



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

CITY OF SIMPSONVILLE,
SOUTH CAROLINA

Comprehensive Annual Financial Report
Year Ended June 30, 2016

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016



SIMPSONVILLE

CHARACTER PROTECTED. COMMUNITY PERFECTED.

Prepared By: Finance Department
David Dyrhaug, City Administrator
Christine Furino, Finance Director

INTRODUCTORY SECTION

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

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 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	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Accommodations and Hospitality Tax Fund	65
Notes to the Budgetary Comparison Schedules	66

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

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	67
Schedule of the City's Contributions - South Carolina Retirement System	68
Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Police Officers Retirement System	69
Schedule of the City's Contributions - South Carolina Police Officers Retirement System	70

Supplementary Information:

Schedule of Expenditures by Department - Revised Budget and Actual - General Fund	72
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Combining and Individual Fund Financial Schedules - Non Major Governmental Funds

Combining Balance Sheet - Non Major Governmental Funds	81
Combining Balance Sheet - Non Major Special Revenue Funds	82
Combining Balance Sheet - Non Major Capital Projects Funds	84
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Governmental Funds	85
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Special Revenue Funds	86
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Capital Projects Funds	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Victims' Assistance Fund	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Debt Service Fund	90
Schedule of Court Fines, Assessments, and Surcharges - Special Revenue Fund - Victims' Assistance	91

STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

Net Position by Component - Last Ten Fiscal Years - (Accrual Basis of Accounting)	97
Changes in Net Position - Last Ten Fiscal Years - (Accrual Basis of Accounting)	98
Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	100
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	101
Governmental Activities Tax Revenue by Source - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting)	103

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2016

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	104
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	105
Principal Property Taxpayers - Current Year and Nine Years Ago	106
Property Tax Levies and Collections - Last Ten Fiscal Years	107
<u>Debt Capacity Information</u>	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	108
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	109
Direct and Overlapping Governmental Activities Debt - As of June 30, 2016	110
Legal Debt Margin Information - Last Ten Fiscal Years	111
Pledged Revenue Coverage - Sewer Revenue Bond - Last Ten Fiscal Years	112
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics - Last Ten Fiscal Years	113
Principal Employers - Current Year and Nine Years Ago	114
<u>Operating Information</u>	
Operating Indicators by Function/Program - Last Ten Fiscal Years	115
Full-Time Equivalents City Government Employees by Function - Last Ten Fiscal Years	116
Capital Asset Statistics by Function - Last Ten Fiscal Years	117

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>	121
Schedule of Findings and Responses	123

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City of
SIMPSONVILLE

October 4, 2016

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

Dear Mayor Janice Curtis, City Council Members and Citizens:

State law requires that all general-purpose local governments, at the close of each fiscal year, publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("CAFR") of the City of Simpsonville, South Carolina ("City") for the year ended June 30, 2016.

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, LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2016, 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, 2016, 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.

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



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Simpsonville’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Population. The City of Simpsonville is located in the Upstate Region of South Carolina and has an estimated population of 20,736. 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

Christine Furino
Finance Director

CITY OF SIMPSONVILLE, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2016

Established

1901

MAYOR

Janice Curtis

CITY COUNCIL MEMBERS

Matthew Gooch
Taylor Graham
Jenn Hulehan
Elizabeth Braswell
Ken Cummings
Sylvia Lockaby

CITY ADMINISTRATOR

David Dyrhaug, AICP

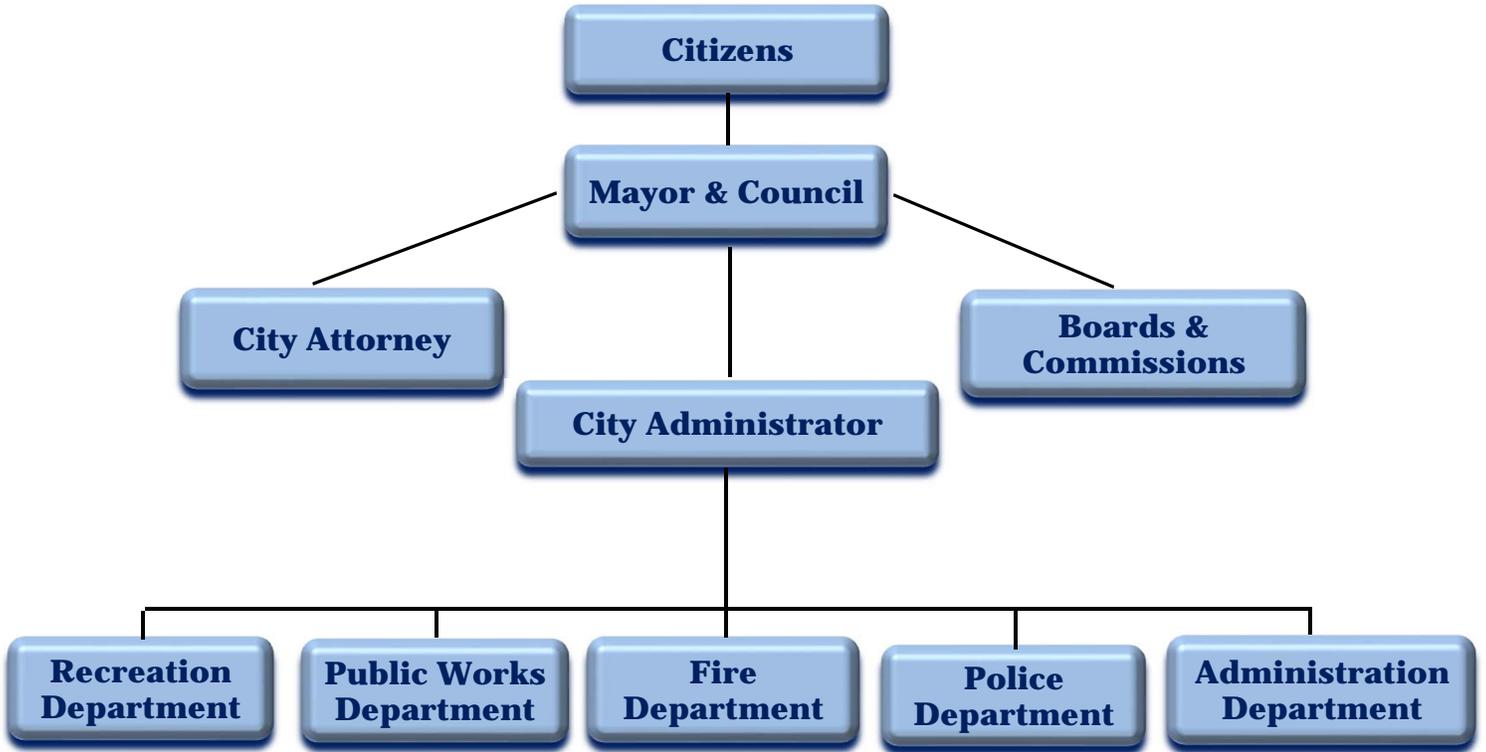
FINANCE DIRECTOR

Christine Furino

CITY ATTORNEY

David Holmes

CITY OF SIMPSONVILLE





Government Finance Officers Association

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

Presented to

**City of Simpsonville
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the "City"), as of and for the year ended June 30, 2016, 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, 2016, 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.

Correction of an Error

As discussed in Note IV.F to the financial statements, in the year ended June 30, 2016 the City discovered that it had not correctly accounted for developer's escrow balances in its financial statements as of June 30, 2015 by approximately \$341,000. 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 October 4, 2016 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
October 4, 2016

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

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, 2016 ("FY 2016" or "2016") compared to year ended June 30, 2015 ("FY 2015" or "2015"). 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 at the close of the most recent year by approximately \$37,831,000. Unrestricted net position was a deficit of approximately (\$2,202,000).
- The City's total net position increased by approximately \$6,110,000 compared to the prior year restated net position, as revenues of approximately \$22,411,000 exceeded expenses of approximately \$16,301,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$10,758,000, an increase of approximately \$2,346,000.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$7,298,000 (45%) of total General Fund expenditures for the FY 2016.
- The City's capital assets increased by approximately \$3,973,000 (9%). The increase in capital assets was primarily due to capital asset additions of approximately \$5,860,000, partially offset by depreciation expense of approximately \$1,882,000 and net disposals of approximately \$5,000.
- The City's total debt increased by approximately \$445,000 (4%). This increase was primarily due to the issuance of the Series 2015 General Obligation Bonds of \$1,175,000, the Series 2016 Accommodations and Hospitality Tax Revenue Refunding Bonds of \$7,216,000 (which was used along with a City contribution of approximately \$542,000 to refund \$5,874,000 and \$1,680,000 of the Series 2012A&B Accommodations and Hospitality Tax Revenue Refunding Bonds, respectively), a lease purchase for approximately \$895,000, and a capital lease for approximately \$519,000, partially offset by scheduled principal payments on existing debt of approximately \$1,806,000 and refunding payments of approximately \$7,554,000.
- The City's net pension liabilities increased by approximately \$1,136,000 (11%) to approximately \$11,951,000.

OVERVIEW OF FINANCIAL STATEMENTS

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

Financial Statements

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

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Figure A-1			
Major Features of the City’s Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government.	The activities of the City that are not proprietary.	Activities the City operates similar to private businesses.
Required Financial Statements	<ul style="list-style-type: none"> ▪ 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, 2016

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, 2016 compared to June 30, 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 ^	2016	2015	2016	2015 ^
Assets:						
Current and Other Assets	\$ 12,060,519	9,897,162	1,308,781	898,455	13,369,300	\$ 10,795,617
Capital Assets, Net	36,595,095	35,136,422	11,150,830	8,636,110	47,745,925	43,772,532
Total Assets	48,655,614	45,033,584	12,459,611	9,534,565	61,115,225	54,568,149
Deferred Outflows of Resources						
Deferred Refunding Charges	242,334	278,236	-	-	242,334	278,236
Deferred Pension Charges	1,148,603	1,046,086	42,434	39,679	1,191,037	1,085,765
Total Deferred Outflows of Resources	1,390,937	1,324,322	42,434	39,679	1,433,371	1,364,001
Liabilities						
Other Liabilities	1,184,338	1,393,175	22,554	8,021	1,206,892	1,401,196
Net Pension Liabilities	11,424,940	10,354,706	526,402	460,611	11,951,342	10,815,317
Long-Term Liabilities	11,076,413	10,842,119	338,839	53,663	11,415,252	10,895,782
Total Liabilities	23,685,691	22,590,000	887,795	522,295	24,573,486	23,112,295
Deferred Inflows of Resources						
Deferred Pension Credits	132,506	1,059,555	11,258	38,833	143,764	1,098,388
Net Position						
Net Investment in Capital Assets	27,193,768	25,386,868	10,825,894	8,591,110	38,019,662	33,977,978
Restricted	2,013,994	2,134,704	-	-	2,013,994	2,134,704
Unrestricted	(2,979,408)	(4,813,221)	777,098	422,006	(2,202,310)	(4,391,215)
Total Net Position	\$ 26,228,354	22,708,351	11,602,992	9,013,116	37,831,346	\$ 31,721,467

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

The City's total assets increased approximately \$6,547,000 from the prior year. Current and other assets increased \$2,574,000 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 \$3,973,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities increased approximately \$1,461,000 from the prior year primarily due to a \$1,136,000 increase in net pension liabilities and a \$519,000 increase in long-term liabilities, partially offset by a \$194,000 decrease in other liabilities. The changes in deferred outflows and deferred inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the City's share of the net pension liability in the State retirement plans.

The City's net investment in capital assets (i.e., land, buildings, machinery, equipment, infrastructure, vehicles, etc.) less any related outstanding debt/lease purchase/capital lease obligations used to acquire those assets was approximately \$38,020,000 at June 30, 2016. 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 \$2,014,000 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 (\$2,202,000).

CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net position for 2016 compared to 2015.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015 ^	2016	2015	2016	2015 ^
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,838,905	1,770,605	1,657,735	1,604,692	3,496,640	\$ 3,375,297
Operating Grants and Contributions	138,979	49,191	-	-	138,979	49,191
Capital Grants and Contributions	1,143,307	338,588	1,700,210	507,850	2,843,517	846,438
General Revenues:						
Taxes	15,330,244	13,927,055	-	-	15,330,244	13,927,055
Other	549,845	494,194	52,061	3,443	601,906	497,637
Total Revenues	19,001,280	16,579,633	3,410,006	2,115,985	22,411,286	18,695,618
Expenses:						
General Government	1,886,308	1,701,247	-	-	1,886,308	1,701,247
Public Safety	8,362,290	7,665,770	-	-	8,362,290	7,665,770
Public Works	2,389,424	2,322,940	-	-	2,389,424	2,322,940
Recreation and Parks	2,411,881	2,422,580	-	-	2,411,881	2,422,580
Interest and Other Charges	431,374	334,404	-	-	431,374	334,404
Sewer	-	-	820,130	780,293	820,130	780,293
Total Expenses	15,481,277	14,446,941	820,130	780,293	16,301,407	15,227,234
Change in Net Position	3,520,003	2,132,692	2,589,876	1,335,692	6,109,879	3,468,384
Net Position, Beginning of Year, as Previously Reported	22,708,351	20,916,665	9,013,116	7,677,424	31,721,467	28,594,089
Prior Period Adjustment	-	(341,006)	-	-	-	(341,006)
Net Position, Beginning of Year	22,708,351	20,575,659	9,013,116	7,677,424	31,721,467	28,253,083
Net Position - End of Year	\$ 26,228,354	22,708,351	11,602,992	9,013,116	37,831,346	\$ 31,721,467

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

Governmental Activities. Governmental activities increased the City's net position by approximately \$3,520,000 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 \$2,422,000 (15%) from the prior year primarily due to (a) higher capital grants and contributions (due to donated roads from the SCDOT and road resurfacing from Greenville County) and (b) higher tax revenues (due to higher property tax and business license revenues).
- Total governmental activities expenses increased by approximately \$1,034,000 (7%) from the prior year primarily due to higher salaries and fringe benefits, interest and other charges, and depreciation expense.

Business-Type Activities. Net position for business-type activities (sewer) increased by approximately \$2,590,000. 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, 2016

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 \$10,758,000 an increase of approximately \$2,346,000 over the prior year restated fund balance. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately 68% or \$7,298,000 of the total governmental fund balance of approximately \$10,758,000 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 (\$1,075,000; nonspendable), (2) public safety (\$111,000; restricted), (3) tourism related expenditures (\$1,744,000; restricted), (4) debt service (\$14,000; restricted), (5) unspent lease purchase proceeds (\$50,000; restricted), (6) unspent bond proceeds (\$321,000; restricted), (7) municipal court (\$113,000; restricted), and (8) cultural arts and other items (\$32,000; restricted).

