



CITY OF SIMPSONVILLE,
SOUTH CAROLINA



Comprehensive Annual Financial Report
Year Ended June 30, 2020



CITY OF SIMPSONVILLE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020



Prepared By: Finance Department
Dianna Gracely, City Administrator
Christine Furino, Finance Director

INTRODUCTORY SECTION

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2020

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 Funds | 30 |
| Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds | 31 |
| Statement of Cash Flows - Enterprise Funds | 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, 2020

FINANCIAL SECTION (CONTINUED)

| | <u>Page Number</u> |
|---|------------------------|
| Required Supplementary Information (Continued) | |
| <u>Pension Plan Schedules</u> | |
| Schedule of the City's Proportionate Share of the Net Pension Liability - South Carolina Retirement System | 67 |
| Schedule of Contributions - South Carolina Retirement System | 68 |
| Schedule of the City's Proportionate Share of the Net Pension Liability - Police Officers Retirement System | 69 |
| Schedule of Contributions - Police Officers Retirement System | 70 |
| Supplementary Information | |
| Schedule of Expenditures by Department - Revised Budget and Actual - General Fund | 72 |
| <u>Combining and Individual Fund Financial Schedules - Non Major Governmental Funds</u> | |
| 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 | 87 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Special Revenue Funds | 88 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non Major Capital Projects Funds | 90 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual - Victims' Assistance Fund | 91 |
| Uniform Schedule of Fines, Assessments, and Surcharges (per Act 96) | 93 |

STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

| | | |
|---|---------|-----|
| Net Position by Component - Last Ten Fiscal Years - (Accrual Basis of Accounting) | Table 1 | 99 |
| Changes in Net Position - Last Ten Fiscal Years - (Accrual Basis of Accounting) | Table 2 | 100 |
| Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting) | Table 3 | 102 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2020

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

| | | <u>Page Number</u> |
|--|----------|------------------------|
| Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting) | Table 4 | 103 |
| Governmental Funds Tax Revenue by Source - Last Ten Fiscal Years - (Modified Accrual Basis of Accounting) | Table 5 | 105 |
| <u>Revenue Capacity Information</u> | | |
| Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | Table 6 | 106 |
| Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years | Table 7 | 107 |
| Principal Property Taxpayers - Current Year and Nine Years Ago | Table 8 | 108 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | Table 9 | 109 |
| <u>Debt Capacity Information</u> | | |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | Table 10 | 110 |
| Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years | Table 11 | 111 |
| Direct and Overlapping Governmental Activities Debt - As of June 30, 2020 | Table 12 | 112 |
| Legal Debt Margin Information - Last Ten Fiscal Years | Table 13 | 113 |
| Pledged Revenue Coverage - Sewer Revenue Bonds - Last Ten Fiscal Years | Table 14 | 114 |
| <u>Demographic and Economic Information</u> | | |
| Demographic and Economic Statistics - Last Ten Fiscal Years | Table 15 | 115 |
| Principal Employers - Current Year and Nine Years Ago | Table 16 | 116 |
| <u>Operating Information</u> | | |
| Operating Indicators by Function/Program - Last Ten Fiscal Years | Table 17 | 117 |
| Full-Time Equivalents City Government Employees by Function - Last Ten Fiscal Years | Table 18 | 118 |
| Capital Asset Statistics by Function - Last Ten Fiscal Years | Table 19 | 119 |

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> | | 123 |
| Schedule of Findings and Responses | | 125 |

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December 15, 2020

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

Dear Mayor Paul Shewmaker, 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, 2020.

This report consists of management's representations concerning the finances of the City. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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's financial statements have been audited by Greene Finney, 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, 2020, 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's financial statements for the year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

Population. The City is located in the Upstate Region of South Carolina and has an estimated population of 24,221. 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 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, 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 her.

Services Provided. The City 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 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,

A handwritten signature in blue ink that reads "Dianna Gracely". The signature is written in a cursive style with a large initial "D".

Dianna Gracely
City Administrator

A handwritten signature in blue ink that reads "Christine Furino". The signature is written in a cursive style with a large initial "C".

Christine Furino
Finance Director

CITY OF SIMPSONVILLE, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

AS OF JUNE 30, 2020

Established

1901

MAYOR

Paul Shewmaker

CITY COUNCIL MEMBERS

Matthew Gooch
Stephanie Kelley
Jenn Hulehan
Sherry Roche
Ken Cummings
Lou Hutchings

