638	464
Professional Training	1,000	327	673
Dues, Subscriptions, and Memberships	1,200	249	951
Supplies - Office	2,200	1,902	298
Supplies - Other	7,800	7,444	356
Supplies - Safety	1,000	319	681
Supplies - Recreation	16,000	18,211	(2,211)
Telephone, Fax, Cell and Pagers	5,500	4,088	1,412
Computer Software and Support	1,000	276	724
IT Communications	1,400	2,661	(1,261)
Utilities	158,111	174,115	(16,004)
Physical Examinations and Drug/Alcohol Testing	-	170	(170)
Advertising	1,500	1,428	72
Postage	392	392	-
Non-Capital Equipment	6,980	6,675	305
Employee Uniform Allowance	500	500	-
Printing	900	744	156
Repairs and Maintenance - Buildings	3,717	6,675	(2,958)
Repairs and Maintenance - Equipment	7,500	5,515	1,985
Repairs and Maintenance - Facilities	10,500	6,738	3,762
Repairs and Maintenance - Drive Train	4,000	926	3,074
Repairs and Maintenance - Routine	3,000	455	2,545
Repairs and Maintenance - Vehicle Body Work	1,000	1,050	(50)
Fuel Usage	16,316	3,254	13,062
Tires	900	1,878	(978)
Train Repairs and Maintenance - Drive Train	7,200	6,479	721
Train Repairs and Maintenance - Routine	650	459	191
Train Wheels	11,200	10,762	438
Contingency	1,000	935	65
Equipment Rent	6,712	6,248	464
Recreation Services	135,000	161,722	(26,722)
Adult Sports	6,900	1,270	5,630
Chemicals	-	1,473	(1,473)
Little League All Starts	2,000	1,047	953
Cost of Concession Goods Sold	1,000	1,762	(762)
Total Heritage Park	\$ 649,044	646,627	\$ 2,417

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Amphitheatre:			
Current			
Personnel and Events	\$ 201,000	70,042	\$ 130,958
Insurance - Liability	4,371	4,398	(27)
Telephone, Modem, and Fax	8,405	10,460	(2,055)
IT Communications	5,000	6,964	(1,964)
Repairs and Maintenance	14,633	9,995	4,638
Landscaping	200	-	200
Supplies	6,000	4,419	1,581
Equipment Rental	442	98	344
Professional Fees	45,089	12,500	32,589
Electric and Lighting Supplies	2,000	-	2,000
Miscellaneous	1,736	1,083	653
Total Amphitheatre	<u>288,876</u>	<u>119,959</u>	<u>168,917</u>
Total Recreation and Parks	<u>2,137,181</u>	<u>1,912,506</u>	<u>224,675</u>
Total Current Expenditures	<u>12,705,100</u>	<u>12,490,171</u>	<u>214,929</u>
Capital Outlay	<u>1,355,210</u>	<u>870,526</u>	<u>484,684</u>
Debt Service:			
Principal	680,141	680,665	(524)
Interest	88,436	37,820	50,616
Total Debt Service	<u>768,577</u>	<u>718,485</u>	<u>50,092</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 14,828,887</u>	<u>14,079,182</u>	<u>\$ 749,705</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Non Major Debt Service Fund	Total Non Major Governmental Funds
Assets				
Cash and Cash Equivalents, Restricted	\$ 141,510	341,006	-	\$ 482,516
Interfund Receivables	2,878	-	-	2,878
Prepays	378	-	-	378
Total Assets	\$ 144,766	341,006	-	\$ 485,772
Liabilities and Fund Balances				
Accrued Expenses	\$ 7,268	-	-	\$ 7,268
Interfund Payables	1,590	-	-	1,590
Total Liabilities	8,858	-	-	8,858
Fund Balances:				
Nonspendable - Prepays	378	-	-	378
Restricted	135,530	341,006	-	476,536
Total Fund Balances	135,908	341,006	-	476,914
Total Liabilities and Fund Balances	\$ 144,766	341,006	-	\$ 485,772

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2015

	Veteran's Monument Fund	Animals of Simpsonville Fund
Assets		
Cash and Cash Equivalents, Restricted	\$ 3,867	3,101
Interfund Receivables	-	-
Prepays	-	-
Total Assets	\$ 3,867	3,101
Liabilities and Fund Balances		
Accrued Expenses	\$ -	-
Interfund Payables	150	-
Total Liabilities	150	-
Fund Balances:		
Nonspendable	-	-
Restricted	3,717	3,101
Total Fund Balances	3,717	3,101
Total Liabilities and Fund Balances	\$ 3,867	3,101

Fire Prevention Fund	Arts and Cultural Center Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Total Special Revenue Funds
101	20,065	52,743	41,053	20,580	\$ 141,510
-	-	2,878	-	-	2,878
-	-	-	-	378	378
101	20,065	55,621	41,053	20,958	\$ 144,766
-	-	-	-	7,268	\$ 7,268
-	-	-	-	1,440	1,590
-	-	-	-	8,708	8,858
-	-	-	-	378	378
101	20,065	55,621	41,053	11,872	135,530
101	20,065	55,621	41,053	12,250	135,908
101	20,065	55,621	41,053	20,958	\$ 144,766

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2015

	Bryson Meadows Project	Stewart Park Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Total Capital Projects Funds
Assets						
Cash and Cash Equivalents, Restricted	\$ 19,221	31,113	110,893	178,381	1,398	\$ 341,006
Total Assets	\$ 19,221	31,113	110,893	178,381	1,398	\$ 341,006
Liabilities and Fund Balances						
Total Liabilities	\$ -	-	-	-	-	\$ -
Fund Balances:						
Restricted	19,221	31,113	110,893	178,381	1,398	341,006
Total Fund Balances	19,221	31,113	110,893	178,381	1,398	341,006
Total Liabilities and Fund Balances	\$ 19,221	31,113	110,893	178,381	1,398	\$ 341,006