The General Fund is the chief operating fund of the City. At the end of the current year, the total fund balance was approximately \$8,858,000. 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 (\$7,298,000) represents approximately 45% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$2,509,000, or 40%. This increase was primarily due to higher property tax revenues, licenses, permits, and fees (due to increased residential construction), and general obligation bonds proceeds, partially offset by higher operating, capital outlay, and debt service expenditures.

The fund balance for the Accommodations and Hospitality Tax Fund decreased by approximately \$170,000 or 9%. This decrease was primarily due to 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 offset by current year revenues exceeding expenditures. At June 30, 2016, fund balance was approximately \$1,758,000 of which approximately \$1,744,000 was restricted for tourism related expenditures and \$14,000 was restricted for debt service payments.

In addition, the fund balances of the other governmental funds increased by approximately \$6,000, or 5%, over the prior year restated fund balances. This increase was primarily due to revenues, transfers in from the Accommodations and Hospitality Tax Fund, and bond proceeds 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 \$11,603,000. Details on changes in the City's Sewer Fund were as follows:

- Total sewer operating revenues slightly increased approximately \$53,000 or 3% from the prior year. Sewer operating expenses slightly increased approximately \$36,000 or 5% from the prior year. The City also received contributed capital from developers for sewer lines and manholes of approximately \$1,700,000. Net position increased approximately \$2,590,000 as a result of revenues and capital contributions exceeding expenses.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

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 made one budget amendment during 2016 to reflect an increase in property tax revenues of approximately \$400,000 for additional fire service area revenue and an increase in expenditures of approximately \$233,000 for additional personnel and operating costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets as of June 30, 2016 and June 30, 2015, amounted to approximately \$47,746,000 and \$43,773,000 (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, 2016 and 2015 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,724,258	6,724,258	-	-	6,724,258	\$ 6,724,258
Construction in Progress	-	-	-	2,555,476	-	2,555,476
Buildings and Improvements	19,478,546	19,374,143	-	-	19,478,546	19,374,143
Machinery and Equipment	3,753,704	2,789,047	192,184	192,184	3,945,888	2,981,231
Infrastructure	25,528,718	24,152,929	15,445,591	10,506,356	40,974,309	34,659,285
Vehicles	7,878,518	7,416,495	518,462	315,167	8,396,980	7,731,662
Capital Assets (Historical Cost)	63,363,744	60,456,872	16,156,237	13,569,183	79,519,981	74,026,055
Accumulated Depreciation	26,768,649	25,320,450	5,005,407	4,933,073	31,774,056	30,253,523
Total	\$ 36,595,095	35,136,422	11,150,830	8,636,110	47,745,925	\$ 43,772,532

The total increase in the City’s capital assets for the current year was approximately \$3,973,000 (9%). Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$3,096,000 for governmental activities which consisted primarily of the following:
 - Infrastructure additions of approximately \$300,000 for road resurfacing on City-owned roads, which includes \$150,000 that was paid for and donated to the City by the County.
 - Infrastructure additions of approximately \$887,000 for roads donated to the City from the SCDOT.
 - Infrastructure additions of approximately \$189,000 for work performed on the Hillpine Bridge Project.
 - Purchases of various machinery and equipment of approximately \$971,000.
 - Purchases of various vehicles of approximately \$645,000.
 - Building and improvement additions of approximately \$104,000.
- Capital asset additions of approximately \$2,764,000 for business-type activities which consisted primarily of the following:
 - Donated infrastructure (sewer lines and manholes) from developers for approximately \$1,700,000.
 - Emergency sewer rehabilitation repairs for approximately \$323,000.
 - Completion of sewer rehabilitation projects for approximately \$361,000.
 - Purchases of various vehicles of approximately \$380,000.
- Depreciation expense of approximately \$1,633,000 for governmental activities and approximately \$249,000 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, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As of June 30, 2016 and June 30, 2015, the City had total outstanding debt (including lease purchases/capital leases) of approximately \$11,160,000 and \$10,715,000, respectively. Of the City’s total long-term obligations at June 30, 2016, approximately \$1,554,000 was general obligation debt which is backed by the full faith and credit of the City. The City’s total debt and lease purchases/capital leases as of June 30, 2016 and 2015 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Debt:						
General Obligation Bonds	\$ 1,553,513	799,132	-	-	1,553,513	\$ 799,132
Revenue Bonds	-	-	-	45,000	-	45,000
Tax Revenue Bonds	7,216,000	8,390,000	-	-	7,216,000	8,390,000
Lease Purchases/Capital Leases	2,060,405	1,480,411	329,943	-	2,390,348	1,480,411
Total Debt	\$ 10,829,918	10,669,543	329,943	45,000	11,159,861	\$ 10,714,543

The total increase in the City’s debt and lease purchase/capital lease obligations for the current year was approximately \$445,000 or 4%. Major 2016 events for the City’s governmental and business-type activities were as follows:

- The City’s governmental activities total debt (including lease purchases/capital leases) increased by approximately \$160,000 (2%) during the current year primarily due to the issuance of the Series 2015 General Obligation Bonds of \$1,175,000, the Series 2016 Accommodations and Hospitality Tax Revenue Refunding Bonds of \$7,216,000 (which was used along with a City contribution of approximately \$542,000 to refund \$5,874,000 and \$1,680,000 of the Series 2012A&B Series Accommodations and Hospitality Tax Revenue Refunding Bonds, respectively), a lease purchase for approximately \$510,000, and a capital lease for approximately \$519,000, partially offset by scheduled principal payments of approximately \$1,706,000 and refunding payments of approximately \$7,554,000.
- The City’s business-type activities total debt increased approximately \$285,000 (633%) during the current year due to the issuance of a lease purchase of approximately \$385,000, partially offset by scheduled principal payments of approximately \$100,000.

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, 2016, the City had approximately \$1,554,000 of bonded debt subject to the 8% debt limit of approximately \$6,196,000 resulting in an unused legal debt margin of approximately \$4,642,000.

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 2017 BUDGET FOR THE CITY

The City’s elected officials and staff considered many factors when setting the budget for the year ended June 30, 2017 (“FY 17”) 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 17 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 16. Commercial occupancy rates also appear to be steadily improving.
- The FY 17 budget includes an increase over the prior year’s budget for real property taxes which is the result of growth due to new development.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

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.

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BASIC FINANCIAL STATEMENTS

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2016

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,341,722	1,255,984	\$ 8,597,706
Cash and Cash Equivalents, Restricted	2,381,738	5,007	2,386,745
Property Taxes Receivable, Net	139,876	-	139,876
Accounts Receivable	791,592	279,462	1,071,054
Internal Balances	231,768	(231,768)	-
Due From County Treasurer	99,145	-	99,145
Prepays	1,074,678	96	1,074,774
Capital Assets, Net:			
Non-Depreciable	6,724,258	-	6,724,258
Depreciable, Net	29,870,837	11,150,830	41,021,667
TOTAL ASSETS	48,655,614	12,459,611	61,115,225
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Refunding Charges	242,334	-	242,334
Deferred Pension Charges	1,148,603	42,434	1,191,037
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,390,937	42,434	1,433,371
LIABILITIES			
Accounts Payable	545,742	-	545,742
Accrued Salaries and Fringe Benefits	374,649	-	374,649
Accrued Expenses	79,714	21,432	101,146
Developers' Escrow Liability	164,754	-	164,754
Accrued Interest Payable	11,529	-	11,529
Unearned Revenue	7,950	1,122	9,072
Non-Current Liabilities:			
Net Pension Liabilities	11,424,940	526,402	11,951,342
Long-Term Obligations - Due Within One Year	1,898,208	80,015	1,978,223
Long-Term Obligations - Due in More Than One Year	9,178,205	258,824	9,437,029
TOTAL LIABILITIES	23,685,691	887,795	24,573,486
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	132,506	11,258	143,764
NET POSITION			
Net Investment in Capital Assets	27,193,768	10,825,894	38,019,662
Restricted For:			
Tourism and Related Expenditures	1,743,817	-	1,743,817
Debt Service	14,641	-	14,641
Court	113,196	-	113,196
Public Safety	110,741	-	110,741
Cultural Arts	23,852	-	23,852
Other	7,747	-	7,747
Unrestricted	(2,979,408)	777,098	(2,202,310)
TOTAL NET POSITION	\$ 26,228,354	11,602,992	\$ 37,831,346

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, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,886,308	831,858	1,100	-	(1,053,350)	-	\$ (1,053,350)
Public Safety	8,362,290	370,742	108,043	8,000	(7,875,505)	-	(7,875,505)
Public Works	2,389,424	206,634	5,437	1,135,307	(1,042,046)	-	(1,042,046)
Recreation and Parks	2,411,881	429,671	24,399	-	(1,957,811)	-	(1,957,811)
Interest and Other Charges	431,374	-	-	-	(431,374)	-	(431,374)
Total Governmental Activities	15,481,277	1,838,905	138,979	1,143,307	(12,360,086)	-	(12,360,086)
Business-Type Activities:							
Sewer	820,130	1,657,735	-	1,700,210	-	2,537,815	2,537,815
Total Business-Type Activities	820,130	1,657,735	-	1,700,210	-	2,537,815	2,537,815
TOTAL - PRIMARY GOVERNMENT	\$ 16,301,407	3,496,640	138,979	2,843,517	(12,360,086)	2,537,815	(9,822,271)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					8,583,366	-	8,583,366
Hospitality and Accommodations Taxes					2,082,167	-	2,082,167
Business Licenses and MASC Taxes					3,250,303	-	3,250,303
Franchise Fees					1,414,408	-	1,414,408
Unrestricted Intergovernmental Revenue					410,435	-	410,435
Unrestricted Investment Earnings					25,917	4,730	30,647
Gain on Disposal of Capital Assets					98,674	47,331	146,005
Miscellaneous					14,819	-	14,819
Total General Revenues					15,880,089	52,061	15,932,150
CHANGE IN NET POSITION					3,520,003	2,589,876	6,109,879
NET POSITION, Beginning of Year - As Previously Reported					23,049,357	9,013,116	32,062,473
Prior Period Adjustment					(341,006)	-	(341,006)
NET POSITION, Beginning of Year, Restated					22,708,351	9,013,116	31,721,467
NET POSITION, End of Year					26,228,354	11,602,992	\$ 37,831,346

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, 2016

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 7,341,722	-	-	\$ 7,341,722
Cash and Cash Equivalents, Restricted	484,453	1,584,519	312,766	2,381,738
Receivables, Net:				
Taxes	139,876	-	-	139,876
Accounts	615,032	176,560	-	791,592
Interfund Receivables	247,429	-	7,368	254,797
Due From County Treasurer	99,145	-	-	99,145
Prepays	1,074,678	-	-	1,074,678
TOTAL ASSETS	\$ 10,002,335	1,761,079	320,134	\$ 12,083,548
LIABILITIES				
Accounts Payable	\$ 545,742	-	-	\$ 545,742
Accrued Salaries and Fringe Benefits	374,649	-	-	374,649
Accrued Expenses	79,714	-	-	79,714
Interfund Payables	7,368	2,621	13,040	23,029
Developers' Escrow Liability	-	-	164,754	164,754
Unearned Revenue	7,950	-	-	7,950
TOTAL LIABILITIES	1,015,423	2,621	177,794	1,195,838
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	129,356	-	-	129,356
TOTAL DEFERRED INFLOWS OF RESOURCES	129,356	-	-	129,356
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,144,779	2,621	177,794	1,325,194
FUND BALANCES				
Nonspendable - Prepays	1,074,678	-	-	1,074,678
Restricted For:				
Tourism Related Expenditures	-	1,743,817	-	1,743,817
Debt Service	-	14,641	-	14,641
Unspent Bond Proceeds	320,967	-	-	320,967
Unspent Lease Purchase Proceeds	50,290	-	-	50,290
Court	113,196	-	-	113,196
Public Safety	-	-	110,741	110,741
Cultural Arts	-	-	23,852	23,852
Other	-	-	7,747	7,747
Unassigned	7,298,425	-	-	7,298,425
TOTAL FUND BALANCES	8,857,556	1,758,458	142,340	10,758,354
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,002,335	1,761,079	320,134	\$ 12,083,548

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, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 10,758,354**

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 \$63,363,744 and the accumulated depreciation was \$26,768,649.	36,595,095
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.	129,356
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.	(11,529)
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.	242,334
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.	(10,408,843)
Long-term liabilities, including bonds payable, lease purchases, and capital leases, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt (Including Lease Purchases/Capital Leases)	(10,829,918)
Compensated Absences (Annual Leave)	(246,495)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 26,228,354**

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, 2016

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Local	\$ 8,558,134	-	-	\$ 8,558,134
Hospitality and Accommodations	-	1,939,169	-	1,939,169
MASC Telecommunications and Insurance	1,994,342	-	-	1,994,342
Franchise	1,414,408	-	-	1,414,408
Licenses, Permits, and Fees	2,249,468	-	-	2,249,468
Grants	122,320	-	-	122,320
Fines and Forfeitures	117,120	-	24,011	141,131
Shared Revenue:				
County	97,858	-	-	97,858
State	670,934	-	-	670,934
Interest	18,960	6,880	77	25,917
Other	609,553	-	8,692	618,245
TOTAL REVENUES	15,853,097	1,946,049	32,780	17,831,926
EXPENDITURES				
Current:				
General Government:	1,806,825	3,617	15,677	1,826,119
Public Safety	7,767,862	-	15,196	7,783,058
Public Works	1,723,950	-	-	1,723,950
Recreation and Parks	1,856,219	-	-	1,856,219
Capital Outlay	2,151,312	-	12,800	2,164,112
Debt Service:				
Principal	869,799	-	836,000	1,705,799
Payment to Refunded Debt Escrow Agent	-	-	7,700,990	7,700,990
Interest and Other Fiscal Charges	54,543	-	121,787	176,330
Bond Issuance Costs	26,133	-	46,618	72,751
TOTAL EXPENDITURES	16,256,643	3,617	8,749,068	25,009,328
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(403,546)	1,942,432	(8,716,288)	(7,177,402)
OTHER FINANCING SOURCES (USES)				
Transfers In	622,543	-	1,527,450	2,149,993
Transfers Out	(54)	(2,111,938)	(38,001)	(2,149,993)
Issuance of General Obligation Bonds	1,175,000	-	-	1,175,000
Issuance of Refunding Revenue Bonds	-	-	7,216,000	7,216,000
Issuance of Capital Lease	519,400	-	-	519,400
Issuance of Lease Purchase	509,775	-	-	509,775
Insurance Proceeds	31,805	-	-	31,805
Sale of Capital Assets	54,515	-	17,271	71,786
TOTAL OTHER FINANCING SOURCES (USES)	2,912,984	(2,111,938)	8,722,720	9,523,766
NET CHANGES IN FUND BALANCES	2,509,438	(169,506)	6,432	2,346,364
FUND BALANCES, Beginning of Year - As Previously Reported	6,348,118	1,927,964	476,914	8,752,996
Prior Period Adjustment	-	-	(341,006)	(341,006)
FUND BALANCES, Beginning of Year - As Restated	6,348,118	1,927,964	135,908	8,411,990
FUND BALANCES, End of Year	\$ 8,857,556	1,758,458	142,340	\$ 10,758,354