CITY ADMINISTRATOR

Dianna Gracely

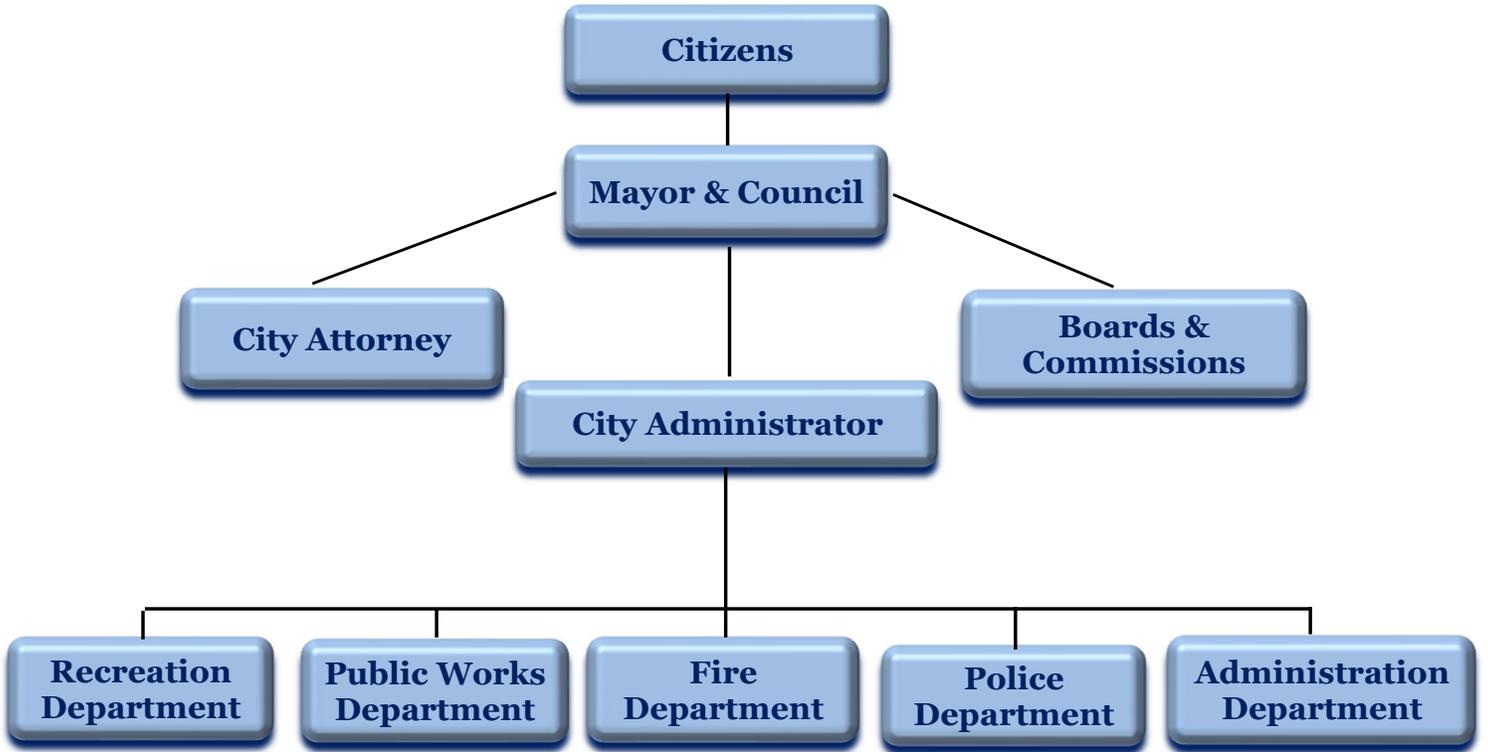
FINANCE DIRECTOR

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, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, 2020, 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, 2020, 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.

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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 December 15, 2020 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, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 15, 2020

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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, 2020 ("FY 2020" or "2020") compared to year ended June 30, 2019 ("FY 2019" or "2019"). 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 the 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 \$58,247,000. Unrestricted net position was approximately \$6,248,000.
- The City's total net position increased by approximately \$6,495,000 compared to the prior year, as revenues of approximately \$28,444,000 exceeded expenses of approximately \$21,949,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$19,944,000, an increase of approximately \$1,895,000 over the prior year ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$15,145,000, which was approximately 82% of total FY 2020 General Fund expenditures.
- The City's capital assets increased by approximately \$4,064,000. The increase in capital assets was primarily due to capital asset additions of approximately \$7,090,000, partially offset by depreciation expense of approximately \$3,024,000 and net disposals of approximately \$2,000.
- The City's total debt (including lease purchases) decreased by approximately \$1,376,000. This decrease was due to regularly scheduled principal payments on existing debt of approximately \$2,415,000 and amortization of premiums of approximately \$47,000, partially offset by approximately \$1,086,000 in new issuances (Series 2019 General Obligation Bond for \$772,000 and a 2019 Lease Purchase for approximately \$314,000).
- The City's net pension liabilities related to its participation in the State retirement plans increased by approximately \$849,000 to approximately \$15,611,000.

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, 2020

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 activities include the City's sewer and public works (sanitation and road improvements) operations for which it charges its customers a fee to provide these services. 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 enterprise funds to account for its sewer and public works (sanitation and road improvements) operations. Enterprise funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the enterprise fund financial statements provide more detailed information for the sewer and public works operations, which are considered major funds of the City. The financial statements of the enterprise funds 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 generally accepted accounting principles ("GAAP") for its participation in the State retirement plans. 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, 2020

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, 2020

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, 2020 compared to June 30, 2019.

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 21,581,651 | 19,370,530 | 5,998,539 | 6,189,145 | 27,580,190 | \$ 25,559,675 |
| Capital Assets, Net | 40,736,920 | 38,563,675 | 20,133,248 | 18,242,727 | 60,870,168 | 56,806,402 |
| Total Assets | 62,318,571 | 57,934,205 | 26,131,787 | 24,431,872 | 88,450,358 | 82,366,077 |
| Deferred Outflows of Resources | | | | | | |
| Deferred Refunding Charges | 121,166 | 151,458 | - | - | 121,166 | 151,458 |
| Deferred Pension Charges | 2,730,430 | 2,839,870 | 90,575 | 76,061 | 2,821,005 | 2,915,931 |
| Total Deferred Outflows of Resources | 2,851,596 | 2,991,328 | 90,575 | 76,061 | 2,942,171 | 3,067,389 |
| Liabilities | | | | | | |
| Other Liabilities | 1,550,309 | 1,259,536 | 367,176 | 665,683 | 1,917,485 | 1,925,219 |
| Net Pension Liabilities | 15,006,862 | 14,160,832 | 603,817 | 600,949 | 15,610,679 | 14,761,781 |
| Long-Term Liabilities | 5,300,979 | 6,047,954 | 9,966,504 | 10,483,074 | 15,267,483 | 16,531,028 |
| Total Liabilities | 21,858,150 | 21,468,322 | 10,937,497 | 11,749,706 | 32,795,647 | 33,218,028 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Pension Credits | 331,888 | 431,202 | 17,951 | 31,853 | 349,839 | 463,055 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 36,091,957 | 33,093,999 | 11,860,613 | 11,426,949 | 47,952,570 | 44,520,948 |
| Restricted | 3,860,620 | 3,957,154 | 186,272 | 186,786 | 4,046,892 | 4,143,940 |
| Unrestricted | 3,027,552 | 1,974,856 | 3,220,029 | 1,112,639 | 6,247,581 | 3,087,495 |
| Total Net Position | \$ 42,980,129 | 39,026,009 | 15,266,914 | 12,726,374 | 58,247,043 | \$ 51,752,383 |