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Non Major Debt Service Fund	Total Non Major Governmental Funds
REVENUES				
Fines	\$ 22,968	-	-	\$ 22,968
Other Income	71,988	-	-	71,988
Interest	90	763	-	853
TOTAL REVENUES	95,046	763	-	95,809
EXPENDITURES				
Current:				
General Government	17,876	-	-	17,876
Public Safety	30,009	-	-	30,009
Capital Outlay	13,200	12,928	-	26,128
Debt Service:				
Principal	-	-	827,000	827,000
Interest	-	-	255,404	255,404
TOTAL EXPENDITURES	61,085	12,928	1,082,404	1,156,417
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	33,961	(12,165)	(1,082,404)	(1,060,608)
OTHER FINANCING SOURCES (USES)				
Transfers In	34,238	-	1,082,404	1,116,642
Transfers Out	(34,238)	-	-	(34,238)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,082,404	1,082,404
NET CHANGES IN FUND BALANCES	33,961	(12,165)	-	21,796
FUND BALANCES, Beginning of Year	101,947	353,171	-	455,118
FUND BALANCES, End of Year	\$ 135,908	341,006	-	\$ 476,914

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	Veteran's Monument Fund	Animals of Simpsonville Fund
REVENUES		
Fines	\$ -	-
Other Income	120	1,500
Interest	1	-
TOTAL REVENUES	121	1,500
EXPENDITURES		
Current:		
General Government	151	226
Public Safety	-	-
Capital Outlay	-	-
TOTAL EXPENDITURES	151	226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30)	1,274
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-
NET CHANGES IN FUND BALANCES	(30)	1,274
FUND BALANCES, Beginning of Year	3,747	1,827
FUND BALANCES, End of Year	\$ 3,717	3,101

Fire Prevention Fund	Arts and Cultural Center Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Total Special Revenue Funds
-	-	22,968	-	-	\$ 22,968
100	-	-	70,268	-	71,988
-	10	47	2	30	90
100	10	23,015	70,270	30	95,046
-	1,999	15,500	-	-	17,876
-	-	-	-	30,009	30,009
-	-	-	-	13,200	13,200
-	1,999	15,500	-	43,209	61,085
100	(1,989)	7,515	70,270	(43,179)	33,961
-	-	-	-	34,238	34,238
-	-	-	(34,238)	-	(34,238)
-	-	-	(34,238)	34,238	-
100	(1,989)	7,515	36,032	(8,941)	33,961
1	22,054	48,106	5,021	21,191	101,947
101	20,065	55,621	41,053	12,250	\$ 135,908

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2015

	Bryson Meadows Project	Stewart Park Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Total Capital Projects Funds
REVENUES						
Interest	\$ 31	31	269	432	-	\$ 763
TOTAL REVENUES	31	31	269	432	-	763
EXPENDITURES						
Capital Outlay	12,928	-	-	-	-	12,928
TOTAL EXPENDITURES	12,928	-	-	-	-	12,928
NET CHANGES IN FUND BALANCES	(12,897)	31	269	432	-	(12,165)
FUND BALANCES, Beginning of Year	32,118	31,082	110,624	177,949	1,398	353,171
FUND BALANCES, End of Year	\$ 19,221	31,113	110,893	178,381	1,398	\$ 341,006

CITY OF SIMPSONVILLE, SOUTH CAROLINA

**SCHEDULE OF COURT FINES, ASSESSMENTS, AND SURCHARGES
SPECIAL REVENUE FUND - VICTIMS' ASSISTANCE**

YEAR ENDED JUNE 30, 2015

Court Fines:

Court Fines and Assessments Collected	\$	126,206
Court Fines and Assessments Retained by City		(126,206)
Court Fines and Assessments Remitted to the State Treasurer	\$	<u><u>-</u></u>

Court Surcharges

Court Surcharges Collected	\$	59,662
Court Surcharges Retained by the City		(9,360)
Court Surcharges Remitted to the State Treasurer	\$	<u><u>50,302</u></u>

Court Assessments

Court Assessment Collected	\$	121,884
Court Assessments Retained by City		(13,608)
Court Assessments Remitted to the State Treasurer	\$	<u><u>108,276</u></u>

Victims' Assistance

Court Assessments Allocated to Victims' Assistance	\$	13,608
Court Surcharges Allocated to Victims' Assistance		9,360
Local Funds (Interest)		47
Funds Allocated to Victims' Assistance		23,015
Victims' Advocate Expenditures		<u>(15,500)</u>
Funds Available to Carry Forward		7,515
Funds Balance from Prior Year		<u>48,106</u>
Fund Balance at End of Year	\$	<u><u>55,621</u></u>

(This page intentionally left blank.)