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, 2016

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,346,364

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.	25,232
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	(40,668)
Repayment of debt and lease purchase principal (including refunding principal payments) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	9,259,800
Bond and lease purchase/capital lease proceeds provide current financial resources to governmental funds, but issuing debt or entering into lease purchases/capital leases increases long-term liabilities in the Statement of Net Position.	(9,420,175)
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.	598
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.	(73,919)
In the Statement of Activities the loss on disposal of capital assets is reported, whereas in the governmental funds, proceeds from disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed.	(4,918)
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 capital asset additions of \$3,096,443 (which includes \$1,045,449 in donated capital assets) exceeded depreciation expense of \$1,632,852 in the current period.	<u>1,463,591</u>

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,520,003

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

STATEMENT OF NET POSITION - ENTERPRISE FUND

JUNE 30, 2016

	SEWER FUND
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,255,984
Cash and Cash Equivalents, Restricted	5,007
Receivables, Net	279,462
Prepays	96
Total Current Assets	<u>1,540,549</u>
Noncurrent Assets:	
Capital Assets, Net:	
Depreciable, Net	11,150,830
Total Noncurrent Assets	<u>11,150,830</u>
TOTAL ASSETS	<u>12,691,379</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>42,434</u>
LIABILITIES	
Current Liabilities:	
Accrued Expenses	21,432
Interfund Payables	231,768
Unearned Revenue	1,122
Current Portion of Compensated Absences Payable	4,448
Current Portion of Lease Purchase	75,567
Total Current Liabilities	<u>334,337</u>
Noncurrent Liabilities:	
Compensated Absences Payable, Less Current Portion	4,448
Lease Purchase, Less Current Portion	254,376
Net Pension Liability	526,402
Total Noncurrent Liabilities	<u>785,226</u>
TOTAL LIABILITIES	<u>1,119,563</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>11,258</u>
NET POSITION	
Net Investment in Capital Assets	10,825,894
Unrestricted	777,098
TOTAL NET POSITION	<u>\$ 11,602,992</u>

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	<u>SEWER FUND</u>
OPERATING REVENUES	
Sewer Maintenance Fees	\$ 1,657,735
TOTAL OPERATING REVENUES	<u>1,657,735</u>
OPERATING EXPENSES	
Personnel Expenses	377,911
Contractual Services	1,718
Materials and Supplies	10,560
Other Operating Expenses	174,230
Depreciation	249,081
TOTAL OPERATING EXPENSES	<u>813,500</u>
OPERATING INCOME	<u>844,235</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	4,730
Interest Expense	(6,630)
Gain on Sale of Capital Assets	47,331
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>45,431</u>
INCOME BEFORE CONTRIBUTIONS	889,666
Capital Contributions - Infrastructure	<u>1,700,210</u>
CHANGE IN NET POSITION	2,589,876
NET POSITION, BEGINNING OF YEAR	<u>9,013,116</u>
NET POSITION, END OF YEAR	<u>\$ 11,602,992</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 CASH FLOWS - ENTERPRISE FUND

YEAR ENDED JUNE 30, 2016

	SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,654,848
Cash Paid to Vendors	(168,889)
Payments to Employees	(342,217)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,143,742</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Net Change In Interfund Balances	(162,541)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(162,541)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(1,063,591)
Proceeds from Issuance of Lease Purchase	385,038
Principal Paid on Revenue Bond and Lease Purchase	(100,095)
Interest and Fees Paid on Revenue Bond and Lease Purchase	(7,067)
Proceeds Received from the Disposal of Assets	47,331
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(738,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	4,730
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,730</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	247,547
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,013,444</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,260,991</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:	
Operating Income	\$ 844,235
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities	
Depreciation	249,081
Change in Accounts Representing Operating Activities:	
Accounts Receivable	(2,887)
Prepaid Items	2,649
Accrued Expenses	14,970
Accrued Compensated Absences	233
Deferred Pension Charges	(2,755)
Net Pension Liability	65,791
Deferred Pension Credits	(27,575)
Net Cash Provided by Operating Activities	<u>\$ 1,143,742</u>
Noncash Capital and Related Financing Items:	
Donated Capital Assets	\$ 1,700,210

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, 2016

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, 2016

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, 2016

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	Fire Safety House Found
Simpsonville Elementary Improvement Fund	Economic Development 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 a budgeted 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, 2016

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. 72 "*Fair Value Measurement and Application*" ("GASB #72" or "Statement") for the year ended June 30, 2016. The primary objective of this Statement was to address accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The adoption of this Statement had no impact on the City's financial statements but did result in expanded note disclosures. See Note I.C and Note III.A for more information regarding the City's fair value disclosures.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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)

- (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:

- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 acquisition value (as estimated by the City) at the date of donation.

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

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

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, lease purchases, and capital leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

7. *Deferred Outflows/Inflows of Resources*

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

8. *Fund Balance*

In accordance with GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Net Position

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

10. Pensions

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

11. Fair Value

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Fair Value (Continued)

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

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

12. Encumbrances

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

13. Accounting Estimates

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

14. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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, 2016, none of the City’s bank balances of approximately \$11,590,000 (with a carrying value of approximately \$10,983,000) were exposed to custodial credit risk.

Investments

As of June 30, 2016, the City had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating	Fair Value	Weighted Average Maturity
South Carolina Local Government Investment Pool	N/A	Unrated	\$ 1,023	< 1 Year

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

N/A - Not Applicable

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

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

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

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

Certain deposits and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2016 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, 2016

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	\$ 10,983,428
Fair Value of Investments	1,023
Total Deposits and Investments	\$ 10,984,451
Statement of Net Position:	
Cash and Cash Equivalents	\$ 8,597,706
Cash and Cash Equivalents, Restricted	2,386,745
Total Cash and Cash Equivalents	\$ 10,984,451

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 2016 real and business personal property taxes (which was for tax year 2015) were levied in October 2015 based on a millage rate of 63.6 mills for the City and 32.8 mills for the Fire Service District of the County. The City's assessed value of real and personal property (including vehicles) was approximately \$77.5 million for tax year 2015. 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, 2016

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, 2016 consisted of the following:

Description	General Fund	Accommodations and Hospitality Tax Fund	Sewer Fund	Totals
Property Taxes	\$ 139,876	-	-	\$ 139,876
Utilities	-	-	279,462	279,462
Accommodations Taxes	51,691	29,666	-	81,357
Hospitality Fees	-	146,894	-	146,894
MASC Insurance	71,552	-	-	71,552
Franchise Fees	322,460	-	-	322,460
Aid to Subdivisions	101,982	-	-	101,982
Other	67,347	-	-	67,347
Net Receivables	\$ 754,908	176,560	279,462	\$ 1,210,930

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, 2016, the City's governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 129,356	-	\$ 129,356
Restaurant Alcohol Permits	General	-	7,950	7,950
Total		\$ 129,356	7,950	\$ 137,306

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2016, 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	\$ 247,429	\$ 7,368
Accommodations and Hospitality Tax Fund	-	2,621
Non Major Governmental Funds	7,368	13,040
Sewer Fund	-	231,768
Totals	\$ 254,797	\$ 254,797

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, 2016

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, 2016, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 622,543	\$ 54
Accommodations and Hospitality Tax Fund	-	2,111,938
Non Major Governmental Funds	1,527,450	38,001
Totals	<u>\$ 2,149,993</u>	<u>\$ 2,149,993</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, 2016, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Non-Depreciable:				
Land	\$ 6,724,258	-	-	\$ 6,724,258
Total Capital Assets, Non-Depreciable	<u>6,724,258</u>	<u>-</u>	<u>-</u>	<u>6,724,258</u>
Capital Assets, Depreciable:				
Buildings and Improvements	19,374,143	104,403	-	19,478,546
Machinery and Equipment	2,789,047	971,257	6,600	3,753,704
Infrastructure	24,152,929	1,375,789	-	25,528,718
Vehicles	7,416,495	644,994	182,971	7,878,518
Total Capital Assets, Depreciable	<u>53,732,614</u>	<u>3,096,443</u>	<u>189,571</u>	<u>56,639,486</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	6,504,415	495,857	-	7,000,272
Machinery and Equipment	2,151,337	171,473	1,790	2,321,020
Infrastructure	11,412,093	438,441	-	11,850,534
Vehicles	5,252,605	527,081	182,863	5,596,823
Total Accumulated Depreciation	<u>25,320,450</u>	<u>1,632,852</u>	<u>184,653</u>	<u>26,768,649</u>
Total Capital Assets, Depreciable, Net	<u>28,412,164</u>	<u>1,463,591</u>	<u>4,918</u>	<u>29,870,837</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,136,422</u>	<u>1,463,591</u>	<u>4,918</u>	<u>\$ 36,595,095</u>

The cost of machinery and equipment recorded under capital lease was approximately \$519,400 and accumulated amortization was approximately \$100 at June 30, 2016. Amortization of assets recorded under capital lease obligations has been included with depreciation expense.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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	\$ 24,778	\$ 59,147
Public Safety	1,029,039	493,061
Public Works	1,488,735	598,707
Recreation and Parks	553,891	481,937
Total - Governmental Activities	<u>\$ 3,096,443</u>	<u>\$ 1,632,852</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 \$150,000 in 2016 which is included in the 2016 capital asset additions total above.

The City also accepted from the State and capitalized several secondary roads within the City for approximately \$887,000 in 2016 which is included in the 2016 capital asset additions total above.

Capital asset activity for the City’s business-type activities for the year ended June 30, 2016, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Construction In Progress	\$ 2,555,476	360,998	-	(2,916,474)	\$ -
Total Capital Assets, Non-Depreciable	<u>2,555,476</u>	<u>360,998</u>	<u>-</u>	<u>(2,916,474)</u>	<u>-</u>
Capital Assets, Depreciable:					
Infrastructure	10,506,356	2,022,761	-	2,916,474	15,445,591
Equipment	192,184	-	-	-	192,184
Vehicles	315,167	380,042	176,747	-	518,462
Total Capital Assets, Depreciable	<u>11,013,707</u>	<u>2,402,803</u>	<u>176,747</u>	<u>2,916,474</u>	<u>16,156,237</u>
Less: Accumulated Depreciation for:					
Infrastructure	4,465,690	196,904	-	-	4,662,594
Equipment	152,215	6,641	-	-	158,856
Vehicles	315,168	45,536	176,747	-	183,957
Total Accumulated Depreciation	<u>4,933,073</u>	<u>249,081</u>	<u>176,747</u>	<u>-</u>	<u>5,005,407</u>
Total Capital Assets, Depreciable, Net	<u>6,080,634</u>	<u>2,153,722</u>	<u>-</u>	<u>2,916,474</u>	<u>11,150,830</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,636,110</u>	<u>2,514,720</u>	<u>-</u>	<u>-</u>	<u>\$ 11,150,830</u>

From time to time, the City is donated land and infrastructure for new subdivisions/projects that are given to the City from various developers. During fiscal year 2016, the City received approximately \$1,700,000 in donated sewer infrastructure primarily related to several new subdivisions. The City’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, 2016

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

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds (“GOB”) or General Obligation Refunding Bonds (“GORB”) are direct obligations and pledge the full faith and credit of the City and are subject to the 8% debt limit requirement if not issued under a bond referendum. Accommodations and Hospitality Tax Revenue Refunding Bonds (“AHTRRB”) are considered a special obligation of the City and are payable solely from a pledge of accommodation and hospitality taxes. Sewer Revenue Bonds (“RB”) are obligations of the City that are secured by revenue from the sewer operations of the City. Lease Purchase (“LP”) and Capital Lease (“CL”) obligations are special obligations of the City payable from the general revenues of the City. The full faith, credit, and taxing powers of the City are not pledged for the payment of AHTRRB, RB, LP, and CL obligations nor the interest thereon. Details on the City’s outstanding debt, lease purchases, and capital lease obligations as of June 30, 2016 are as follows:

	Balance at June 30, 2016
<i>General Obligation Bonds</i>	
\$1,175,000 Series 2015 General Obligation Bond issued in September 2015 (“GOB – Series 2015”), which is due in annual principal installments of \$34,000 – \$197,000 beginning on April 1, 2016 and running through April 1, 2022. Interest is payable semi-annually on April 1 st and October 1 st with interest at 1.83%. The proceeds from these bonds were used for (i) the acquisition of fire trucks, trailers, and miscellaneous capital improvements and equipment, (ii) the acquisition of various capital improvements and equipment for the police department, and (iii) the acquisition of various capital improvements and equipment for the public works department.	\$ 985,000
<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.	568,513
<i>Accommodations and Hospitality Tax Revenue Refunding Bonds</i>	
\$7,216,000 Series 2016 Accommodations and Hospitality Tax Revenue Refunding Bonds issued in June 2016 (“AHTRRB – Series 2016”), which is due in annual principal installments of \$634,000 to \$1,022,000 beginning January 1, 2017 and ending January 1, 2024. Interest is payable semi-annually on January 1 st and July 1 st with interest at 1.74%. The proceeds from the AHTRRB – Series 2016 were used to currently refund the Series 2012A and 2012B Accommodations and Hospitality Tax Revenue Refunding Bonds.	7,216,000
<i>Lease Purchases / Capital Leases</i>	
\$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.	499,806
\$750,000 lease purchase agreement was entered into in August 2014 (“LP – 2014”), with 5 annual payments (including interest) of \$156,916 beginning August 1, 2015 through August 1, 2019 which includes interest at 1.53%. The proceeds from this lease purchase obligation were used to purchase vehicles and related equipment for the police department, self-contained breathing air units and radio communication equipment for the fire department, and a communication/dispatch radio console for the police/dispatch department.	\$ 604,368