The City’s total assets increased approximately \$6,084,000 from the prior year. Current and other assets increased approximately \$2,021,000 primarily due to an increase in cash and cash equivalents as revenues exceeded expenses. Capital assets increased approximately \$4,064,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities decreased approximately \$422,000 from the prior year due to a decrease in long-term liabilities, primarily due to regularly scheduled principal payments of approximately \$2,145,000, partially offset by new debt issuances of approximately \$1,086,000 and an increase of approximately \$849,000 in net pension liabilities. The changes in deferred outflows and deferred inflows of resources were primarily due to differences between expected and actual liability/investment experience, changes in assumptions, and changes in the percentage of the City’s share of the net pension liabilities 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 (including lease purchases and capital leases) used to acquire those assets was approximately \$47,953,000 at June 30, 2020. 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 \$4,047,000 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 of approximately \$6,248,000 is unrestricted.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for 2020 compared to 2019.

| | Governmental Activities | | Business-Type Activities | | Totals | |
|------------------------------------|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 1,378,118 | 2,273,553 | 3,300,739 | 2,011,390 | 4,678,857 | \$ 4,284,943 |
| Operating Grants and Contributions | 189,794 | 69,519 | - | - | 189,794 | 69,519 |
| Capital Grants and Contributions | 2,611,936 | 2,611,512 | 1,379,531 | - | 3,991,467 | 2,611,512 |
| General Revenues: | | | | | | |
| Taxes | 18,835,452 | 18,244,266 | - | - | 18,835,452 | 18,244,266 |
| Other | 685,212 | 807,299 | 62,948 | 123,755 | 748,160 | 931,054 |
| Total Revenues | 23,700,512 | 24,006,149 | 4,743,218 | 2,135,145 | 28,443,730 | 26,141,294 |
| Expenses: | | | | | | |
| General Government | 2,292,004 | 2,031,474 | - | - | 2,292,004 | 2,031,474 |
| Public Safety | 11,402,360 | 10,404,863 | - | - | 11,402,360 | 10,404,863 |
| Public Works | 3,360,969 | 3,337,616 | 692,284 | - | 4,053,253 | 3,337,616 |
| Recreation and Parks | 2,561,335 | 2,573,468 | - | - | 2,561,335 | 2,573,468 |
| Interest and Other Charges | 129,724 | 133,907 | - | - | 129,724 | 133,907 |
| Sewer | - | - | 1,510,394 | 1,583,036 | 1,510,394 | 1,583,036 |
| Total Expenses | 19,746,392 | 18,481,328 | 2,202,678 | 1,583,036 | 21,949,070 | 20,064,364 |
| Change in Net Position | 3,954,120 | 5,524,821 | 2,540,540 | 552,109 | 6,494,660 | 6,076,930 |
| Net Position, Beginning of Year | 39,026,009 | 33,501,188 | 12,726,374 | 12,174,265 | 51,752,383 | 45,675,453 |
| Net Position, End of Year | \$ 42,980,129 | 39,026,009 | 15,266,914 | 12,726,374 | 58,247,043 | \$ 51,752,383 |

Governmental Activities. Governmental activities increased the City’s net position by approximately \$3,954,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues remained relatively flat compared to the prior year, decreasing approximately \$306,000 (1%).
- Total governmental activities expenses increased by approximately \$1,265,000 (7%) from the prior year primarily due to higher wages (3% cost of living increase), benefits (including non-cash pension expense), and other operating expenses.

Business-Type Activities. Net position for business-type activities (sewer and public works) increased by approximately \$2,541,000. Please see “Proprietary Funds” discussion in the following section for details.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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 balances of approximately \$19,944,000, an increase of approximately \$1,895,000 over the prior year fund balances. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately \$15,145,000 (76%) of the total governmental fund balances of approximately \$19,944,000 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 (\$899,000; nonspendable), (2) public safety (\$95,000; restricted), (3) tourism related expenditures (\$3,481,000; restricted), (4) unspent bond proceeds (\$39,000; restricted), (5) municipal court (\$234,000; restricted), and (6) cultural arts and other items (\$51,000; 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 \$16,317,000. 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 (\$15,145,000) represents approximately 82% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$2,012,000 as revenues and other financing sources exceeded expenditures in the current year.

The fund balance for the Accommodations and Hospitality Tax Fund decreased by approximately \$48,000. While revenues did exceed expenditures by approximately \$350,000, transfers to the General Fund of approximately \$398,000 led to the decrease. Revenues decreased from the prior year by approximately \$115,000, primarily due to lower than usual accommodations taxes during the fourth quarter caused by the COVID-19 health pandemic. At June 30, 2020, the fund balance was approximately \$3,480,000; the entire amount is restricted for tourism-related costs.