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	93
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i>	100
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	104
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	109
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.</i>	111

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

(This page intentionally left blank.)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
Governmental Activities										
Net Investment in Capital Assets	\$ 14,649,377	15,570,428	18,430,994	19,499,855	20,131,396	21,549,558	22,532,462	23,082,643	23,246,060	\$ 25,386,868
Restricted	339,862	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710
Unrestricted	1,964,980	530,234	481,188	1,000,459	2,166,755	2,403,009	3,311,927	4,064,330	4,615,324	(4,813,221)
Total Governmental Activities Net Position	\$ 16,954,219	16,456,449	18,912,182	20,500,314	22,526,382	25,138,130	27,415,477	28,967,328	30,088,022	\$ 23,049,357
Business-Type Activities										
Net Investment in Capital Assets	\$ 2,724,234	3,033,775	5,471,158	5,322,458	5,481,249	5,388,111	5,229,196	5,085,536	6,621,108	\$ 8,591,110
Unrestricted	613,288	936,143	992,584	201,878	447,168	504,838	635,732	1,507,127	1,510,437	422,006
Total Business-Type Activities Net Position	\$ 3,337,522	3,969,918	6,463,742	5,524,336	5,928,417	5,892,949	5,864,928	6,592,663	8,131,545	\$ 9,013,116
Primary Government										
Net Investment in Capital Assets	\$ 17,373,611	18,604,203	23,902,152	24,822,313	25,612,645	26,937,669	27,761,658	28,168,179	29,867,168	\$ 33,977,978
Restricted	339,862	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710
Unrestricted	2,578,268	1,466,377	1,473,772	1,202,337	2,613,923	2,907,847	3,947,659	5,571,457	6,125,761	(4,391,215)
Total Primary Government Net Position	\$ 20,291,741	20,426,367	25,375,924	26,024,650	28,454,799	31,031,079	33,280,405	35,559,991	\$ 38,219,567	\$ 32,062,473

* The City implemented GASB #68/71 in 2015 which significantly reduced unrestricted net position. See Note I.B in the notes to the 2015 financial statements for more details.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
Expenses										
Governmental Activities:										
General Government	\$ 2,057,419	1,057,852	1,884,087	2,053,126	1,646,923	1,643,424	1,717,403	1,626,988	1,710,715	\$ 1,701,247
Public Safety	4,495,325	5,564,184	6,037,966	5,798,629	5,976,691	6,334,292	6,336,564	6,758,832	7,262,072	7,665,770
Public Works	2,731,964	2,393,753	143,939	2,299,782	2,329,839	1,928,297	2,126,388	2,118,571	2,326,880	2,322,940
Recreation and Parks	1,282,466	2,098,220	1,670,735	1,856,827	1,717,238	2,260,768	2,413,145	2,464,220	2,538,249	2,422,580
Interest and Fiscal Charges	711,440	682,171	758,389	605,924	754,683	625,421	328,780	489,566	328,151	334,404
Total Governmental Activities Expenses	\$ 11,278,614	11,796,180	10,495,116	12,614,288	12,425,374	12,792,202	12,922,280	13,458,177	14,166,067	\$ 14,446,941
Business-Type Activities:										
Sewer	\$ -	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934	\$ 780,293
Total Business-Type Activities Expenses	-	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934	780,293
Total Primary Government Expenses	\$ 11,278,614	12,203,629	11,123,288	13,172,098	13,014,755	13,506,486	13,675,708	14,201,887	14,895,001	\$ 15,227,234
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,295,599	2,430,732	2,659,159	2,563,737	2,792,443	3,176,911	3,236,825	3,077,677	3,366,295	\$ 669,777
Public Safety	257,659	261,601	170,680	156,833	143,604	175,394	129,275	137,374	166,831	417,364
Public Works	470,913	-	-	130,536	136,680	154,776	165,504	167,832	168,072	203,702
Recreation and Parks	95,231	112,025	103,878	128,319	117,434	156,310	196,541	195,874	172,646	479,762
Operating Grants and Contributions	511,303	389,889	311,778	183,278	474,938	257,091	279,253	57,543	45,091	49,191
Capital Grants and Contributions	-	-	342,452	1,225,236	597,479	1,218,353	678,249	100,232	100,211	338,588
Total Governmental Activities Program Revenues	\$ 3,630,705	3,194,247	3,587,947	4,387,939	4,262,578	5,138,835	4,685,647	3,736,532	4,019,146	\$ 2,158,384
Business-Type Activities:										
Charges for Services	\$ -	767,310	686,456	600,603	776,773	669,778	722,359	1,466,376	1,550,581	\$ 1,604,692
Operating Grants and Contributions	-	-	-	-	-	-	-	367	-	-
Capital Grants and Contributions	-	272,535	2,435,540	-	211,838	6,525	727	-	713,475	507,850
Total Business-Type Activities Program Revenues	-	1,039,845	3,121,996	600,603	988,611	676,303	723,086	1,466,743	2,264,056	2,112,542
Total Primary Government Program Revenues	\$ 3,630,705	4,234,092	6,709,943	4,988,542	5,251,189	5,815,138	5,408,733	5,203,275	6,283,202	\$ 4,270,926
Net (Expense)/Revenue										
Governmental Activities	\$ (7,647,909)	(8,601,933)	(6,907,169)	(8,226,349)	(8,162,796)	(7,653,367)	(8,236,633)	(9,721,645)	(10,146,921)	\$(12,288,557)
Business-Type Activities	-	632,396	2,493,824	42,793	399,230	(37,981)	(30,342)	723,033	1,535,122	1,332,249
Total Primary Government Net (Expense)/Revenue	\$ (7,647,909)	(7,969,537)	(4,413,345)	(8,183,556)	(7,763,566)	(7,691,348)	(8,266,975)	(8,998,612)	(8,611,799)	\$(10,956,308)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
General Revenues and Other Changes in Net Position										(Continued)
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 4,509,198	4,639,605	5,000,728	5,646,655	6,586,793	6,848,897	6,858,254	7,192,989	7,355,684	\$ 7,441,317
Hospitality and Accommodations Tax	1,116,394	1,199,782	1,274,349	1,131,741	1,348,159	1,379,556	1,563,786	1,656,907	1,796,187	2,001,682
MASC Telecommunications and Insurance Tax	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985
Business Licenses	-	-	-	-	-	-	-	-	-	1,204,963
Franchise Fees	-	-	-	-	-	-	-	-	-	1,445,108
Unrestricted Intergovernmental Revenue	397,018	419,589	467,349	450,697	372,471	342,522	333,489	393,485	395,752	399,222
Unrestricted Investment Earnings	35,419	71,793	114,637	17,709	21,413	14,758	13,740	12,940	8,518	17,845
Unrestricted Donations and Contributions	-	-	553,650	35,390	-	-	-	-	-	-
Gains on Disposal/Sale of Capital Assets	-	-	6,789	-	17,295	26,675	158,462	48,068	68,479	38,218
Miscellaneous Revenues	217,014	273,409	303,182	68,810	286,298	107,963	123,484	137,745	29,927	38,909
Special Item - Gain on Retirement Plan Termination	-	105,983	-	-	-	-	-	-	-	-
Transfers	-	-	-	983,909	-	-	-	-	-	-
Total Governmental Activities	\$ 7,755,927	8,104,163	9,362,902	9,814,481	10,188,864	10,265,115	10,513,980	11,273,496	11,425,820	\$ 14,421,249
Business-Type activities:										
Unrestricted Investment Earnings	\$ -	-	-	1,481	4,851	2,513	2,321	4,702	3,760	\$ 3,443
Miscellaneous Revenues	-	-	-	229	-	-	-	-	-	-
Transfers	-	-	-	(983,909)	-	-	-	-	-	-
Total Business-Type Activities	-	-	-	(982,199)	4,851	2,513	2,321	4,702	3,760	3,443
Total Primary Government	\$ 7,755,927	8,104,163	9,362,902	8,832,282	10,193,715	10,267,628	10,516,301	11,278,198	11,429,580	\$ 14,424,692
Change in Net Position:										
Governmental Activities	\$ 108,018	(497,770)	2,455,733	1,588,132	2,026,068	2,611,748	2,277,347	1,551,851	1,278,899	\$ 2,132,692
Business-Type Activities	-	632,396	2,493,824	(939,406)	404,081	(35,468)	(28,021)	727,735	1,538,882	1,335,692
Total Primary Government	\$ 108,018	134,626	4,949,557	648,726	2,430,149	2,576,280	2,249,326	2,279,586	2,817,781	\$ 3,468,384