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

E. Long-Term Obligations (Continued)

<i>Lease Purchases / Capital Leases (Continued)</i>	<u>Balance at June 30, 2016</u>
<p>\$894,813 lease purchase agreement was entered into in August 2015 (“LP – 2015”), with 20 quarterly payments (including interest) of \$46,802 beginning January 1, 2016 through October 1, 2020 which includes interest at 1.63%. The proceeds from this lease purchase obligation were used to purchase vehicles for the administration, police, fire, and public works departments and a sewer vactor truck for the public works department. Approximately 57% of this indebtedness is a governmental activity obligation and approximately 43% is an obligation of the Sewer Enterprise Fund.</p>	\$ 766,774
<p>\$519,400 capital lease agreement was entered into in February 2016 (“CL – 2016”), with 3 annual payments (including taxes) ranging from approximately \$138,000 to \$159,000, beginning in July 2016 through July 2018, which includes taxes at 6%, with a buyout option at the end of the lease for approximately \$64,000. This capital lease was used to purchase seating and related equipment for the Heritage Park Amphitheater.</p>	\$ 519,400

Presented below is a summary of changes in long-term obligations for the City’s governmental activities for the year ended June 30, 2016:

<u>Long-Term Obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Debt:					
General Obligation Bonds:					
GOB - Series 2015	\$ -	1,175,000	190,000	985,000	\$ 183,000
General Obligation Refunding Bonds:					
GORB - Series 2013	799,132	-	230,619	568,513	178,287
Accommodations and Hospitality Tax Revenue Refunding Bonds:					
AHTRRB - Series 2012A	6,599,000	-	6,599,000	-	-
AHTRRB - Series 2012B	1,791,000	-	1,791,000	-	-
AHTRRB - Series 2016	-	7,216,000	-	7,216,000	893,000
Subtotal	8,390,000	7,216,000	8,390,000	7,216,000	893,000
Total Debt	9,189,132	8,391,000	8,810,619	8,769,513	1,254,287
Lease Purchases / Capital Leases:					
LP - 2010	118,846	-	118,846	-	-
LP - 2012	611,565	-	111,759	499,806	113,957
LP - 2014	750,000	-	145,632	604,368	147,669
LP - 2015	-	509,775	72,944	436,831	100,047
CL - 2016	-	519,400	-	519,400	159,000
Total Lease Purchases / Capital Leases	1,480,411	1,029,175	449,181	2,060,405	520,673
Total Debt and Lease Purchases	10,669,543	9,420,175	9,259,800	10,829,918	1,774,960
Compensated Absences	172,576	428,645	354,726	246,495	123,248
Total Governmental Activities	\$ 10,842,119	9,848,820	9,614,526	11,076,413	\$ 1,898,208

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

E. Long-Term Obligations (Continued)

Presented below is a summary of changes in long-term obligations for the City’s business-type activities for the year ended June 30, 2016:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
Revenue Bonds:					
RB – Series 2006	\$ 45,000	-	45,000	-	\$ -
Lease Purchases:					
LP - 2015	-	385,038	55,095	329,943	75,567
Total Debt and Lease Purchases	45,000	385,038	100,095	329,943	75,567
Compensated Absences	8,663	11,813	11,580	8,896	4,448
Total Business-Type Activities	<u>\$ 53,663</u>	<u>396,851</u>	<u>111,675</u>	<u>338,839</u>	<u>\$ 80,015</u>

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

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, 2016.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no City or City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such City or City voting in favor of such further bonded debt. Prior to Home Rule Act of July 1, 1976, the bonded debt exemption was thirty five percent (35%). In 1976, the General Assembly reduced the general obligation debt limit without voter approval to eight percent (8%) of assessed valuation; whereas, with a referendum any amount can be floated. As of June 30, 2016, the City had approximately \$1,554,000 of bonded debt. The City’s 8% legal debt limit (on its assessed values of approximately \$77,452,000) was approximately \$6,196,000 and the unused legal debt margin was approximately \$4,642,000 at June 30, 2016.

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, 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

E. Long-Term Obligations (Continued)

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, 2016:

Year Ended June 30,	Debt		Lease Purchases/Capital Leases		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities:</u>					
2017	\$ 1,254,287	88,828	520,673	24,663	\$ 1,888,451
2018	1,271,817	129,965	526,807	18,530	1,947,119
2019	1,222,593	108,173	511,847	12,290	1,854,903
2020	1,248,014	86,973	443,982	5,951	1,784,920
2021	1,267,280	65,341	57,096	259	1,389,976
2022-2024	2,505,522	78,443	-	-	2,583,965
Totals	<u>\$ 8,769,513</u>	<u>557,723</u>	<u>2,060,405</u>	<u>61,693</u>	<u>\$ 11,449,334</u>

Year Ended June 30,	Lease Purchase		Total
	Principal	Interest	
<u>Business-Type Activities</u>			
2017	\$ 75,567	4,987	\$ 80,554
2018	76,824	3,732	80,556
2019	78,101	2,455	80,556
2020	79,396	1,158	80,554
2021	20,055	84	20,139
Totals	<u>\$ 329,943</u>	<u>12,416</u>	<u>\$ 342,359</u>

The City issued the 2004 Certificates of Participation (“COPS”) in April 2004 to (a) payoff the 2003 COPS (“Current Refunding”) and to (b) advance refund the 2000 COPS (by purchasing U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments). As a result of the above, the 2000 COPS are considered defeased and the liability has been removed from the City’s governmental activities column of the Statement of Net Position. The outstanding debt on the 2000 COPS that is considered defeased as of June 30, 2016 was approximately \$1,360,000. Both the 2004 COPS and 2003 COPS were refunded with the AHTRRB Series 2012A and Series 2012B.

Accommodations and Hospitality Tax Revenue Bonds Refunding

In June 2016, the City issued the Accommodations and Hospitality Tax Revenue Refunding Bonds, Series 2016 for \$7,216,000 (“AHTRRB – Series 2016”) and used these proceeds along with a City contribution of approximately \$542,000 to current refund the Series 2012A and Series 2012B Accommodations and Hospitality Tax Revenue Refunding Bonds (“AHTRRB – Series 2012A” and “AHTRRB – Series 2012B”) and to pay the cost of issuance. The current refunding resulted in a deferred loss of approximately \$242,000 and was recorded on the Statement of Net Position. The current refunding decreased total future debt service payments by approximately \$834,000 (primarily due to the City using debt service funds and a lower interest rate) and resulted in an economic gain (excluding the City contribution) of approximately \$285,000.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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, 2016, the City made premium payments totaling approximately \$304,000. 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, 2015, totaled approximately \$14,390,000. 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, 2016, the City made premium payments totaling approximately \$125,000. 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, 2015, totaled approximately \$54,388,000. 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 Commission 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 (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“Systems”) and serves as a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the State

Plan Description

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

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

- 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. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS and PORS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total 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 earlier, both employees and the Commission are required to contribute to the Plans at rates established and as amended by the PEBA. The Commission's contributions are actuarially determined but are communicated to and paid by the Commission as a percentage of the employees' annual eligible compensation as follows for the past three years:

	SCRS Rates			PORS Rates		
	2014	2015	2016	2014	2015	2016
Employer Rate:						
Retirement	10.45%	10.75%	10.91%	12.44%	13.01%	13.34%
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>10.90%</u>	<u>11.06%</u>	<u>12.84%</u>	<u>13.41%</u>	<u>13.74%</u>
Employee Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>	<u>7.84%</u>	<u>8.41%</u>	<u>8.74%</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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
2016	\$ 293,557	100%	\$ 562,779	100%
2015	281,714	100%	507,396	100%
2014	\$ 272,401	100%	\$ 479,981	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
2016	\$ 2,654,218	4,095,919	\$ 6,750,137
2015	2,584,532	3,783,716	6,368,248
2014	\$ 2,569,820	3,738,171	\$ 6,307,991

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. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time 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, performed on data through June 30, 2015, is currently underway.

The June 30, 2015 total pension liability, net pension liability, and sensitivity information were determined by the PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on the July 1, 2014 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ended June 30, 2015 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

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. Assumptions used in the July 1, 2014 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	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 and Firefighters	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, as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission (“RSIC”) in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the RSIC for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

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

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. NPL totals, as of June 30, 2015 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	25,131,828,101	\$ 18,965,482,129	57.00%
PORS	\$ 6,151,321,222	3,971,824,838	\$ 2,179,496,384	64.60%

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

At June 30, 2016, the City reported liabilities of approximately \$5,228,000 and \$6,723,000 for its proportionate share of the net pension liabilities for the SCRS and PORS (“Plans”), respectively. The net pension liabilities were measured as of June 30, 2015, 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 as of July 1, 2014 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 the June 30, 2015 measurement date, the City’s SCRS proportion was 0.02757 percent, which was a decrease of 0.00074 from its proportion measured as of June 30, 2014. At the June 30, 2015 measurement date, the City’s PORS proportion was 0.30849 percent, which was a decrease of 0.00189 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Commission recognized pension expense of approximately \$347,000 and \$590,000 for the SCRS and PORS, respectively. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 92,881	\$ 9,349
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,992	-
Changes in Proportionate Share and Differences Between the City's		
Contributions and Proportionate Share of Total Contributions	-	102,464
City's Contributions Subsequent to the Measurement Date	293,557	-
Total SCRS	<u>421,430</u>	<u>111,813</u>
PORS		
Differences Between Expected and Actual Experience	133,261	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	73,567	-
Changes in Proportionate Share and Differences Between the City's		
Contributions and Proportionate Share of Total Contributions	-	31,951
City's Contributions Subsequent to the Measurement Date	562,779	-
Total PORS	<u>769,607</u>	<u>31,951</u>
Total SCRS and PORS	<u>\$ 1,191,037</u>	<u>\$ 143,764</u>

Approximately \$294,000 and \$563,000 that were reported as deferred outflows of resources related to the Commission’s contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liabilities) in the year ended June 30, 2017.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2017	\$ (10,003)	12,492	\$ 2,489
2018	(10,003)	12,492	2,489
2019	(41,906)	6,607	(35,299)
2020	77,972	143,286	221,258
Total	\$ 16,060	174,877	\$ 190,937

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. 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.

The following table presents the sensitivity of the Commission’s proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The City's proportionate share of the net pension liability of the SCRS	\$ 6,590,806	5,227,835	\$ 4,085,492
The City's proportionate share of the net pension liability of the PORS	9,158,985	6,723,507	4,546,320
Total Pension Liability	\$ 15,749,791	11,951,342	\$ 8,631,812

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, 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 \$39,000 and \$71,000 to the PEBA as of June 30, 2016, representing required employer and employee contributions for the month of June 2016 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 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

C. Deferred Compensation Plan

The City offers its employees the option to participate in the South Carolina 401 (k), Roth 401 (k), and 457 Deferred Compensation plans (collectively the “Deferred Compensation Plans”). The Deferred Compensation Plans are administered by the PEBA. All amounts of compensation contributed under the Deferred Compensation Plans, all income, and rights attributed to such amounts remain the sole property of the participating employee. Current year payroll covered under the Deferred Compensation Plans was approximately \$1,596,000. Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum of \$17,500, with an additional \$5,500 if participants are over age 50 or will turning 50 during the year.

Contributions are not available to employees until termination of employment, retirement, death, or foreseeable emergency, with the exceptions of education and purchase or improvement of a primary residence. There is no eligibility or vesting requirements. The City has no obligation to contribute to the Deferred Compensation Plans, and has made no contributions during the year. Employee contributions were approximately \$55,000 for the year ended June 30, 2016. There were no significant changes in plan provisions during the current year.

D. 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.

E. Contingent Liabilities and Commitments

Litigation

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

Grants

The City receives financial assistance from various federal, state, and local governmental agencies in the form of grants. Disbursements of funds received under these programs generally require compliance with the terms and conditions specified in the grant agreements. The disbursements are also subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at June 30, 2016.

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 32.8 mills). This agreement expires in June 2016 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 \$3,493,000 in tax revenues related to the FSA during the year ended June 30, 2016.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

E. Contingent Liabilities and Commitments (Continued)

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.

F. Prior Period Adjustment

In reviewing its developer escrow transactions, the City discovered that it had understated its developer escrow liability balances (overstated restricted fund balance) for its governmental fund and government-wide financial statements by approximately \$341,000 as the City had inadvertently recognized these transactions as revenues and expenditures/expenses. The City has corrected this item by reflecting a prior period adjustment in its June 30, 2016 governmental fund and government-wide financial statements.

G. Subsequent Event

The City entered into an agreement with a local company to provide trash collection services for the City for an initial term of five years from September 1, 2016 through August 30, 2021 with the option to extend for an additional five years (if renewed within 90 days of the prior to the initial term). The City will cover the full costs of the service at a per residence charge for residential collection of \$10.53 per month, plus an additional \$1.89 per month for new additional curbside recycling customers in excess of the number of recycling customers at the start of the agreement.