In addition, the fund balances of the other governmental funds decreased by approximately \$70,000 from the prior year fund balances, primarily due to a decrease in fund balance of approximately \$53,000 in the Simpsonville Elementary Improvement Fund due to capital outlay for improvements to the Arts Center.

Proprietary Funds. The City's proprietary funds provide 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 \$13,903,000. Details on changes in the City's Sewer Fund were as follows:

- Total sewer operating revenues decreased approximately \$71,000 from the prior year. Sewer operating expenses decreased approximately \$62,000 from the prior year. The City received approximately \$687,000 in capital contributions related to infrastructure donations in the current year. Net position increased approximately \$1,177,000 as a result of revenues exceeding expenses and the capital contributions previously mentioned.

During 2020, the City established the Public Works Fund. This new enterprise fund will generally be used to account for activities related to sanitation and road improvements and is supported by user fees charged annually on the City's tax bills.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

FINANCIAL ANALYSIS OF THE CITY’S FUNDS (CONTINUED)

Proprietary Funds (Continued)

Net position of the Public Works Fund at the end of the year was approximately \$1,364,000. Details on changes in the City’s Public Works Fund were as follows:

- Total public works operating revenues were approximately \$1,360,000 in its first year of operations. Public works operating expenses were approximately \$692,000. The City also received approximately \$692,000 in grant revenues from Greenville County to support these expenditures. Net position increased approximately \$1,364,000 as a result of revenues exceeding expenses, the grant revenue previously mentioned, and approximately \$4,000 in interest income.

General Fund Budgetary Highlights: General Fund revenues exceeded budgeted revenues by approximately \$641,000 for the year ended June 30, 2020. This was primarily due to property taxes, MASC telecommunications and insurance taxes, and grants exceeding budget by approximately \$386,000, \$454,000, and \$185,000, respectively, partially offset by other revenues coming in under budget by approximately \$384,000. General Fund expenditures were under budget by approximately \$482,000 due to conservative budgeting among the City’s various functions.

If budget amendments are made, they generally fall into one of three categories: amendments made to adjust the estimates used to prepare the original budget ordinance once exact information is available; amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and increases in appropriations that become necessary to maintain services. The City did not have any budget amendments during 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets as of June 30, 2020 and June 30, 2019, amounted to approximately \$60,870,000 and \$56,806,000 (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, 2020 and 2019 were as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|------------|--------------------------|------------|-------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 7,220,458 | 6,724,258 | - | - | 7,220,458 | \$ 6,724,258 |
| Construction in Progress | 159,651 | 73,324 | 10,213,357 | 8,503,033 | 10,373,008 | 8,576,357 |
| Buildings and Improvements | 22,739,274 | 22,457,814 | - | - | 22,739,274 | 22,457,814 |
| Machinery and Equipment | 5,257,645 | 4,514,273 | 400,647 | 400,647 | 5,658,292 | 4,914,920 |
| Infrastructure | 28,024,527 | 26,885,854 | 16,132,838 | 15,445,591 | 44,157,365 | 42,331,445 |
| Vehicles | 11,746,846 | 9,962,426 | 797,475 | 657,154 | 12,544,321 | 10,619,580 |
| Capital Assets | 75,148,401 | 70,617,949 | 27,544,317 | 25,006,425 | 102,692,718 | 95,624,374 |
| Accumulated Depreciation | 34,411,481 | 32,054,274 | 7,411,069 | 6,763,698 | 41,822,550 | 38,817,972 |
| Capital Assets, Net | \$ 40,736,920 | 38,563,675 | 20,133,248 | 18,242,727 | 60,870,168 | \$ 56,806,402 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The total increase in the City’s capital assets for the current year was approximately \$4,064,000. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$4,552,000 for governmental activities which consisted primarily of the following:
 - Additions to land of approximately \$496,000.
 - Purchases of various machinery and equipment of approximately \$743,000.
 - Purchases/additions of various vehicles (including a fire truck donated by Greenville County) of approximately \$1,806,000.
 - Building and improvement additions of approximately \$168,000.
 - Infrastructure additions of approximately \$1,139,000.
 - Additions to construction in progress of approximately \$200,000 related to public restroom improvements and improvements to the Arts Center.
- Capital asset additions of approximately \$2,538,000 for business-type activities which consisted primarily of the following:
 - Additions to construction in progress of approximately \$1,710,000 related to the sewer rehabilitation project.
 - Infrastructure additions of approximately \$687,000.
 - Purchases of various equipment and vehicles of approximately \$140,000.
- Depreciation expense of approximately \$2,377,000 for governmental activities and approximately \$647,000 for business-type activities.

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

Debt Administration

As of June 30, 2020 and June 30, 2019, the City had total outstanding debt (which includes lease purchases) of approximately \$14,757,000 and \$16,133,000, respectively. Of the City’s total long-term obligations at June 30, 2020, approximately \$1,155,000 was general obligation debt which is backed by the full faith and credit of the City. The City’s total debt as of June 30, 2020 and 2019 were as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|--------------------------------|------------------|---------------------------------|-------------------|-------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Debt: | | | | | | |
| General Obligation Bonds | \$ 1,154,801 | 867,815 | - | - | 1,154,801 | \$ 867,815 |
| Revenue Bonds | - | - | 9,165,000 | 9,545,000 | 9,165,000 | 9,545,000 |
| Tax Revenue Bonds | 3,410,000 | 4,398,000 | - | - | 3,410,000 | 4,398,000 |
| Lease Purchases | 239,879 | 393,583 | - | 94,442 | 239,879 | 488,025 |
| Premium on Revenue Bonds | - | - | 787,084 | 834,083 | 787,084 | 834,083 |
| Total Debt | \$ 4,804,680 | 5,659,398 | 9,952,084 | 10,473,525 | 14,756,764 | \$ 16,132,923 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The total decrease in the City's debt for the current year was approximately \$1,376,000. Major 2020 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt decreased by approximately \$855,000 due to regularly scheduled principal payments of approximately \$1,941,000, partially offset by the issuance of new debt of approximately \$1,086,000 (Series 2019 General Obligation Bond for \$772,000 and a 2019 lease purchase for approximately \$314,000).
- The City's business-type activities total debt decreased by approximately \$521,000 during the current year due to regularly scheduled principal payments and premium amortization.