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

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

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007 *	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Pre-GASB #54*										
Reserved	\$ -	-	143,632	35,166	496,567	-	-	-	-	\$ -
Unreserved	2,077,903	1,583,179	669,173	666,460	1,405,976	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	-	-	-	178,366	192,461	66,303	222,184	383,086
Restricted	-	-	-	-	-	66,359	62,455	124,815	57,629	398,485
Assigned	-	-	-	-	-	-	3,992	-	-	180,000
Unassigned	-	-	-	-	-	2,545,374	2,966,605	3,813,873	4,421,028	5,386,547
Total General Fund	\$ 2,077,903	1,583,179	812,805	701,626	1,902,543	2,790,099	3,225,513	4,004,991	4,700,841	\$ 6,348,118
All Other Governmental Funds										
Pre-GASB #54*										
Reserved	\$ -	-	-	-	359,889	-	-	-	-	\$ -
Unreserved Reported In:										
Special Revenue Funds	212,967	355,787	(95,123)	608,178	702,370	-	-	-	-	-
Capital Projects Funds	(992,017)	-	25,900	(373,703)	(373,703)	-	-	-	-	-
Post GASB #54*										
Nonspendable	-	-	-	-	-	6,262	81,707	-	-	378
Restricted	-	-	-	-	-	1,119,204	2,399,691	1,736,756	2,171,850	2,404,500
Committed	-	-	-	-	-	135	163	163	1	-
Unassigned	-	-	-	-	-	(373,703)	-	-	-	-
Total All Other Governmental Funds	\$ (779,050)	355,787	(69,223)	234,475	688,556	751,898	2,481,561	1,736,919	2,171,851	\$ 2,404,878
Total Governmental Funds	\$ 1,298,853	1,938,966	743,582	936,101	2,591,099	3,541,997	5,707,074	5,741,910	6,872,692	\$ 8,752,996

* \$623,899 was removed from the General Fund and placed into the Sewer Fund
 (*) The City implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