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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, 2016

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Property	\$ 7,841,732	8,241,802	8,558,134	\$ 316,332
MASC Telecommunications and Insurance	1,728,523	1,728,523	1,994,342	265,819
Franchise	1,429,858	1,429,858	1,414,408	(15,450)
Licenses, Permits, and Fees	1,726,256	1,726,256	2,249,468	523,212
Grants	431,733	431,733	122,320	(309,413)
Fines	97,918	97,918	117,120	19,202
Shared Revenue:				
County	99,677	99,677	97,858	(1,819)
State	648,321	648,321	670,934	22,613
Interest	7,462	7,462	18,960	11,498
Other	648,140	648,140	609,553	(38,587)
TOTAL REVENUES	14,659,620	15,059,690	15,853,097	793,407
EXPENDITURES				
Current:				
General Government				
Mayor and City Council	81,019	81,019	89,230	(8,211)
City Administration	1,671,893	1,648,935	1,717,595	(68,660)
Public Safety				
Police Department	4,256,523	4,231,092	3,886,771	344,321
Fire Department	3,837,032	4,064,791	3,881,091	183,700
Public Works	1,998,394	1,941,675	1,723,950	217,725
Recreation and Parks	2,022,645	2,022,644	1,856,219	166,425
Capital Outlay	2,316,412	2,427,198	2,151,312	275,886
Debt Service:				
Principal	869,516	869,516	869,799	(283)
Interest	45,749	45,749	54,543	(8,794)
Bond Issuance Costs	21,750	21,750	26,133	(4,383)
TOTAL EXPENDITURES	17,120,933	17,354,369	16,256,643	1,097,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,461,313)	(2,294,679)	(403,546)	1,891,133
OTHER FINANCING SOURCES (USES)				
Transfers In	673,291	673,291	622,543	(50,748)
Transfers Out	-	-	(54)	(54)
Issuance of General Obligation Bonds	1,135,000	1,135,000	1,175,000	40,000
Issuance of Capital Lease	-	-	519,400	519,400
Issuance of Lease Purchase	509,988	509,988	509,775	(213)
Insurance Proceeds	-	-	31,805	31,805
Sale of Capital Assets	-	-	54,515	54,515
TOTAL OTHER FINANCING SOURCES (USES)	2,318,279	2,318,279	2,912,984	594,705
NET CHANGE IN FUND BALANCE	(143,034)	23,600	2,509,438	2,485,838
FUND BALANCES, Beginning of Year	6,348,118	6,348,118	6,348,118	-
FUND BALANCES, End of Year	\$ 6,205,084	6,371,718	8,857,556	\$ 2,485,838

Note: The City's original and revised budget reflected an expected use and surplus of fund balance of approximately \$143,000 and \$24,000, respectively.

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, 2016

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Hospitality Tax	\$ 1,358,145	1,358,145	1,691,583	\$ 333,438
Accommodations Tax	225,937	225,937	247,586	21,649
Interest	5,523	5,523	6,880	1,357
Other Revenue	60	60	-	(60)
TOTAL REVENUES	<u>1,589,665</u>	<u>1,589,665</u>	<u>1,946,049</u>	<u>356,384</u>
EXPENDITURES				
Current:				
General Government	8,652	8,652	3,617	(5,035)
TOTAL EXPENDITURES	<u>8,652</u>	<u>8,652</u>	<u>3,617</u>	<u>(5,035)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,581,013	1,581,013	1,942,432	361,419
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,740,908)	(1,740,908)	(2,111,938)	(371,030)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,740,908)</u>	<u>(1,740,908)</u>	<u>(2,111,938)</u>	<u>(371,030)</u>
NET CHANGE IN FUND BALANCE	(159,895)	(159,895)	(169,506)	(9,611)
FUND BALANCES, Beginning of Year	1,927,964	1,927,964	1,927,964	-
FUND BALANCES, End of Year	<u>\$ 1,768,069</u>	<u>1,768,069</u>	<u>1,758,458</u>	<u>\$ (9,611)</u>

Note: The City's original and revised budget reflected the use of appropriated fund balance of \$159,895 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, 2016

A. BASIS OF ACCOUNTING

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

B. BUDGETARY INFORMATION

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

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.02757%	0.02831%	0.02831%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,227,835	4,873,355	\$ 5,077,087
City's Covered-Employee Payroll	\$ 2,584,532	2,569,820	\$ 2,209,505
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	202.27%	189.64%	229.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 293,557	281,714	\$ 272,401
Contributions in Relation to the Contractually Required Contribution:	293,557	281,714	272,401
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 2,654,218	2,584,532	\$ 2,569,820
Contributions as a Percentage of Covered-Employee Payroll:	11.06%	10.90%	10.60%

Notes to Schedule:

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.30849%	0.31038%	0.31038%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,723,507	5,941,962	\$ 6,434,051
City's Covered-Employee Payroll	\$ 3,783,716	3,738,171	\$ 3,505,993
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	177.70%	158.95%	183.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULE

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

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 562,779	507,396	\$ 479,981
Contributions in Relation to the Contractually Required Contribution:	562,779	507,396	479,981
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 4,095,919	3,783,716	\$ 3,738,171
Contributions as a Percentage of Covered-Employee Payroll:	13.74%	13.41%	12.84%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
Mayor and City Council:			
Current:			
Salaries	\$ 46,600	43,257	\$ 3,343
FICA	3,399	3,084	315
Retirement	4,084	2,631	1,453
Insurance - Group	6,879	17,900	(11,021)
Insurance - Worker's Compensation	627	480	147
Insurance - Liability	1,450	1,230	220
Discretionary Funds	17,500	20,145	(2,645)
Dues, Subscriptions, and Memberships	-	185	(185)
Office and Printing	-	159	(159)
Telephone, Modem, and Fax	480	159	321
Total Mayor and City Council	81,019	89,230	(8,211)
City Administration: General			
Current:			
Salaries	556,055	536,622	19,433
Overtime	800	342	458
Extra Duties - Overtime	2,950	2,685	265
FICA	41,559	39,767	1,792
Retirement	61,588	59,470	2,118
Unemployment	-	448	(448)
Insurance - Group	72,195	83,620	(11,425)
Insurance - Worker's Compensation	2,499	1,841	658
Insurance - Liability	7,945	6,122	1,823
Temporary Employees	-	3,488	(3,488)
Fuel Usage	2,753	527	2,226
Tires	500	143	357
Professional Training	18,771	18,084	687
Contractual Services - Professional	50,184	28,085	22,099
Dues, Subscriptions, and Memberships	8,986	8,748	238
Supplies	12,868	8,259	4,609
Telephone, Fax, Cell and Pagers	17,438	8,591	8,847
IT Communications	9,759	7,729	2,030
Computer Software and Support	50,401	48,555	1,846
Non-Capital Equipment	5,100	4,196	904
Utilities	155,250	179,622	(24,372)
Physical Examinations and Drug/Alcohol Testing	500	100	400
Local Meetings and Meals	2,000	1,417	583
Equipment Rent	20,739	17,301	3,438
Bank Fees	15,000	10,956	4,044
Building Inspection Fees	75,000	276,673	(201,673)
Advertising	3,000	1,023	1,977
Community Relations	126,347	104,523	21,824
Employee Recognition	3,000	3,097	(97)
Memorials and Awards	1,500	1,541	(41)
Miscellaneous	5,900	3,887	2,013
Postage	6,500	4,929	1,571
Printing	2,100	1,753	347
Repairs and Maintenance - Buildings	\$ 8,195	5,817	\$ 2,378

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
General Government (Continued)			
City Administration: General (Continued)			
Current:			
Repairs and Maintenance - Equipment	\$ 6,454	5,749	\$ 705
Repairs and Maintenance - Routine	600	129	471
Repairs and Maintenance - Drive Train	500	-	500
Repairs and Maintenance - Vehicle Body Work	500	-	500
County Stormwater Fees	5,780	5,579	201
Contingency	39,792	921	38,871
Cost of Issuance	-	-	-
Total City Administration: General	<u>1,401,008</u>	<u>1,492,339</u>	<u>(91,331)</u>
City Administration: Court Division			
Current:			
Salaries	155,920	150,566	5,354
FICA	11,424	10,940	484
Retirement	18,273	17,344	929
Insurance - Group	36,606	28,985	7,621
Insurance - Worker's Compensation	443	226	217
Insurance - Liability	1,129	1,181	(52)
Professional Training	1,500	128	1,372
Dues, Subscriptions, and Memberships	60	-	60
Supplies	1,860	2,350	(490)
Telephone, Fax, Cell and Pagers	852	709	143
IT Communications	3,660	3,734	(74)
Computer Software and Support	778	746	32
Printing	600	351	249
Repairs and Maintenance - Equipment	1,500	72	1,428
Postage	1,524	1,502	22
Jurors, Bailiffs, and Witnesses	5,700	3,195	2,505
Non-Capital Equipment	5,300	2,619	2,681
Rental Expense	672	468	204
Miscellaneous	126	140	(14)
Total City Administration: Court Division	<u>247,927</u>	<u>225,256</u>	<u>22,671</u>
Total City Administration	<u>1,648,935</u>	<u>1,717,595</u>	<u>(68,660)</u>
Total General Government	<u>1,729,954</u>	<u>1,806,825</u>	<u>(76,871)</u>
Public Safety			
Police Department: Operations			
Current:			
Salaries	1,840,933	1,791,318	49,615
Overtime	35,000	36,448	(1,448)
Extra Duties-Overtime	72,000	96,716	(24,716)
FICA	144,492	140,635	3,857
Retirement	260,715	258,484	2,231
Insurance - Group	389,251	369,064	20,187
Insurance - Worker's Compensation	48,795	61,856	(13,061)
Insurance - Liability	123,611	97,944	25,667
Fuel Usage	\$ 113,846	78,725	\$ 35,121

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Operations (Continued)			
Current:			
Tires	\$ 10,000	12,644	\$ (2,644)
Professional Training	40,000	31,517	8,483
Contractual Services-Inmate Labor	5,250	839	4,411
Dues and Subscriptions	3,725	1,663	2,062
Supplies	24,051	23,863	188
Telephone, Fax, Cell and Pagers	25,312	27,755	(2,443)
Computer Software and Support	27,002	24,303	2,699
IT Communications	23,099	19,686	3,413
Utilities	17,000	14,692	2,308
Physical Examinations and Drug/Alcohol Testing	8,000	1,117	6,883
Local Meetings and Meals	2,950	3,592	(642)
Leases-Equipment	12,505	13,900	(1,395)
Advertising	1,500	206	1,294
Non-Capital Equipment	60,447	52,478	7,969
Community Relations	8,750	9,002	(252)
Vehicle License Fees	100	107	(7)
Postage	1,500	1,472	28
Uniforms	52,530	47,534	4,996
Employee Uniform Allowance	7,500	8,481	(981)
Printing	2,000	1,892	108
Animal Control	4,500	2,342	2,158
Repairs and Maintenance - Buildings	33,726	34,751	(1,025)
Repairs and Maintenance - Equipment	9,000	11,619	(2,619)
Repairs and Maintenance - Radios	5,000	3,960	1,040
Repairs and Maintenance - Drive Train	19,200	14,364	4,836
Repairs and Maintenance - Routine	20,000	21,199	(1,199)
Repairs and Maintenance - Vehicle Body Work	5,000	7,998	(2,998)
Tools and Small Equipment	2,000	6,752	(4,752)
Firearms/Ammunition	25,831	17,012	8,819
Chemicals	500	-	500
Informant Fees	500	-	500
Housing - Inmate	97,512	64,573	32,939
Housing - Juvenile	5,000	5,452	(452)
Radio User Fees	22,070	23,997	(1,927)
UDL Enforcement	7,500	(600)	8,100
Body Armor Grant	5,500	-	5,500
Narcotics Equipment Grant	51,010	-	51,010
Traffic Unit Equipment Grant	123,354	53,848	69,506
Contractual Services	500	-	500
K-9 Grant	6,674	4,208	2,466
Police Services	17,300	4,116	13,184
Vending	-	380	(380)
Miscellaneous	1,500	1,381	119
Total Police Department: Operations	\$ 3,825,041	3,505,285	\$ 319,756

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Dispatch			
Current			
Salaries	\$ 256,476	224,320	\$ 32,156
Overtime	22,950	35,714	(12,764)
Extra Duties-Overtime	1,500	1,842	(342)
FICA	21,386	19,461	1,925
Retirement	30,650	28,814	1,836
Insurance - Group	48,207	55,358	(7,151)
Insurance - Workers' Compensation	713	1,817	(1,104)
Insurance - Liability	2,564	2,254	310
Non-Capital Equipment	3,355	1,602	1,753
Professional Training	5,500	5,526	(26)
Dues, Subscriptions, and Memberships	450	-	450
Supplies - Other	200	713	(513)
Computer Software and Support	1,000	-	1,000
IT Communications	4,500	2,312	2,188
Physical Examinations and Drug/Alcohol Testing	2,600	100	2,500
Repairs and Maintenance - Equipment	1,500	474	1,026
Repairs and Maintenance - Radios	1,000	-	1,000
Uniforms	1,500	1,179	321
Total Police Department: Dispatch	<u>406,051</u>	<u>381,486</u>	<u>24,565</u>
Total Police Department	<u>4,231,092</u>	<u>3,886,771</u>	<u>344,321</u>
Fire Department:			
Current			
Salaries	2,375,044	2,383,086	(8,042)
Extra Duties - Overtime	20,000	10,593	9,407
FICA	173,469	172,951	518
Retirement	323,951	324,331	(380)
Unemployment	-	6,520	(6,520)
Insurance - Group	602,581	482,916	119,665
Insurance - Workers' Compensation	68,527	62,418	6,109
Insurance - Liability	65,271	48,698	16,573
Insurance - Claims	-	6,254	(6,254)
Professional Training	41,328	22,802	18,526
Dues, Subscriptions, and Memberships	3,900	3,935	(35)
Supplies	12,250	10,526	1,724
Supplies - Safety	65,200	63,819	1,381
Landscaping	1,000	267	733
Telephone, Fax, Cell and Pagers	8,650	9,908	(1,258)
Computer Software and Support	6,600	3,655	2,945
IT Communications	8,900	9,789	(889)
Utilities	45,706	40,797	4,909
Equipment Rent	10,800	7,510	3,290
Fuel Usage	41,845	29,245	12,600
Tires Expenditures	32,500	31,573	927
Physical Examinations and Drug/Alcohol Testing	18,200	12,967	5,233
Local Meetings and Meals	769	154	615
Community Relations	2,500	2,402	98
Non-Capital Equipment	31,400	27,663	3,737
Postage	\$ 400	37	\$ 363