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, 2020, the City had approximately \$1,155,000 of bonded debt subject to the 8% debt limit of approximately \$7,599,000 resulting in an unused legal debt margin of approximately \$6,444,000.

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

ECONOMIC FACTORS AND FY 21 BUDGET FOR THE CITY

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. Management is actively monitoring the impact from this health crisis on its financial condition, liquidity, operations, workforce and customers/constituents.

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2021 ("FY 21") 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 21 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. Commercial occupancy rates also appear to be steadily improving.
- The FY 21 budget includes an increase over the prior year's budget for real property taxes which is the result of growth due to new development.
- Uncertainty of future revenue growth due to the COVID-19 health pandemic.

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, 2020

| | PRIMARY GOVERNMENT | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 14,373,256 | 4,196,514 | \$ 18,569,770 |
| Cash and Cash Equivalents, Restricted | 4,025,237 | - | 4,025,237 |
| Investments, Restricted | - | 1,865,721 | 1,865,721 |
| Property Taxes Receivable, Net | 171,139 | - | 171,139 |
| Accounts Receivable | 1,660,555 | 253,862 | 1,914,417 |
| Internal Balances | 318,141 | (318,141) | - |
| Due From County Treasurer | 133,971 | - | 133,971 |
| Prepays | 899,352 | 583 | 899,935 |
| Capital Assets, Net: | | | |
| Non-Depreciable | 7,380,109 | 10,213,357 | 17,593,466 |
| Depreciable, Net | 33,356,811 | 9,919,891 | 43,276,702 |
| TOTAL ASSETS | 62,318,571 | 26,131,787 | 88,450,358 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Refunding Charges | 121,166 | - | 121,166 |
| Deferred Pension Charges | 2,730,430 | 90,575 | 2,821,005 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 2,851,596 | 90,575 | 2,942,171 |
| LIABILITIES | | | |
| Accounts Payable | 550,026 | - | 550,026 |
| Accrued Salaries and Fringe Benefits | 721,481 | - | 721,481 |
| Accrued Expenses | 60,773 | 277,538 | 338,311 |
| Developers' Escrow Liability | 201,703 | - | 201,703 |
| Accrued Interest Payable | 8,376 | 88,516 | 96,892 |
| Unearned Revenue | 7,950 | 1,122 | 9,072 |
| Non-Current Liabilities: | | | |
| Long-Term Obligations - Due Within One Year | 1,882,642 | 397,210 | 2,279,852 |
| Long-Term Obligations - Due in More Than One Year | 3,418,337 | 9,569,294 | 12,987,631 |
| Net Pension Liabilities - Due in More Than One Year | 15,006,862 | 603,817 | 15,610,679 |
| TOTAL LIABILITIES | 21,858,150 | 10,937,497 | 32,795,647 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Credits | 331,888 | 17,951 | 349,839 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 36,091,957 | 11,860,613 | 47,952,570 |
| Restricted For: | | | |
| Tourism and Related Costs | 3,480,470 | - | 3,480,470 |
| Debt Service | - | 186,272 | 186,272 |
| Court | 233,952 | - | 233,952 |
| Public Safety | 95,079 | - | 95,079 |
| Cultural Arts | 3,826 | - | 3,826 |
| Other | 47,293 | - | 47,293 |
| Unrestricted | 3,027,552 | 3,220,029 | 6,247,581 |
| TOTAL NET POSITION | \$ 42,980,129 | 15,266,914 | \$ 58,247,043 |

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, 2020

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Totals |
| PRIMARY GOVERNMENT: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 2,292,004 | 706,533 | - | - | (1,585,471) | - | \$ (1,585,471) |
| Public Safety | 11,402,360 | 309,462 | 183,237 | 1,255,727 | (9,653,934) | - | (9,653,934) |
| Public Works | 3,360,969 | 5,989 | 1,007 | 1,356,209 | (1,997,764) | - | (1,997,764) |
| Recreation and Parks | 2,561,335 | 356,134 | 5,550 | - | (2,199,651) | - | (2,199,651) |
| Interest and Other Charges | 129,724 | - | - | - | (129,724) | - | (129,724) |
| Total Governmental Activities | 19,746,392 | 1,378,118 | 189,794 | 2,611,936 | (15,566,544) | - | (15,566,544) |
| Business-Type Activities: | | | | | | | |
| Sewer | 1,510,394 | 1,940,411 | - | 687,247 | - | 1,117,264 | 1,117,264 |
| Public Works | 692,284 | 1,360,328 | - | 692,284 | - | 1,360,328 | 1,360,328 |
| Total Business-Type Activities | 2,202,678 | 3,300,739 | - | 1,379,531 | - | 2,477,592 | 2,477,592 |
| TOTAL - PRIMARY GOVERNMENT | \$ 21,949,070 | 4,678,857 | 189,794 | 3,991,467 | (15,566,544) | 2,477,592 | (13,088,952) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes Levied for General Purposes | | | | | 10,705,976 | - | 10,705,976 |
| Hospitality and Accommodations Taxes | | | | | 2,434,320 | - | 2,434,320 |
| Business Licenses and MASC Taxes | | | | | 4,144,460 | - | 4,144,460 |
| Franchise Fees | | | | | 1,550,696 | - | 1,550,696 |
| Unrestricted Intergovernmental Revenue | | | | | 506,595 | - | 506,595 |
| Unrestricted Investment Earnings | | | | | 109,780 | 62,948 | 172,728 |
| Gain on Disposal of Capital Assets | | | | | 11,559 | - | 11,559 |
| Miscellaneous | | | | | 57,278 | - | 57,278 |
| Total General Revenues | | | | | 19,520,664 | 62,948 | 19,583,612 |
| CHANGE IN NET POSITION | | | | | 3,954,120 | 2,540,540 | 6,494,660 |
| NET POSITION, Beginning of Year | | | | | 39,026,009 | 12,726,374 | 51,752,383 |
| NET POSITION, End of Year | | | | | 42,980,129 | 15,266,914 | \$ 58,247,043 |