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

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes by Source:										
Property Tax	\$ 4,506,548	4,634,946	4,924,494	5,530,903	6,491,722	6,905,847	7,030,133	7,133,132	7,410,615	\$ 7,473,598
Hospitality and Accommodations Tax	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217	1,844,952
MASC Telecommunications and Insurance	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985
Franchise	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108
Intergovernmental	1,006,777	809,480	661,586	615,454	898,639	828,563	1,436,765	825,727	754,433	787,040
Charges for Services	470,913	357,780	-	-	-	-	-	-	-	-
Fines	246,307	231,614	150,340	119,085	125,024	149,997	109,591	92,432	133,346	149,617
Licenses, Permits and Fees	1,520,817	1,616,881	1,805,451	1,307,375	1,260,505	1,415,823	1,508,799	1,469,897	1,628,457	2,022,159
Investment Earnings	35,314	177,776	114,636	17,709	21,413	14,758	13,740	12,940	8,518	17,845
Grants	-	-	554,230	470,378	503,861	156,858	179,569	55,743	30,979	25,855
Miscellaneous	311,023	34,744	388,649	677,947	699,260	759,928	825,851	687,686	682,798	733,537
Total Revenues	\$ 11,383,982	11,293,753	12,314,176	12,229,869	14,025,923	14,308,028	15,213,044	14,902,109	15,431,418	\$ 16,333,696
Expenditures										
Current:										
General Government	\$ 1,412,882	1,422,182	1,530,712	1,659,602	1,555,628	1,549,495	1,619,705	1,536,034	1,636,828	\$ 1,690,475
Public Safety	4,915,917	5,000,999	5,505,964	5,473,652	5,517,819	5,917,218	5,959,060	6,364,352	6,906,938	7,218,720
Public Works	2,048,782	2,146,540	2,211,741	2,174,587	1,846,258	1,415,210	1,601,153	1,624,484	1,717,844	1,722,366
Parks and Recreation	948,822	1,105,072	1,221,422	1,437,988	1,284,059	1,808,893	1,949,589	1,983,221	2,060,494	1,912,506
Capital Outlay	1,880,171	1,929,021	5,572,186	858,596	776,162	881,335	725,131	1,505,839	255,717	896,654
Debt Service:										
Principal	1,354,815	1,561,648	1,744,663	1,554,788	1,256,679	1,240,550	1,380,872	3,154,684	1,461,702	1,507,665
Interest and Fiscal Charges	527,377	491,835	582,871	656,649	728,242	642,743	529,077	505,860	329,592	293,224
Bond Issuance Costs	24,453	80,930	129,500	-	-	-	-	70,679	-	-
Total Expenditures	13,113,219	13,738,227	18,499,059	13,815,862	12,964,847	13,455,444	13,764,587	16,745,153	14,369,115	15,241,610
Excess of Revenues Over (Under) Expenditures	\$ (1,729,237)	(2,444,474)	(6,184,883)	(1,585,993)	1,061,076	852,584	1,448,457	(1,843,044)	1,062,303	\$ 1,092,086

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

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Transfers In	\$ 3,064,511	2,329,945	3,821,931	4,533,205	1,248,889	1,151,844	12,722,618	2,126,809	1,140,548	\$ 1,693,338
Transfers Out	(3,064,511)	(2,953,844)	(3,821,931)	(3,549,296)	(1,248,889)	(1,151,844)	(12,722,618)	(2,126,809)	(1,140,548)	(1,693,338)
Issuance of Bonds	-	-	1,045,000	755,000	-	-	-	1,756,162	-	-
Issuance of Lease Purchase	-	-	-	-	545,324	-	903,000	-	-	750,000
Issuance of Note Payable	-	33,193	-	-	-	-	-	-	-	-
Issuance of Certificate of Participation	1,047,500	2,790,000	3,900,000	-	-	-	-	-	-	-
Issuance of Refunding Debt	-	-	-	-	-	-	10,872,000	-	-	-
Payment to Refund Debt Escrow Agent	-	-	-	-	-	-	(11,216,842)	-	-	-
Sale of Capital Assets	-	-	6,789	22,441	30,019	63,177	14,846	56,572	20,607	32,357
Insurance Proceeds	-	-	37,710	17,162	18,579	35,137	143,616	65,146	47,872	5,861
Total Other Financing Sources (Uses)	1,047,500	2,199,294	4,989,499	1,778,512	593,922	98,314	716,620	1,877,880	68,479	788,218
Net Change in Fund Balances	\$ (681,737)	(245,180)	(1,195,384)	192,519	1,654,998	950,898	2,165,077	34,836	1,130,782	\$ 1,880,304
Debt Service as a	17.0%	18.1%	21.3%	17.2%	16.4%	15.0%	14.9%	24.1%	12.7%	12.6%
Percentage of Noncapital Expenditures										

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 5

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

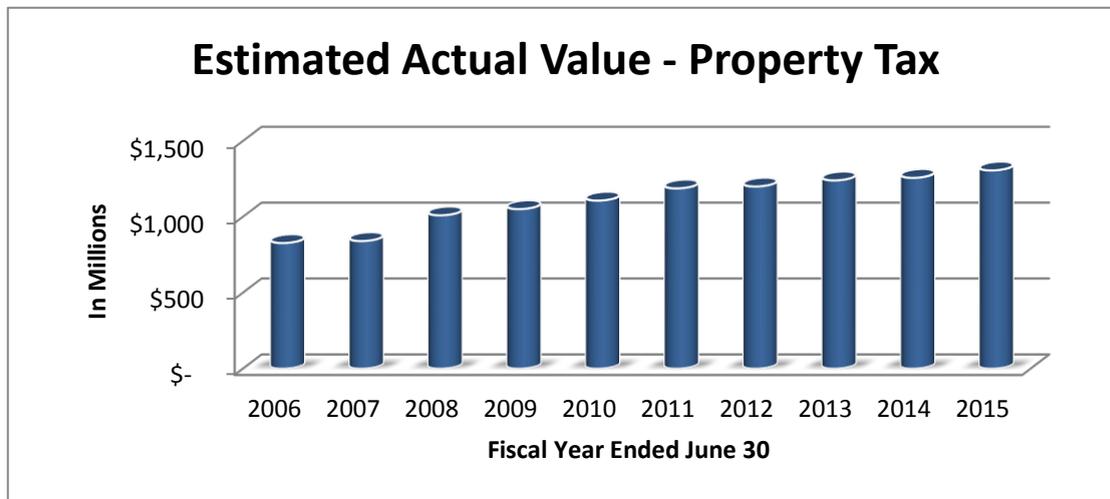
UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes by Source:										
Property Tax	\$ 4,506,548	4,634,946	4,924,494	5,530,903	6,491,722	6,905,847	7,030,133	7,133,132	7,410,615	\$ 7,473,598
Hospitality and Accommodations Tax	1,017,938	1,199,782	1,180,113	1,067,620	1,279,757	1,302,451	1,469,865	1,544,013	1,670,217	1,844,952
MASC Telecommunications and Insurance Tax	1,480,884	1,394,002	1,642,218	1,479,570	1,556,435	1,544,744	1,462,765	1,831,362	1,771,273	1,833,985
Franchise Fees	787,461	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108
Total Revenues	\$ 7,792,831	8,065,478	8,639,284	9,021,921	10,517,221	10,982,101	11,138,729	11,757,684	12,192,887	\$ 12,597,643