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Fire Department: (Continued)			
Current			
Uniforms	\$ 25,500	25,193	\$ 307
Printing	500	200	300
Repairs and Maintenance - Buildings	15,500	34,286	(18,786)
Repairs and Maintenance - Equipment	25,500	21,287	4,213
Repairs and Maintenance - Radios	4,000	1,084	2,916
Repairs and Maintenance - Drive Train	7,000	1,213	5,787
Repairs and Maintenance - Routine	18,000	16,101	1,899
Repairs and Maintenance - Vehicle Body Work	3,000	3,703	(703)
Radio User Fees	350	501	(151)
Contingency	-	133	(133)
Chemicals	1,400	1,307	93
Safety Equipment Grant	2,000	-	2,000
Professional Fees	-	100	(100)
Miscellaneous	1,250	1,167	83
Total Fire Department	<u>4,064,791</u>	<u>3,881,091</u>	<u>183,700</u>
Total Public Safety	<u>8,295,883</u>	<u>7,767,862</u>	<u>528,021</u>
Public Works			
Sanitation, Maintenance, and Administration:			
Current			
Salaries	540,349	519,248	21,101
Overtime	30,000	25,996	4,004
Extra Duties - Overtime	10,000	660	9,340
FICA	43,239	40,656	2,583
Retirement	63,379	59,709	3,670
Insurance - Group	117,367	96,750	20,617
Insurance - Workers' Compensation	22,506	19,275	3,231
Insurance - Liability	55,833	37,828	18,005
Professional Fees	49,108	53,837	(4,729)
Professional Training	2,500	1,020	1,480
Contractual Services - Inmate Labor	53,118	40,601	12,517
Equipment Rent	52,858	37,276	15,582
Supplies - Cement and Masonry	2,488	133	2,355
Supplies - Asphalt and Paving	8,000	7,784	216
Supplies - Electric and Lighting	7,962	5,363	2,599
Supplies - Other	8,000	8,174	(174)
Supplies - Safety	1,500	1,626	(126)
Chemicals	10,961	10,888	73
Landscaping	500	112	388
Printing	600	473	127
Utilities	25,000	17,817	7,183
Dues, Subscriptions, and Memberships	968	3,872	(2,904)
Telephone, Fax, Cell and Pagers	17,600	11,973	5,627
Computer Software and Support	4,130	3,660	470
IT Communications	375	278	97
Physical Examinations and Drug/Alcohol Testing	1,000	905	95
Employee Recognition	800	725	75
Non-Capital Equipment	\$ 11,268	10,084	\$ 1,184

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Public Works (Continued)			
Sanitation, Maintenance, and Administration: (Continued)			
Current			
Postage	\$ 300	132	\$ 168
Uniforms	10,500	9,954	546
Repairs and Maintenance - Buildings	5,077	5,187	(110)
Repairs and Maintenance - Equipment	28,000	7,963	20,037
Repairs and Maintenance - Facilities	24,623	23,976	647
Repairs and Maintenance - Street, Buildings, and Parks	9,432	6,845	2,587
Repairs and Maintenance - Routine	32,000	25,777	6,223
Repairs and Maintenance - Vehicles	75,480	88,450	(12,970)
Fuel Usage	75,455	51,976	23,479
Compressed Natural Gas Usage	26,000	22,895	3,105
Tires Expenditures	40,000	39,332	668
Cost of Waste Cans	56,000	54,156	1,844
Oil Grant Expenditures	-	1,281	(1,281)
Solid Waste Grant Expenditures	51,284	2,946	48,338
Safety Grant Expenditures	2,000	1,887	113
Contingency	2,238	19,547	(17,309)
Tipping Fees	120,000	134,835	(14,835)
Miscellaneous	1,000	803	197
Total Sanitation, Maintenance, and Administration	<u>1,700,798</u>	<u>1,514,665</u>	<u>186,133</u>
Fleet Division:			
Current			
Salaries	105,266	105,100	166
Overtime	13,000	2,223	10,777
FICA	8,658	7,863	795
Retirement	12,936	11,806	1,130
Insurance - Group	28,765	22,925	5,840
Insurance - Workers' Compensation	2,217	1,125	1,092
Insurance - Liability	2,108	505	1,603
Professional Training	444	451	(7)
Utilities	12,500	12,816	(316)
Supplies - Other	2,200	3,251	(1,051)
Supplies - Safety	500	501	(1)
Supplies - Garage Stock	1,883	1,599	284
Telephone, Fax, Cell and Pagers	500	1,325	(825)
Computer Software and Support	1,000	694	306
Repairs and Maintenance - Buildings	-	302	(302)
Repairs and Maintenance - Equipment	1,100	1,515	(415)
Repairs and Maintenance - Facilities	2,000	1,768	232
Uniforms	2,100	1,846	254
Equipment Rent	1,400	646	754
Postage	300	185	115
Chemicals	2,000	1,864	136
Oils and Lubricants	27,637	15,712	11,925
Non-Capital Equipment	12,363	13,163	(800)
Physical Examinations and Drug/Alcohol Testing	-	100	(100)
Total Fleet Division	<u>240,877</u>	<u>209,285</u>	<u>31,592</u>
Total Public Works	<u>\$ 1,941,675</u>	<u>1,723,950</u>	<u>\$ 217,725</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
Recreation and Parks			
Recreation:			
Current			
Salaries	\$ 567,794	535,052	\$ 32,742
Overtime	15,000	13,467	1,533
Extra Duties - Overtime	3,000	-	3,000
FICA	43,815	40,857	2,958
Retirement	59,044	56,987	2,057
Insurance - Group	111,735	101,243	10,492
Insurance - Liability	36,925	24,704	12,221
Insurance - Worker's Comp.	7,518	8,302	(784)
Insurance - General	5,434	3,194	2,240
Temporary Employees	34,320	16,623	17,697
Professional Training	3,000	2,169	831
Contractual Services - Inmate Labor	9,500	4,275	5,225
Contractual Services - Recreation	45,000	38,407	6,593
Dues, Subscriptions, and Memberships	1,200	935	265
Supplies - Cement and Masonry	1,000	91	909
Supplies - Electric and Lighting	1,500	1,727	(227)
Supplies - Office	2,500	2,263	237
Supplies - Other	8,000	6,673	1,327
Supplies - Safety	1,000	288	712
Landscaping	10,000	6,571	3,429
Telephone, Fax, Cell and Pagers	8,361	9,504	(1,143)
Computer Software and Support	1,200	234	966
IT Communications	1,000	1,840	(840)
Utilities	90,387	91,651	(1,264)
Physical Examinations and Drug/Alcohol Testing	-	305	(305)
Advertising	1,500	376	1,124
Postage	588	203	385
Uniforms	5,100	4,065	1,035
Non-Capital Equipment	7,600	3,392	4,208
Employee Uniform Allowance	1,000	175	825
Printing	1,000	690	310
Repairs and Maintenance - Buildings	25,140	30,807	(5,667)
Repairs and Maintenance - Equipment	3,470	1,352	2,118
Repairs and Maintenance - Facilities	15,868	10,888	4,980
Repairs and Maintenance - Drive Train	7,000	5,011	1,989
Repairs and Maintenance - Routine	1,500	1,011	489
Repairs and Maintenance - Vehicle Body Work	1,000	69	931
Fuel Usage	34,931	20,624	14,307
Tires Expenditures	1,800	1,578	222
Grant Fund Expenditures	17,000	12,494	4,506
PARD Grant Expenditures	12,287	4,018	8,269
Chemicals	5,000	4,433	567
Equipment Rent	4,000	1,787	2,213
Miscellaneous	1,000	593	407
Total Recreation Department	<u>\$ 1,215,017</u>	<u>1,070,928</u>	<u>\$ 144,089</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Heritage Park:			
Current			
Salaries	\$ 156,230	150,017	\$ 6,213
Overtime	8,000	2,365	5,635
FICA	11,181	10,844	337
Retirement	12,549	15,249	(2,700)
Insurance - Group	37,897	36,298	1,599
Insurance - Liability	12,222	9,090	3,132
Insurance - Worker's Comp.	2,300	665	1,635
Professional Training	2,500	749	1,751
Contractual Services - Inmate Labor	23,750	-	23,750
Dues, Subscriptions, and Memberships	1,385	575	810
Supplies - Cement and Masonry	1,500	208	1,292
Supplies - Electric and Lighting	3,500	2,962	538
Supplies - Office	2,500	1,782	718
Supplies - Other	7,800	7,250	550
Supplies - Safety	1,000	669	331
Supplies - Recreation	16,000	13,353	2,647
Landscaping	20,000	21,097	(1,097)
Telephone, Fax, Cell and Pagers	5,500	7,131	(1,631)
Computer Software and Support	1,000	98	902
IT Communications	1,400	2,808	(1,408)
Utilities	158,111	175,844	(17,733)
Advertising	1,500	537	963
Postage	588	470	118
Non-Capital Equipment	8,450	7,650	800
Employee Uniform Allowance	1,000	207	793
Printing	1,000	674	326
Repairs and Maintenance - Buildings	10,516	14,964	(4,448)
Repairs and Maintenance - Equipment	7,500	6,424	1,076
Repairs and Maintenance - Facilities	10,500	10,120	380
Repairs and Maintenance - Drive Train	4,000	5,335	(1,335)
Repairs and Maintenance - Routine	1,500	401	1,099
Repairs and Maintenance - Vehicle Body Work	1,000	-	1,000
Fuel Usage	8,694	3,229	5,465
Tires	900	1,206	(306)
Train Repairs and Maintenance - Drive Train	7,200	9,748	(2,548)
Train Repairs and Maintenance - Routine	650	574	76
Train Wheels	11,200	7,371	3,829
Contingency	1,000	553	447
Equipment Rent	6,800	3,118	3,682
Recreation Services	167,000	190,847	(23,847)
Adult Sports	4,000	260	3,740
Chemicals	15,000	14,671	329
Little League All Stars	2,000	570	1,430
Cost of Concession Goods Sold	1,000	1,181	(181)
Total Heritage Park	<u>\$ 759,323</u>	<u>739,164</u>	<u>\$ 20,159</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Amphitheatre:			
Current			
Personnel and Events	\$ 5,000	-	\$ 5,000
Insurance - Liability	4,889	3,792	1,097
Insurance - Worker's Comp.	-	31	(31)
Telephone, Modem, and Fax	8,405	8,780	(375)
IT Communications	5,000	6,478	(1,478)
Repairs and Maintenance	14,633	18,183	(3,550)
Landscaping	200	-	200
Supplies	6,000	5,025	975
Equipment Rental	442	89	353
Electric and Lighting Supplies	2,000	2,741	(741)
Miscellaneous	1,735	1,008	727
Total Amphitheatre	<u>48,304</u>	<u>46,127</u>	<u>2,177</u>
Total Recreation and Parks	<u>2,022,644</u>	<u>1,856,219</u>	<u>166,425</u>
Total Current Expenditures	<u>13,990,156</u>	<u>13,154,856</u>	<u>835,300</u>
Capital Outlay	<u>2,427,198</u>	<u>2,151,312</u>	<u>275,886</u>
Debt Service:			
Principal	869,516	869,799	(283)
Interest	45,749	54,543	(8,794)
Bond Issuance Costs	21,750	26,133	(4,383)
Total Debt Service	<u>937,015</u>	<u>950,475</u>	<u>(13,460)</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 17,354,369</u>	<u>16,256,643</u>	<u>\$ 1,097,726</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2016

	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	\$ 148,012	164,754	-	\$ 312,766
Interfund Receivables	7,368	-	-	7,368
Total Assets	\$ 155,380	164,754	-	\$ 320,134
Liabilities and Fund Balances				
Interfund Payables	\$ 13,040	-	-	\$ 13,040
Developers' Escrow Liability	-	164,754	-	164,754
Total Liabilities	13,040	164,754	-	177,794
Fund Balances:				
Restricted	142,340	-	-	142,340
Total Fund Balances	142,340	-	-	142,340
Total Liabilities and Fund Balances	\$ 155,380	164,754	-	\$ 320,134

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2016

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund	Fire Safety House Fund
Assets					
Cash and Cash Equivalents, Restricted	\$ 3,777	4,101	1,085	121	2,525
Interfund Receivables	-	-	-	-	-
Total Assets	\$ 3,777	4,101	1,085	121	2,525
Liabilities and Fund Balances					
Interfund Payables	\$ -	-	85	-	-
Total Liabilities	-	-	85	-	-
Fund Balances:					
Restricted	3,777	4,101	1,000	121	2,525
Total Fund Balances	3,777	4,101	1,000	121	2,525
Total Liabilities and Fund Balances	\$ 3,777	4,101	1,085	121	2,525

Simpsonville Elementary Improvement Fund	Arts and Cultural Center Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Total Special Revenue Funds
10,104	20,075	56,796	6,987	42,441	\$ 148,012
-	-	7,368	-	-	7,368
10,104	20,075	64,164	6,987	42,441	\$ 155,380
10,104	-	-	-	2,851	\$ 13,040
10,104	-	-	-	2,851	13,040
-	20,075	64,164	6,987	39,590	142,340
-	20,075	64,164	6,987	39,590	142,340
10,104	20,075	64,164	6,987	42,441	\$ 155,380

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2016

	<u>Bryson Meadows Project</u>	<u>Stewart Park Project</u>	<u>Knightsbridge Project</u>	<u>Fowler Chase Project</u>	<u>Heritage Pointe Project</u>	<u>Total Capital Projects Funds</u>
Assets						
Cash and Cash Equivalents, Restricted	\$ 19,231	31,144	111,171	1,810	1,398	\$ 164,754
Total Assets	<u>\$ 19,231</u>	<u>31,144</u>	<u>111,171</u>	<u>1,810</u>	<u>1,398</u>	<u>\$ 164,754</u>
Liabilities and Fund Balances						
Developers' Escrow Liability	\$ 19,231	31,144	111,171	1,810	1,398	\$ 164,754
Total Liabilities	<u>19,231</u>	<u>31,144</u>	<u>111,171</u>	<u>1,810</u>	<u>1,398</u>	<u>164,754</u>
Fund Balances:						
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 19,231</u>	<u>31,144</u>	<u>111,171</u>	<u>1,810</u>	<u>1,398</u>	<u>\$ 164,754</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Non Major Debt Service Fund	Total Non Major Governmental Funds
REVENUES				
Fines	\$ 24,011	-	-	\$ 24,011
Other Income	8,692	-	-	8,692
Interest	77	-	-	77
TOTAL REVENUES	32,780	-	-	32,780
EXPENDITURES				
Current:				
General Government	15,677	-	-	15,677
Public Safety	15,196	-	-	15,196
Capital Outlay	12,800	-	-	12,800
Debt Service:				
Principal	-	-	836,000	836,000
Payment to Refunded Debt Escrow Agent	-	-	7,700,990	7,700,990
Interest	-	-	121,787	121,787
Bond Issuance Costs	-	-	46,618	46,618
TOTAL EXPENDITURES	43,673	-	8,705,395	8,749,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,893)	-	(8,705,395)	(8,716,288)
OTHER FINANCING SOURCES (USES)				
Transfers In	38,055	-	1,489,395	1,527,450
Transfers Out	(38,001)	-	-	(38,001)
Issuance of Refunding Revenue Bonds	-	-	7,216,000	7,216,000
Sale of Capital Assets	17,271	-	-	17,271
TOTAL OTHER FINANCING SOURCES (USES)	17,325	-	8,705,395	8,722,720
NET CHANGES IN FUND BALANCES	6,432	-	-	6,432
FUND BALANCES, Beginning of Year - As Previously Reported	135,908	341,006	-	476,914
Prior Period Adjustment	-	(341,006)	-	(341,006)
FUND BALANCES, Beginning of Year - As Restated	135,908	-	-	135,908
FUND BALANCES, End of Year	\$ 142,340	-	-	\$ 142,340