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, 2020

| | GENERAL FUND | ACCOMMODATIONS AND HOSPITALITY TAX FUND | NON MAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|--|--------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 14,373,256 | - | - | \$ 14,373,256 |
| Cash and Cash Equivalents, Restricted | 272,503 | 3,297,257 | 455,477 | 4,025,237 |
| Receivables, Net: | | | | |
| Taxes | 171,139 | - | - | 171,139 |
| Accounts | 1,465,278 | 195,277 | - | 1,660,555 |
| Interfund Receivables | 443,373 | - | 2,132 | 445,505 |
| Due From County Treasurer | 133,971 | - | - | 133,971 |
| Prepays | 899,352 | - | - | 899,352 |
| TOTAL ASSETS | \$ 17,758,872 | 3,492,534 | 457,609 | \$ 21,709,015 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 550,026 | - | - | \$ 550,026 |
| Accrued Salaries and Fringe Benefits | 721,481 | - | - | 721,481 |
| Accrued Expenses | 60,773 | - | - | 60,773 |
| Interfund Payables | 5,592 | 12,064 | 109,708 | 127,364 |
| Developers' Escrow Liability | - | - | 201,703 | 201,703 |
| Unearned Revenue | 7,950 | - | - | 7,950 |
| TOTAL LIABILITIES | 1,345,822 | 12,064 | 311,411 | 1,669,297 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Property Taxes | 96,075 | - | - | 96,075 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,441,897 | 12,064 | 311,411 | 1,765,372 |
| FUND BALANCES | | | | |
| Nonspendable - Prepays | 899,352 | - | - | 899,352 |
| Restricted For: | | | | |
| Tourism Related Costs | - | 3,480,470 | - | 3,480,470 |
| Unspent Bond Proceeds - Capital Improvements | 38,551 | - | - | 38,551 |
| Court | 233,952 | - | - | 233,952 |
| Public Safety | - | - | 95,079 | 95,079 |
| Cultural Arts | - | - | 3,826 | 3,826 |
| Other | - | - | 47,293 | 47,293 |
| Unassigned | 15,145,120 | - | - | 15,145,120 |
| TOTAL FUND BALANCES | 16,316,975 | 3,480,470 | 146,198 | 19,943,643 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 17,758,872 | 3,492,534 | 457,609 | \$ 21,709,015 |

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, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 19,943,643**

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

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. 96,075

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 was \$75,148,401 and the accumulated depreciation was \$34,411,481. 40,736,920

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. (8,376)

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. 121,166

The City's proportionate shares of the net pension liabilities, 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. (12,608,320)

Long-term liabilities, including bonds payable and lease purchases 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) (4,804,680)
- Compensated Absences (Annual Leave) (496,299)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 42,980,129**

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, 2020

| | GENERAL FUND | ACCOMMODATIONS AND HOSPITALITY TAX FUND | NON MAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|--|------------------------------------|--------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Local | \$ 10,677,572 | - | - | \$ 10,677,572 |
| Hospitality and Accommodations | - | 2,261,827 | - | 2,261,827 |
| MASC Telecommunications and Insurance | 2,783,846 | - | - | 2,783,846 |
| Franchise | 1,550,696 | - | - | 1,550,696 |
| Licenses, Permits, and Fees | 2,193,287 | - | - | 2,193,287 |
| Grants | 184,697 | - | - | 184,697 |
| Fines and Forfeitures | 92,577 | - | 13,518 | 106,095 |
| Shared Revenue: | | | | |
| County | 363,591 | - | - | 363,591 |
| State | 674,089 | - | - | 674,089 |
| Interest | 80,609 | 25,788 | 3,383 | 109,780 |
| Other | 458,015 | 516 | 10,728 | 469,259 |
| TOTAL REVENUES | 19,058,979 | 2,288,131 | 27,629 | 21,374,739 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government: | | | | |
| Public Safety | 2,022,016 | 33,255 | 23,416 | 2,078,687 |
| Public Works | 9,610,273 | - | 7,191 | 9,617,464 |
| Recreation and Parks | 2,679,297 | - | - | 2,679,297 |
| Capital Outlay | 1,939,984 | - | - | 1,939,984 |
| Debt Service: | | | | |
| Principal | 1,235,328 | 848,465 | 176,051 | 2,259,844 |
| Interest and Other Fiscal Charges | 952,721 | 988,000 | - | 1,940,721 |
| Interest and Other Fiscal Charges | 28,877 | 67,930 | - | 96,807 |
| TOTAL EXPENDITURES | 18,468,496 | 1,937,650 | 206,658 | 20,612,804 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 590,483 | 350,481 | (179,029) | 761,935 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 306,793 | - | 147,134 | 453,927 |
| Transfers Out | (18,038) | (398,092) | (37,797) | (453,927) |
| Issuance of General Obligation Bond | 772,000 | - | - | 772,000 |
| Issuance of Lease Purchase | 314,003 | - | - | 314,003 |
| Insurance Proceeds | 33,274 | - | - | 33,274 |
| Sale of Capital Assets | 13,357 | - | - | 13,357 |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,421,389 | (398,092) | 109,337 | 1,132,634 |
| NET CHANGES IN FUND BALANCES | 2,011,872 | (47,611) | (69,692) | 1,894,569 |
| FUND BALANCES, Beginning of Year | 14,305,103 | 3,528,081 | 215,890 | 18,049,074 |
| FUND BALANCES, End of Year | \$ 16,316,975 | 3,480,470 | 146,198 | \$ 19,943,643 |