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

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property					
2006	\$ 17,138,640	16,312,030	9,791,260	\$ 43,241,930	50.70	\$ 826,883,492	5.23%
2007	18,501,160	18,912,840	8,386,851	45,800,851	50.70	840,253,021	5.45%
2008	21,767,698	27,087,547	9,537,027	58,392,272	48.60	1,009,964,314	5.78%
2009	22,942,152	29,194,001	6,753,429	58,889,582	51.50	1,051,275,887	5.60%
2010	24,117,688	30,691,548	6,344,131	61,153,367	64.30	1,107,276,983	5.52%
2011	26,818,000	30,811,870	5,023,860	62,653,730	61.70	1,187,704,783	5.28%
2012	27,397,420	30,832,080	8,333,450	66,562,950	61.70	1,200,261,766	5.55%
2013	28,044,530	32,063,800	9,252,750	69,361,080	61.70	1,240,563,809	5.59%
2014	28,111,620	32,857,610	10,276,550	71,245,780	61.70	1,257,368,573	5.67%
2015	\$ 29,334,770	34,105,280	10,968,530	\$ 74,408,580	61.70	\$ 1,306,168,707	5.70%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Direct Rates:										
Operating	50.7	50.7	48.6	41.6	44.2	41.6	41.6	41.6	54.9	54.9
Reserve Account	-	-	-	-	7.4	7.4	7.4	7.4	-	-
Debt Service	-	-	-	9.9	12.7	12.7	12.7	12.7	6.8	6.8
	50.7	50.7	48.6	51.5	64.3	61.7	61.7	61.7	61.7	61.7
County Rates:										
Greenville County	49.9	49.9	47.6	47.6	47.6	47.3	47.3	47.3	51.9	51.9
School District Rates:										
Greenville County Schools	147.9	156.4	150.7	156.7	156.7	157.8	162.5	168.6	177.5	182.4
Fire District Rates:										
Simpsonville Fire District	23.4	23.4	22.7	26.8	28.3	28.1	27.5	27.5	26.0	26.0

Source: Greenville County Millage Rate Sheets

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

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

UNAUDITED

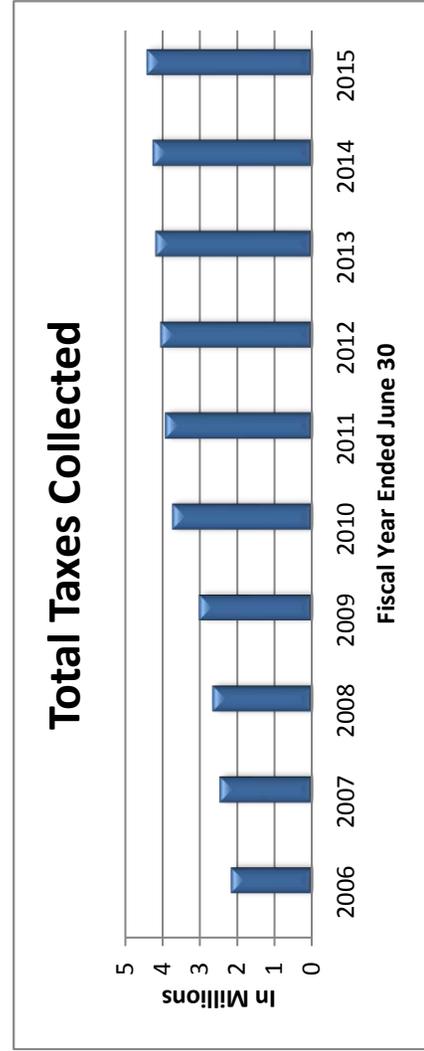
Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,219,160	1	1.64%	\$ 596,790	3	1.38%
Waypoint Garden District	995,220	2	1.34%			
Walmart Real Estate	965,800	3	1.30%			
Jasmine Cove Apartments	769,500	4	1.03%			
Developers Diversified Finance	657,930	5	0.88%	508,130	4	1.18%
Centro Bradley Fairview Corner	612,450	6	0.82%			
Lowes Home Centers	592,860	7	0.80%			
Gresham LLC	547,300	8	0.74%			
NNN Arbors at Fairview	539,580	9	0.73%			
Frontier Communications	511,720	10	0.69%			
Verizon South				941,960	1	2.18%
Wares Delaware Corp.				631,440	2	1.46%
Cedar Pines Apartments				468,410	5	1.08%
PCA Limited Partnership				450,000	6	1.04%
Piedmont Natural Gas				395,650	7	0.91%
Mid America Runaways Bay LTD				343,200	8	0.79%
Garrett Simpsonville Center				318,370	9	0.74%
Belk-Simpson				314,830	10	0.73%
Totals	<u>\$ 7,411,520</u>		<u>10.0%</u>	<u>\$ 4,968,780</u>		<u>11.5%</u>

Source: Greenville County Information Systems and Services.
Note: Percentage is based on the Assessed Value of 2015.