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund
REVENUES				
Fines	\$ -	-	-	-
Other Income	60	1,000	1,100	20
Interest	-	-	-	-
TOTAL REVENUES	60	1,000	1,100	20
EXPENDITURES				
Current:				
General Government	-	-	154	-
Public Safety	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	154	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	60	1,000	946	20
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	54	-
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	54	-
NET CHANGES IN FUND BALANCES	60	1,000	1,000	20
FUND BALANCES, Beginning of Year	3,717	3,101	-	101
FUND BALANCES, End of Year	\$ 3,777	4,101	1,000	121

Fire Safety House Fund	Simpsonville Elementary Improvement Fund	Arts and Cultural Center Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Total Special Revenue Funds
-	-	-	24,011	-	-	\$ 24,011
2,579	-	-	-	3,933	-	8,692
-	-	10	55	2	10	77
2,579	-	10	24,066	3,935	10	32,780
-	-	-	15,523	-	-	15,677
54	-	-	-	-	15,142	15,196
-	-	-	-	-	12,800	12,800
54	-	-	15,523	-	27,942	43,673
2,525	-	10	8,543	3,935	(27,932)	(10,893)
-	-	-	-	-	38,001	38,055
-	-	-	-	(38,001)	-	(38,001)
-	-	-	-	-	17,271	17,271
-	-	-	-	(38,001)	55,272	17,325
2,525	-	10	8,543	(34,066)	27,340	6,432
-	-	20,065	55,621	41,053	12,250	135,908
2,525	-	20,075	64,164	6,987	39,590	\$ 142,340

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	Bryson Meadows Project	Stewart Park Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Total Capital Projects Funds
REVENUES						
TOTAL REVENUES	\$ -	-	-	-	-	\$ -
EXPENDITURES						
TOTAL EXPENDITURES	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	-	-	-	-
FUND BALANCES, Beginning of Year - As Previously Reported	19,221	31,113	110,893	178,381	1,398	341,006
Prior Period Adjustment	(19,221)	(31,113)	(110,893)	(178,381)	(1,398)	(341,006)
FUND BALANCES, Beginning of Year - As Restated	-	-	-	-	-	-
FUND BALANCES, End of Year	\$ -	-	-	-	-	\$ -

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines	\$ 19,322	19,322	24,011	\$ 4,689
Interest	31	31	55	24
TOTAL REVENUES	<u>19,353</u>	<u>19,353</u>	<u>24,066</u>	<u>4,713</u>
EXPENDITURES				
Current:				
General Government	15,245	15,245	15,523	278
TOTAL EXPENDITURES	<u>15,245</u>	<u>15,245</u>	<u>15,523</u>	<u>278</u>
NET CHANGE IN FUND BALANCE	4,108	4,108	8,543	4,435
FUND BALANCES, Beginning of Year	<u>55,621</u>	<u>55,621</u>	<u>55,621</u>	<u>-</u>
FUND BALANCES, End of Year	<u><u>\$ 59,729</u></u>	<u><u>59,729</u></u>	<u><u>64,164</u></u>	<u><u>\$ 4,435</u></u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES				
Debt Service:				
Principal	\$ 836,000	836,000	836,000	\$ -
Payment to Refunded Bonds Escrow Agent	-	-	7,700,990	7,700,990
Interest and Other Fiscal Charges	231,617	231,617	121,787	(109,830)
Bond Issuance Costs	-	-	46,618	46,618
TOTAL EXPENDITURES	<u>1,067,617</u>	<u>1,067,617</u>	<u>8,705,395</u>	<u>7,637,778</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,067,617	1,067,617	1,489,395	421,778
Issuance of Refunding Revenue Bonds	-	-	7,216,000	7,216,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,067,617</u>	<u>1,067,617</u>	<u>8,705,395</u>	<u>7,637,778</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, Beginning of Year	-	-	-	-
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2016

Court Fines:

Court Fines and Assessments Collected	\$	117,040
Court Fines and Assessments Retained by City		(117,040)
Court Fines and Assessments Remitted to the State Treasurer	\$	<u><u>-</u></u>

Court Surcharges

Court Surcharges Collected	\$	85,855
Court Surcharges Retained by the City		(8,688)
Court Surcharges Remitted to the State Treasurer	\$	<u><u>77,167</u></u>

Court Assessments

Court Assessment Collected	\$	137,240
Court Assessments Retained by City		(15,323)
Court Assessments Remitted to the State Treasurer	\$	<u><u>121,917</u></u>

Victims' Assistance

Court Assessments Allocated to Victims' Assistance	\$	15,323
Court Surcharges Allocated to Victims' Assistance		8,688
Local Funds (Interest)		55
Funds Allocated to Victims' Assistance		24,066
Victims' Advocate Expenditures		<u>(15,523)</u>
Funds Available to Carry Forward		8,543
Funds Balance from Prior Year		<u>55,621</u>
Fund Balance at End of Year	\$	<u><u>64,164</u></u>

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STATISTICAL SECTION

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STATISTICAL SECTION

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

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>	97
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i>	104
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>	108
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>	113
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>	115

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

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 27,193,768
Restricted	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710	2,013,994
Unrestricted	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)	(2,979,408)
Total Governmental Activities Net Position	\$ 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	\$ 26,228,354
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 10,825,894
Unrestricted	936,143	992,584	201,878	447,168	504,838	635,732	1,507,127	1,510,437	422,006	777,098
Total Business-Type Activities Net Position	\$ 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	\$ 11,602,992
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 38,019,662
Restricted	355,787	-	-	228,231	1,185,563	1,571,088	1,820,355	2,226,638	2,475,710	2,013,994
Unrestricted	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)	(2,202,310)
Total Primary Government Net Position	\$ 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	\$ 37,831,346

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 1,886,308
Public Safety	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	8,362,290
Public Works	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	2,389,424
Recreation and Parks	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	2,411,881
Interest and Fiscal Charges	682,171	758,389	605,924	754,683	625,421	328,780	489,566	328,151	334,404	431,374
Total Governmental Activities Expenses	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	15,481,277
Business-Type Activities:										
Sewer	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934	780,293	820,130
Total Business-Type Activities Expenses	407,449	628,172	557,810	589,381	714,284	753,428	743,710	728,934	780,293	820,130
Total Primary Government Expenses	\$ 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	\$ 16,301,407
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	\$ 831,858
Public Safety	261,601	170,680	156,833	143,604	175,394	129,275	137,374	166,831	417,364	370,742
Public Works	-	-	130,536	136,680	154,776	165,504	167,832	168,072	203,702	206,634
Recreation and Parks	112,025	103,878	128,319	117,434	156,310	196,541	195,874	172,646	479,762	429,671
Operating Grants and Contributions	389,889	311,778	183,278	474,938	257,091	279,253	57,543	45,091	49,191	138,979
Capital Grants and Contributions	-	342,452	1,225,236	597,479	1,218,353	678,249	100,232	100,211	338,588	1,143,307
Total Governmental Activities Program Revenues	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	3,121,191
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	1,657,735
Operating Grants and Contributions	-	-	-	-	-	-	367	-	-	-
Capital Grants and Contributions	272,535	2,435,540	-	211,838	6,525	727	-	713,475	507,850	1,700,210
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	3,357,945
Total Primary Government Program Revenues	\$ 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	\$ 6,479,136
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (12,360,086)
Business-Type Activities	632,396	2,493,824	42,793	399,230	(37,981)	(30,342)	723,033	1,535,122	1,332,249	2,537,815
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (9,822,271)

(Continued)

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

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 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	\$ 8,583,366
Hospitality and Accommodations Tax	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	2,082,167
MASC Telecommunications and Insurance Tax	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	1,994,342
Business Licenses	-	-	-	-	-	-	-	-	1,204,963	1,255,961
Franchise Fees	-	-	-	-	-	-	-	-	1,445,108	1,414,408
Unrestricted Intergovernmental Revenue	419,589	467,349	450,697	372,471	342,522	333,489	393,485	395,752	399,222	410,435
Unrestricted Investment Earnings	71,793	114,637	17,709	21,413	14,758	13,740	12,940	8,518	17,845	25,917
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	98,674
Miscellaneous Revenues	273,409	303,182	68,810	286,298	107,963	123,484	137,745	29,927	38,909	14,819
Special Item - Gain on Retirement Plan Termination	105,983	-	-	-	-	-	-	-	-	-
Transfers	-	-	983,909	-	-	-	-	-	-	-
Total Governmental Activities	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	15,880,089
Business-Type activities:										
Unrestricted Investment Earnings	-	-	1,481	4,851	2,513	2,321	4,702	3,760	3,443	4,730
Gain on Disposal/Sale of Capital Assets	-	-	-	-	-	-	-	-	-	47,331
Miscellaneous Revenues	-	-	229	-	-	-	-	-	-	-
Transfers	-	-	(983,909)	-	-	-	-	-	-	-
Total Business-Type Activities	-	-	(982,199)	4,851	2,513	2,321	4,702	3,760	3,443	52,061
Total Primary Government	\$ 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	\$ 15,932,150
Change in Net Position:										
Governmental Activities	\$ (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	\$ 3,520,003
Business-Type Activities	632,396	2,493,824	(939,406)	404,081	(35,468)	(28,021)	727,735	1,538,882	1,335,692	2,589,876
Total Primary Government	\$ 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	\$ 6,109,879

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2007 ^	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Pre-GASB #54*										
Reserved	\$ -	143,632	35,166	496,567	-	-	-	-	-	\$ -
Unreserved	1,583,179	669,173	666,460	1,405,976	-	-	-	-	-	-
Post-GASB #54*										
Nondisposable	-	-	-	-	178,366	192,461	66,303	222,184	383,086	1,074,678
Restricted	-	-	-	-	66,359	62,455	124,815	57,629	398,485	484,453
Assigned	-	-	-	-	-	3,992	-	-	180,000	-
Unassigned	-	-	-	-	2,545,374	2,966,605	3,813,873	4,421,028	5,386,547	7,298,425
Total General Fund	\$ 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	\$ 8,857,556
All Other Governmental Funds										
Pre-GASB #54*										
Reserved	\$ -	-	-	359,889	-	-	-	-	-	\$ -
Unreserved Reported In:										
Special Revenue Funds	355,787	(95,123)	608,178	702,370	-	-	-	-	-	-
Capital Projects Funds	-	25,900	(373,703)	(373,703)	-	-	-	-	-	-
Post-GASB #54*										
Nondisposable	-	-	-	-	6,262	81,707	-	-	378	-
Restricted	-	-	-	-	1,119,204	2,399,691	1,736,756	2,171,850	2,404,500	1,900,798
Committed	-	-	-	-	135	163	163	1	-	-
Unassigned	-	-	-	-	(373,703)	-	-	-	-	-
Total All Other Governmental Funds	\$ 355,787	(69,223)	234,475	688,556	751,898	2,481,561	1,736,919	2,171,851	2,404,878	\$ 1,900,798
Total Governmental Funds	\$ 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	\$ 10,758,354

^ \$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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes by Source:										
Property Tax	\$ 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	\$ 8,558,134
Hospitality and Accommodations Tax	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	1,939,169
MASC Telecommunications and Insurance	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	1,994,342
Franchise	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108	1,414,408
Intergovernmental	809,480	661,586	615,454	898,639	828,563	1,436,765	825,727	754,433	787,040	768,792
Charges for Services	357,780	-	-	-	-	-	-	-	-	-
Fines	231,614	150,340	119,085	125,024	149,997	109,591	92,432	133,346	149,617	141,131
Licenses, Permits and Fees	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	2,249,468
Investment Earnings	177,776	114,636	17,709	21,413	14,758	13,740	12,940	8,518	17,845	25,917
Grants	-	554,230	470,378	503,861	156,858	179,569	55,743	30,979	25,855	122,320
Miscellaneous	34,744	388,649	677,947	699,260	759,928	825,851	687,686	682,798	733,537	618,245
Total Revenues	\$ 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	\$ 17,831,926
Expenditures										
Current:										
General Government	\$ 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	\$ 1,826,119
Public Safety	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	7,783,058
Public Works	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	1,723,950
Parks and Recreation	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	1,856,219
Capital Outlay	1,929,021	5,572,186	858,596	776,162	881,335	725,131	1,505,839	255,717	896,654	2,164,112
Debt Service:										
Principal	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	1,705,799
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	-	-	-	7,700,990
Interest and Fiscal Charges	491,835	582,871	656,649	728,242	642,743	529,077	505,860	329,592	293,224	176,330
Bond Issuance Costs	80,930	129,500	-	-	-	-	70,679	-	-	72,751
Total Expenditures	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	25,009,328
Excess of Revenues Over (Under) Expenditures	\$ (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	\$ (7,177,402)

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

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Transfers In	\$ 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	\$ 2,149,993
Transfers Out	(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)	(2,149,993)
Issuance of Bonds	-	1,045,000	755,000	-	-	-	1,756,162	-	-	1,175,000
Issuance of Capital Lease	-	-	-	-	-	-	-	-	-	519,400
Issuance of Lease Purchase	-	-	-	545,324	-	903,000	-	-	750,000	509,775
Issuance of Note Payable	33,193	-	-	-	-	-	-	-	-	-
Issuance of Certificate of Participation	2,790,000	3,900,000	-	-	-	-	-	-	-	-
Issuance of Refunding Debt	-	-	-	-	-	10,872,000	-	-	-	7,216,000
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	71,786
Insurance Proceeds	-	37,710	17,162	18,579	35,137	143,616	65,146	47,872	5,861	31,805
Total Other Financing Sources (Uses)	2,199,294	4,989,499	1,778,512	593,922	98,314	716,620	1,877,880	68,479	788,218	9,523,766
Net Change in Fund Balances	\$ (245,180)	(1,195,384)	192,519	1,654,998	950,898	2,165,077	34,836	1,130,782	1,880,304	\$ 2,346,364
Debt Service as a	18.1%	19.0%	17.1%	16.3%	15.0%	14.6%	24.5%	12.7%	12.6%	42.3%
Percentage of Noncapital Expenditures										