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, 2020

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,894,569

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. | 28,404 |
| Changes in the City's proportionate share of the net pension liabilities, 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 | (856,156) |
| Repayment of debt and lease purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 1,940,721 |
| Bond and lease purchase proceeds provide current financial resources to governmental funds, but issuing debt or entering into lease purchases increases long-term liabilities in the Statement of Net Position. | (1,086,003) |
| 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. | (30,292) |
| 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. | (2,625) |
| 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. | (107,743) |
| 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 net book value of the assets disposed. | (1,798) |
| 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 \$4,552,206 (which includes donated capital assets of \$2,252,536) exceeded depreciation expense of \$2,377,163 in the current period. | <u>2,175,043</u> |

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,954,120

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 FUNDS

JUNE 30, 2020

| | SEWER FUND | PUBLIC WORKS FUND | TOTAL ENTERPRISE FUNDS |
|--|-----------------------|------------------------------|---------------------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Cash Equivalents | \$ 2,836,424 | 1,360,090 | \$ 4,196,514 |
| Investments, Restricted | 1,865,721 | - | 1,865,721 |
| Receivables, Net | 253,862 | - | 253,862 |
| Interfund Receivables | - | 3,460 | 3,460 |
| Prepays | 583 | - | 583 |
| Total Current Assets | <u>4,956,590</u> | <u>1,363,550</u> | <u>6,320,140</u> |
| Noncurrent Assets: | | | |
| Capital Assets, Net: | | | |
| Non-Depreciable | 10,213,357 | - | 10,213,357 |
| Depreciable, Net | 9,919,891 | - | 9,919,891 |
| Total Noncurrent Assets | <u>20,133,248</u> | <u>-</u> | <u>20,133,248</u> |
| TOTAL ASSETS | <u>25,089,838</u> | <u>1,363,550</u> | <u>26,453,388</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Pension Charges | 90,575 | - | 90,575 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accrued Interest Payable | 88,516 | - | 88,516 |
| Accrued Expenses | 277,538 | - | 277,538 |
| Interfund Payables | 321,601 | - | 321,601 |
| Unearned Revenue | 1,122 | - | 1,122 |
| Current Portion of Compensated Absences | 7,210 | - | 7,210 |
| Current Portion of Revenue Bond | 390,000 | - | 390,000 |
| Total Current Liabilities | <u>1,085,987</u> | <u>-</u> | <u>1,085,987</u> |
| Noncurrent Liabilities: | | | |
| Compensated Absences, Less Current Portion | 7,210 | - | 7,210 |
| Net Pension Liability | 603,817 | - | 603,817 |
| Revenue Bond, Less Current Portion | 9,562,084 | - | 9,562,084 |
| Total Noncurrent Liabilities | <u>10,173,111</u> | <u>-</u> | <u>10,173,111</u> |
| TOTAL LIABILITIES | <u>11,259,098</u> | <u>-</u> | <u>11,259,098</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Pension Credits | 17,951 | - | 17,951 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 11,860,613 | - | 11,860,613 |
| Restricted for Debt Service | 186,272 | - | 186,272 |
| Unrestricted | 1,856,479 | 1,363,550 | 3,220,029 |
| TOTAL NET POSITION | <u>\$ 13,903,364</u> | <u>1,363,550</u> | <u>\$ 15,266,914</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 FUNDS

YEAR ENDED JUNE 30, 2020

| | SEWER FUND | PUBLIC WORKS FUND | TOTAL ENTERPRISE FUNDS |
|--|----------------------|----------------------|------------------------------|
| OPERATING REVENUES | | | |
| Sewer Maintenance Fees | \$ 1,940,411 | - | \$ 1,940,411 |
| Public Works Fees | - | 1,360,328 | 1,360,328 |
| TOTAL OPERATING REVENUES | 1,940,411 | 1,360,328 | 3,300,739 |
| OPERATING EXPENSES | | | |
| Personnel | 364,147 | - | 364,147 |
| Contractual Services | 824 | - | 824 |
| Materials and Supplies | 8,388 | - | 8,388 |
| Repair and Maintenance | - | 692,284 | 692,284 |
| Other Operating | 170,737 | - | 170,737 |
| Depreciation | 647,371 | - | 647,371 |
| TOTAL OPERATING EXPENSES | 1,191,467 | 692,284 | 1,883,751 |
| OPERATING INCOME | 748,944 | 668,044 | 1,416,988 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Grants | - | 692,284 | 692,284 |
| Interest Income | 59,726 | 3,222 | 62,948 |
| Interest Expense | (318,927) | - | (318,927) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (259,201) | 695,506 | 436,305 |
| INCOME BEFORE CONTRIBUTIONS | 489,743 | 1,363,550 | 1,853,293 |
| Capital Contributions - Infrastructure | 687,247 | - | 687,247 |
| CHANGE IN NET POSITION | 1,176,990 | 1,363,550 | 2,540,540 |
| NET POSITION, BEGINNING OF YEAR | 12,726,374 | - | 12,726,374 |
| NET POSITION, END OF YEAR | \$ 13,903,364 | 1,363,550 | \$ 15,266,914 |