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

UNAUDITED

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
2006	\$ 2,192,365	-	2,192,365	\$ 2,064,408	94.2%	111,143	\$ 2,175,551	99.2%
2007	2,322,103	174,500	2,496,603	2,374,301	95.1%	108,124	2,482,425	99.4%
2008	2,837,864	-	2,837,864	2,551,356	89.9%	117,753	2,669,109	94.1%
2009	3,032,813	-	3,032,813	2,862,424	94.4%	165,192	3,027,616	99.8%
2010	3,932,161	-	3,932,161	3,579,126	91.0%	173,390	3,752,516	95.4%
2011	4,205,622	-	4,205,622	3,832,047	91.1%	104,959	3,937,006	93.6%
2012	4,225,831	-	4,225,831	3,901,389	92.3%	158,561	4,059,950	96.1%
2013	4,361,006	-	4,361,006	4,089,564	93.8%	106,712	4,196,276	96.2%
2014	4,435,678	-	4,435,678	4,213,640	95.0%	58,064	4,271,704	96.3%
2015	4,652,272	(36,215)	4,616,057	4,427,840	95.9%	-	4,427,840	95.9%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Notes	Revenue Bonds	Lease Purchases	Revenue Bonds	Bond Anticipation Note	Revenue Bonds	Lease Purchases	Revenue Bonds			
2006	\$ 2,155,000	8,275,932	505,498	370,000	1,364,847	-	-	-	-	-	\$ 12,671,277	3.43%	\$ 785
2007	2,540,000	9,868,593	427,500	-	1,364,827	-	-	-	-	-	14,540,920	3.62%	859
2008	3,225,000	13,311,254	-	-	892,685	-	-	-	-	-	17,738,939	4.08%	1,022
2009	3,605,000	12,673,915	-	-	120,209	-	-	-	-	-	16,679,124	3.84%	938
2010	3,105,000	12,016,576	-	-	593,854	-	-	-	-	-	15,960,430	3.65%	875
2011	2,585,000	11,339,237	-	-	578,304	-	-	-	-	-	14,712,541	3.26%	789
2012	2,050,000	-	-	10,872,000	1,365,429	-	-	-	-	-	14,457,429	2.96%	759
2013	1,699,669	-	-	10,019,000	1,170,241	750,000	-	-	-	-	13,768,910	2.59%	706
2014	1,256,395	-	-	9,217,000	953,813	-	-	-	-	-	11,517,208	2.20%	587
2015	\$ 799,132	-	-	8,390,000	1,480,411	-	-	-	-	-	\$ 10,714,543	2.06%	\$ 532

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

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

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	\$ 2,155,000	-	\$ 2,155,000	0.3%	\$ 133
2007	2,540,000	-	2,540,000	0.3%	150
2008	3,225,000	-	3,225,000	0.3%	186
2009	3,605,000	-	3,605,000	0.3%	203
2010	3,105,000	-	3,105,000	0.3%	170
2011	2,585,000	-	2,585,000	0.2%	139
2012	2,050,000	-	2,050,000	0.2%	108
2013	1,699,669	-	1,699,669	0.1%	87
2014	1,256,395	-	1,256,395	0.1%	64
2015	\$ 799,132	-	\$ 799,132	0.1%	\$ 40

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015**

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 155,889,836	3.5%	\$ 5,456,144
School District:			
Greenville County School District	921,721,677	3.4%	31,338,537
Subtotal, Overlapping Debt			<u>36,794,681</u>
City of Simpsonville Direct Debt			
General Obligation Bonds	799,132	100%	799,132
Revenue Bonds	8,390,000	100%	8,390,000
Lease Purchases	\$ 1,480,411	100%	1,480,411
			<u>10,669,543</u>
Total Direct and Overlapping Debt			<u>\$ 47,464,224</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 City of Simpsonville's taxable assessed value that is within the government's boundaries and dividing it by the City of Simpsonville's total taxable assessed value.

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 3,319,923	3,459,354	3,664,068	4,742,365	4,783,139	5,012,298	5,325,036	5,548,886	5,584,283	\$ 5,823,200
Total Net Debt Applicable to Debt Limit	2,155,000	2,540,000	3,225,000	3,605,000	3,105,000	2,585,000	2,050,000	1,699,669	1,256,395	799,132
Legal Debt Margin	\$ 1,164,923	919,354	439,068	1,137,365	1,678,139	2,427,298	3,275,036	3,849,217	4,327,888	\$ 5,024,068
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	64.9%	73.4%	88.0%	76.0%	64.9%	51.6%	38.5%	30.6%	22.5%	13.7%

Legal Debt Margin Calculation for Fiscal Year June 30, 2015

Total Assessed Value	\$ 72,790,006
Debt Limit Percentage	8.0%
Debt Limit 8% of Total Assessed Value	5,823,200
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	799,132
Less: Debt Service Fund Balance	-
Less: Debt Issued Through Referendum	-
Total Amount of Debt Applicable to Debt Limit	799,132
Legal Debt Margin	\$ 5,024,068

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

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

UNAUDITED

Fiscal Year Ended June 30	Sewer Revenue Bond						Coverage
	Charges and Other Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2006	\$ 470,913	278,528	\$ 192,385	-	\$ -		
2007	1,039,845	270,540	769,305	30,000	14,065	17.5	
2008	3,121,996	452,851	2,669,145	30,000	13,192	61.8	
2009	602,313	352,543	249,770	30,000	12,028	5.9	
2010	993,462	388,011	605,451	35,000	10,864	13.2	
2011	672,291	506,677	165,614	35,000	9,166	3.7	
2012	774,680	546,753	227,927	40,000	7,760	4.8	
2013	1,471,078	536,725	934,353	40,000	6,593	20.1	
2014	1,554,341	531,662	1,022,679	40,000	5,044	22.7	
2015	\$ 1,608,135	579,796	\$ 1,028,339	45,000	\$ 3,056	21.4	

Notes: Details regarding the City of Simpsonville's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

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.