CITY OF SIMPSONVILLE, SOUTH CAROLINA

GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

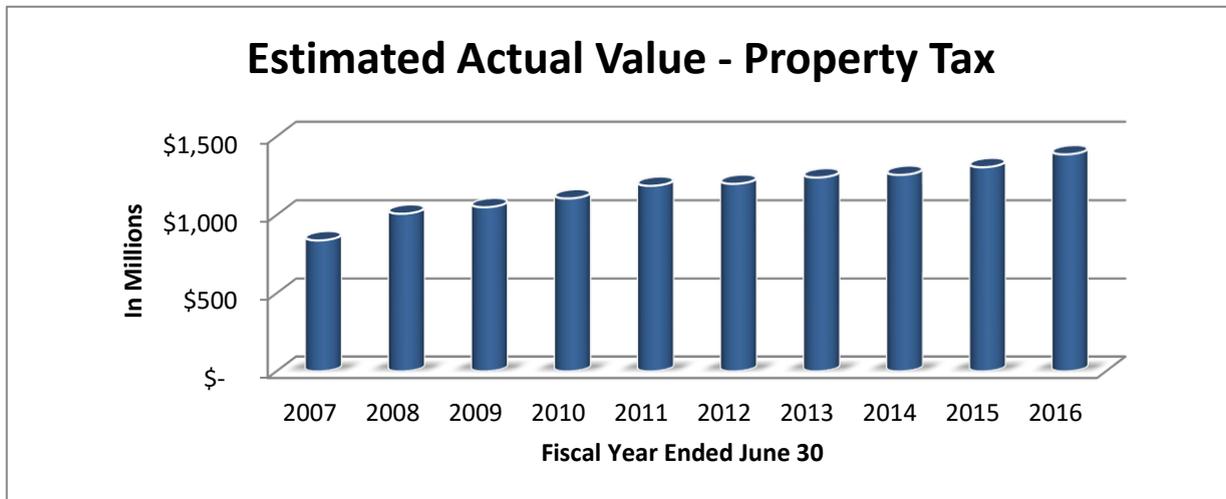
UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes by Source:										
Property Tax	\$ 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	\$ 8,558,134
Hospitality and Accommodations Tax	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	1,939,169
MASC Telecommunications and Insurance Tax	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	1,994,342
Franchise Fees	836,748	892,459	943,828	1,189,307	1,229,059	1,175,966	1,249,177	1,340,782	1,445,108	1,414,408
Total Revenues	\$ 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	\$ 13,906,053

**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					
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%
2016	\$ 31,493,970	35,906,270	11,685,320	\$ 79,085,560	63.60	\$ 1,387,873,759	5.70%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 7

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

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rates:										
Operating	50.7	48.6	41.6	44.2	41.6	41.6	41.6	54.9	54.9	56.8
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	6.8
	50.7	48.6	51.5	64.3	61.7	61.7	61.7	61.7	61.7	63.6
County Rates:										
Greenville County	49.9	47.6	47.6	47.6	47.3	47.3	47.3	51.9	51.9	51.9
School District Rates:										
Greenville County Schools	156.4	150.7	156.7	156.7	157.8	162.5	168.6	177.5	182.4	184.9
Fire District Rates:										
Simpsonville Fire District	23.4	22.7	26.8	28.3	28.1	27.5	27.5	26.0	26.0	32.8

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	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,411,680	1	1.90%	\$ 596,790	3	0.33%
Walmart Real Estate	1,103,960	2	1.48%			
Waypoint Garden District	995,220	3	1.34%			
Developers Diversified Finance	919,240	4	1.24%	508,130	4	0.28%
Jasmine Cove	884,930	5	1.19%			
Centro Bradley Fairview Corner	635,700	6	0.85%			
NNN Arbors at Fairview	620,510	7	0.83%			
Gresham LLC	572,320	8	0.77%			
Enclave Grandview LLC	570,930	9	0.77%			
Lowe's Home Center	541,070	10	0.73%			
Verizon South				941,960	1	0.52%
Wares Delaware Corp.				631,440	2	0.35%
Cedar Pines Apartments				468,410	5	0.26%
PCA Limited Partnership				450,000	6	0.25%
Piedmont Natural Gas				395,650	7	0.22%
Mid America Runaways Bay LTD				343,200	8	0.19%
Garrett Simpsonville Center				318,370	9	0.18%
Belk-Simpson				314,830	10	0.17%
Totals	<u>\$ 8,255,560</u>		<u>11.1%</u>	<u>\$ 4,968,780</u>		<u>2.7%</u>

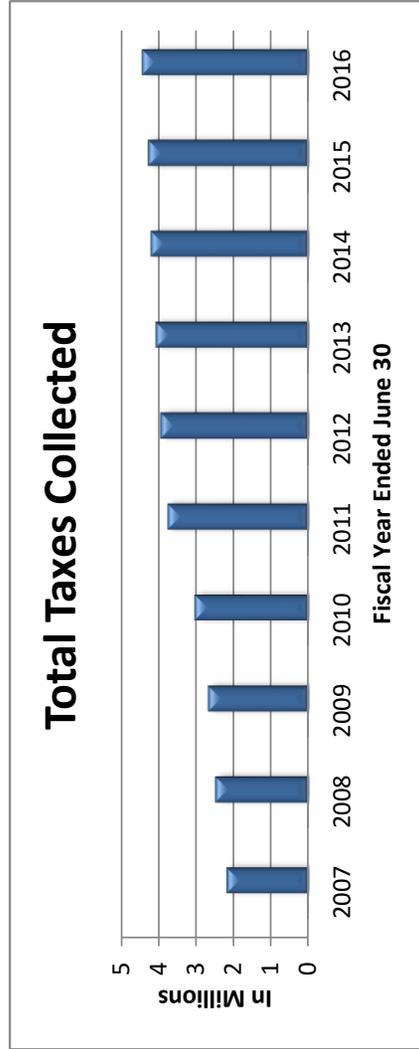
Source: Greenville County Information Systems and Services.

Note: Percentage is based on the Assessed Value of 2016.

**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
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%	49,231	4,477,071	97.0%
2016	\$ 4,871,523	-	4,871,523	4,811,194	98.8%	-	4,811,194	98.8%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 10

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	Capital Leases	Revenue Bonds	Lease Purchases	Bond Anticipation Note	Revenue Bonds	Lease Purchases	329,943			
2007	\$ 2,540,000	9,868,593	427,500	-	1,364,827	-	340,000	-	-	-	-	\$ 14,540,920	3.62%	\$ 859	
2008	3,225,000	13,311,254	-	-	892,685	-	310,000	-	-	-	-	17,738,939	4.08%	1,022	
2009	3,605,000	12,673,915	-	-	120,209	-	280,000	-	-	-	-	16,679,124	3.84%	938	
2010	3,105,000	12,016,576	-	-	593,854	-	245,000	-	-	-	-	15,960,430	3.65%	875	
2011	2,585,000	11,339,237	-	-	578,304	-	210,000	-	-	-	-	14,712,541	3.26%	789	
2012	2,050,000	-	-	10,872,000	1,365,429	-	170,000	-	-	-	-	14,457,429	2.96%	759	
2013	1,699,669	-	-	10,019,000	1,170,241	-	130,000	-	750,000	-	-	13,768,910	2.59%	706	
2014	1,256,395	-	-	9,217,000	953,813	-	90,000	-	-	-	-	11,517,208	2.20%	587	
2015	799,132	-	-	8,390,000	1,480,411	-	45,000	-	-	-	-	10,714,543	2.06%	532	
2016	\$ 1,553,513	-	-	7,216,000	1,541,005	519,400	-	-	-	-	329,943	\$ 11,159,861	1.95%	\$ 538	

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
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
2016	\$ 1,553,513	-	\$ 1,553,513	0.1%	\$ 75

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, 2016**

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 154,178,251	3.5%	\$ 5,396,239
School District:			
Greenville County School District	874,742,652	3.4%	29,741,250
Subtotal, Overlapping Debt			<u>35,137,489</u>
City of Simpsonville Direct Debt			
General Obligation Bonds	1,553,513	100%	1,553,513
Revenue Bonds	7,216,000	100%	7,216,000
Lease Purchases	1,541,005	100%	1,541,005
Capital Leases	\$ 519,400	100%	519,400
			<u>10,829,918</u>
Total Direct and Overlapping Debt			<u><u>\$ 45,967,407</u></u>

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

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 14,488,652	3,664,068	4,742,365	4,783,139	5,012,298	5,325,036	5,548,886	5,584,283	5,823,200	\$ 6,196,180
Total Net Debt Applicable to Debt Limit	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	1,553,513
Legal Debt Margin	\$ 11,948,652	439,068	1,137,365	1,678,139	2,427,298	3,275,036	3,849,217	4,327,888	5,024,068	\$ 4,642,667
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	17.5%	88.0%	76.0%	64.9%	51.6%	38.5%	30.6%	22.5%	13.7%	25.1%

Legal Debt Margin Calculation for Fiscal Year June 30, 2016

Total Assessed Value	\$ 77,452,253
Debt Limit Percentage	8.0%
Debt Limit 8% of Total Assessed Value	6,196,180
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	1,553,513
Less: Debt Service Fund Balance	-
Less: Debt Issued Through Referendum	-
Total Amount of Debt Applicable to Debt Limit	1,553,513
Legal Debt Margin	\$ 4,642,667

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		
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	
2016	\$ 1,662,465	564,419	1,098,046	45,000	\$ 1,746	23.5	

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
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
2016	20,736	\$ 572,292,864	\$ 27,599	37.8	4.6

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	2016			2007		
	Number of Employees	Rank	Percentage	Number of Employees	Rank	Employment
Greenville Health Systems	12,770	1	27.89%	7,500	2	20.04%
School District of Greenville County	9,580	2	20.92%	8,838	1	23.61%
Bon Secours St. Francis	5,047	3	11.02%	3,500	4	9.35%
Michelin North America	4,000	4	8.74%	4,000	3	10.69%
General Electric	3,400	5	7.43%	3,200	6	8.55%
State of South Carolina	3,036	6	6.63%	3,347	5	8.94%
Flour Corporation	2,260	7	4.94%	2,100	7	5.61%
Bi-Lo Supermarkets	2,089	8	4.56%			
US Government	1,835	9	4.01%	1,815	8	4.85%
Greenville County Government	1,771	10	3.87%	1,627	9	4.35%
Greenville Technical College				1,500	10	4.01%
Totals	45,788		100.00%	37,427		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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Business Licenses	1,338	1,238	1,249	1,515	1,568	1,478	1,319	1,421	1,144	1,487
Building Permits Issued	713	651	485	510	425	417	264	376	653	709
Building Inspections Conducted	3,394	4,080	931	1,437	1,681	2,069	2,501	3,728	4,707	4,682
Public Safety - Police										
Physical Arrests	-	300	601	649	470	981	897	991	1,183	956
Parking and Traffic Violations	4,207	2,836	3,374	4,362	4,151	2,842	2,238	3,350	2,818	2,925
Public Safety - Fire										
Emergency Responses	1,780	1,786	2,087	1,998	2,144	2,220	2,381	2,434	2,500	2,635
Fires Extinguished	120	146	42	90	105	106	90	94	94	80
Inspections	1,438	2,252	1,524	1,313	1,089	705	968	939	1,022	1,083
Public Service										
Potholes Repaired	-	87	121	43	43	52	29	20	27	68
Roads Maintained (in Miles)	63	67	67	68	68	68	73	73	73	74
Parks and Recreation										
Recreational Participants	2,231	1,675	1,686	1,786	1,173	2,661	2,472	3,266	2,822	2,222

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
General Government	6	11	8	8	8	9	9	10	11	10
Justice and Legal	3	4	3	3	3	3	3	2	2	2
Public Safety	93	99	98	99	97	104	104	106	106	107
Public Works	44	34	28	27	29	23	23	22	22	21
Parks and Recreation	12	31	18	28	21	18	18	19	19	18
Total	158	179	155	165	158	157	157	159	160	158

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Justice and Legal										
Correction/Jail Cell Facility Capacity	4	2	2	2	2	2	2	2	2	2
Public Safety - Police										
Number of Police Stations	1	1	1	1	1	1	1	1	1	1
Number of Patrol Units	29	29	29	30	32	28	24	25	25	26
Public Safety - Fire										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Fire Trucks	8	7	7	7	10	10	10	10	10	10
Public Service										
Streets (in Miles)	63	67	67	68	68	68	73	101	73	74
Traffic Signals	17	22	22	22	22	22	22	22	22	22
Parks and Recreation										
Parks Acreage	125	125	162	162	162	162	165	165	165	167
Parks	9	9	9	9	9	9	8	8	8	8
Ball Fields	12	12	12	12	12	13	13	13	13	13
Solid Waste										
Collection/Refuse Trucks	6	21	20	20	20	20	22	22	22	22

Sources: Various City of Simpsonville Departments

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COMPLIANCE SECTION

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Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 4, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001 that we consider 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.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 4, 2016

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2016

2016-001: DEVELOPER ESCROW ACCOUNTS

- Condition and Context:** From time to time, developers enter into agreements with the City for future infrastructure improvements (“Improvements”) for the formation and development of a subdivision. To ensure the satisfactory completion of these Improvements, the City requires these developers to deposit with the City an estimated fee equal to some percentage of the costs for completing the Improvements. Upon completion of the Improvements, the City will certify that the improvements were completed in accordance with the agreements and will release the funds back to the developer. If the developer fails to fully complete the Improvements, the City shall ensure the satisfactory completion of the Improvements and shall be reimbursed for the costs and expenses from the escrow account. The City should recognize an asset (cash) and liability (developers escrow) in connection with the receipt of funds and should derecognize these balance sheet accounts when the funds are released back to the developer. The City has properly restricted these funds from normal operating use, but inadvertently has recognized these transactions as revenues and expenditures in the City’s financial statement. Thus, the City has reflected restricted fund balance of approximately \$341,000 that must be corrected and shown as a developers escrow liability.
- Criteria:** Generally accepted accounting principles require that these type of transactions be recorded on the balance sheet and not reflected as revenues or expenditures of the City.
- Cause:** These balances had been setup many years ago and the City was unaware of the accounting requirements.
- Effect:** The City reflected lower liabilities and higher restricted fund balance in the City’s records and financial statements.
- Recommendation:** When the City enters into developer escrow agreements, the City should ensure that these type of transactions are recorded only on the balance sheet and not reflected as revenues and expenditures of the City.
- Response:** The City is now aware of the current accounting requirements and will record appropriately going forward.