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

UNAUDITED

Fiscal Year Ended June 30	Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	Unemployment Rate ²
2006	16,151	\$ 369,874,051	\$ 22,901	35.7	5.2
2007	16,935	401,816,745	23,727	36.0	4.8
2008	17,365	434,350,745	25,013	36.1	5.4
2009	17,778	434,458,764	24,438	36.1	6.4
2010	18,244	437,107,996	23,959	36.5	8.5
2011	18,652	451,341,096	24,198	36.7	7.7
2012	19,056	488,386,224	25,629	37.1	7.6
2013	19,496	530,603,136	27,216	37.9	7.1
2014	19,615	522,877,055	26,657	38.5	4.8
2015	20,148	\$ 520,725,060	\$ 25,845	37.6	4.1

Data Sources:

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

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

UNAUDITED

Employer	2015			2006		
	Number of Employees	Rank	Percentage	Number of Employees	Rank	Employment
Greenville Health Systems	12,770	1	27.89%	7,792	1	26.09%
School District of Greenville County	9,580	2	20.92%	7,207	2	24.13%
Bon Secours St. Francis	5,047	3	11.02%	2,027	5	6.79%
Michelin North America	4,000	4	8.74%	1,468	10	4.92%
General Electric	3,400	5	7.43%	2,200	4	7.37%
State of South Carolina	3,036	6	6.63%	2,524	3	8.45%
Flour Corporation	2,260	7	4.94%	1,520	9	5.09%
Bi-Lo Supermarkets	2,089	8	4.56%			
US Government	1,835	9	4.01%	1,627	8	5.45%
Greenville County Government	1,771	10	3.87%			
Greenville Technical College				1,800	6	6.03%
Charter Communications				1,700	7	5.69%
Totals	45,788		100.00%	29,865		100.00%

Source: Greenville County (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

UNAUDITED

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Business Licenses	1,360	1,338	1,238	1,249	1,515	1,568	1,478	1,319	1,421	1,144
Building Permits Issued	744	713	651	485	510	425	417	264	376	653
Building Inspections Conducted	3,693	3,394	4,080	931	1,437	1,681	2,069	2,501	3,728	4,707
Public Safety - Police										
Physical Arrests	-	-	300	601	649	470	981	897	991	1,183
Parking and Traffic Violations	4,191	4,207	2,836	3,374	4,362	4,151	2,842	2,238	3,350	2,818
Public Safety - Fire										
Emergency Responses	1,613	1,780	1,786	2,087	1,998	2,144	2,220	2,381	2,434	2,500
Fires Extinguished	112	120	146	42	90	105	106	90	94	94
Inspections	1,428	1,438	2,252	1,524	1,313	1,089	705	968	939	1,022
Public Service										
Potholes Repaired	-	-	87	121	43	43	52	29	20	27
Roads Maintained (in Miles)	61	63	67	67	68	68	68	73	73	73
Parks and Recreation										
Recreational Participants	2,103	2,231	1,675	1,686	1,786	1,173	2,661	2,472	3,266	2,822

Sources: City of Simpsonville Department records

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 18

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

UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General Government	6	6	11	8	8	8	9	9	10	11
Justice and Legal	3	3	4	3	3	3	3	3	2	2
Public Safety	93	93	99	98	99	97	104	104	106	106
Public Works	44	44	34	28	27	29	23	23	22	22
Parks and Recreation	12	12	31	18	28	21	18	18	19	19
Total	158	158	179	155	165	158	157	157	159	160

Source: City of Simpsonville Payroll Records

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 19

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

UNAUDITED

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Justice and Legal										
Correction/Jail Cell Facility Capacity	4	4	2	2	2	2	2	2	2	2
Public Safety - Police										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	29	29	29	29	30	32	28	24	25	25
Public Safety - Fire										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Fire Trucks	8	8	7	7	7	10	10	10	10	10
Public Service										
Streets (in Miles)	61	63	67	67	68	68	68	73	101	73
Traffic Signals	17	17	22	22	22	22	22	22	22	22
Parks and Recreation										
Parks Acreage	125	125	125	162	162	162	162	165	165	165
Parks	9	9	9	9	9	9	9	8	8	8
Ball Fields	12	12	12	12	12	12	13	13	13	13
Solid Waste										
Collection/Refuse Trucks	6	6	21	20	20	20	20	22	22	22

Sources: Various City of Simpsonville Departments

(This page intentionally left blank.)

COMPLIANCE SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

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 *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 24, 2015

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2015

2015-001: DONATED CAPITAL ASSETS

Condition and Context: The City receives donated capital assets (primarily street resurfacings) in the normal course of business. Often these donations are the result of agreements with Greenville County which impact multiple years. Several years of donated/non-cash road resurfacings were inadvertently omitted from the original capital asset listing.

Criteria: The City should have a process in place where non-cash capital asset transactions are communicated to the Finance Director on a regular basis so that they can be properly included in the City's capital asset records and annual financial statements.

Cause: Several departments are often involved with these non-cash capital asset transactions, but there is no formal process to track them.

Effect: There is a higher risk that the City's records and financial statements will be materially misstated.

Recommendation: When the City enters into memorandums of understanding, development agreements, and similar types of arrangements, management needs to have adequate internal controls in place to ensure that the City will accurately and timely record donated capital assets for these types of arrangements.

Response: The City is aware that we need to record the matching portion provided by the County going forward.