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 FUNDS

YEAR ENDED JUNE 30, 2020

| | SEWER FUND | PUBLIC WORKS FUND | TOTAL ENTERPRISE FUNDS |
|--|----------------------------|-------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ 1,917,627 | 1,360,328 | \$ 3,277,955 |
| Cash Paid to Vendors | (295,163) | (692,284) | (987,447) |
| Payments to Employees | (384,824) | - | (384,824) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>1,237,640</u> | <u>668,044</u> | <u>1,905,684</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Net Change In Interfund Balances | 43,999 | (3,460) | 40,539 |
| NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES | <u>43,999</u> | <u>(3,460)</u> | <u>40,539</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of Capital Assets | (2,031,088) | - | (2,031,088) |
| Capital Grants and Contributions | - | 692,284 | 692,284 |
| Principal Paid on Revenue Bond and Lease Purchase | (474,442) | - | (474,442) |
| Interest and Fees Paid on Revenue Bond and Lease Purchase | (368,776) | - | (368,776) |
| NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(2,874,306)</u> | <u>692,284</u> | <u>(2,182,022)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Sale of Investments | 1,978,812 | - | 1,978,812 |
| Interest Received | 59,726 | 3,222 | 62,948 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | <u>2,038,538</u> | <u>3,222</u> | <u>2,041,760</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 445,871 | 1,360,090 | 1,805,961 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>2,390,553</u> | <u>-</u> | <u>2,390,553</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 2,836,424</u> | <u>1,360,090</u> | <u>\$ 4,196,514</u> |
| Reconciliation of Operating Income to Net Cash from Operating Activities: | | | |
| Operating Income | \$ 748,944 | 668,044 | \$ 1,416,988 |
| Adjustments to Reconcile Operating Income to Net Cash from Operating Activities | | | |
| Depreciation | 647,371 | - | 647,371 |
| Change in Accounts Representing Operating Activities: | | | |
| Accounts Receivable | (22,784) | - | (22,784) |
| Accrued Expenses | (115,214) | - | (115,214) |
| Accrued Compensated Absences | 4,871 | - | 4,871 |
| Deferred Pension Charges | (14,514) | - | (14,514) |
| Net Pension Liability | 2,868 | - | 2,868 |
| Deferred Pension Credits | (13,902) | - | (13,902) |
| Net Cash Provided by Operating Activities | <u>\$ 1,237,640</u> | <u>668,044</u> | <u>\$ 1,905,684</u> |
| Noncash Capital and Related Financing Items: | | | |
| Donated Capital Assets | \$ 687,247 | - | \$ 687,247 |
| Change in Acquisition of Capital Assets Not Yet Paid For | \$ (180,443) | - | \$ (180,443) |

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, 2020

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 and public works operations through its enterprise funds.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 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, 2020

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 | Simpsonville Elementary Improvement Fund |
| Animals of Simpsonville Fund | Arts and Cultural Center Fund |
| Economic Development Fund | Victims' Assistance Fund |
| Fire Prevention Fund | Seized Funds Fund |
| Fire Safety House Fund | Narcotics 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 | Fox Trace Project |

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 two enterprise funds.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 funds 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 Funds:

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

The **Public Works Fund, a major fund** and a budgeted fund, is generally used to account for assets and activities of the City's sanitation and road improvement operations. All costs are financed through charges to citizens.

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 investments in the South Carolina Local Government Investment Pool to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the South Carolina Local Government Investment Pool are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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)

- (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*" and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. 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.
- Money market mutual funds are generally open-ended funds that invest in short term debt securities (including obligations of the United States and related agencies) that generally have a weighted average maturity of 60 days or less and do not invest more than 5% in any one issuer, except for government securities and repurchase agreements.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. *Receivables and Payables (Continued)*

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 Funds. 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 Funds 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.

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

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

5. *Compensated Absences*

It is the policy of the City to provide paid annual leave (commonly referred to as vacation leave or paid time off) which is earned on a monthly basis in varying amounts based on years of service to a maximum amount per scheduled work hour classification. The annual leave year runs from January 1st to December 31st. Annual leave is depleted on the first-in, first-out (“FIFO”) basis. A maximum of 40 hours of accrued annual leave will be paid upon voluntary termination as long as the six month introductory period has been completed and proper notice has been satisfied. Sick leave is earned on a monthly basis. Sick leave can only be used for a valid illness and will not be paid at termination or retirement.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. *Compensated Absences (Continued)*

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. Issuance costs are expensed when incurred.

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 (“Plans”). 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, 2020

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*,” 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.

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, 2020

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, 2020

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, 2020, none of the City’s bank balances of approximately \$22,705,000 (with a carrying value of approximately \$22,594,000) were exposed to custodial credit risk.

Investments

As of June 30, 2020, the City had the following investments:

| Investment Type | Fair Value Level (1) | Credit Rating ^ | Fair Value | Weighted Average Maturity |
|---|----------------------|----------------------|--------------|---------------------------|
| First American Government Obligations (2) | Level 1 | AAAm, Aaa-mf, AAAMmf | \$ 1,865,721 | < 1 Year |
| South Carolina Local Government Investment Pool | N/A | Unrated | 1,027 | < 1 Year |
| Total | | | \$ 1,866,748 | |

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

(2) Money market mutual fund.

^ If available, credit ratings are for Standard & Poor’s, Moody’s Investors Service, and Fitch Ratings.

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, 2020 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, 2020

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 | \$ 22,593,980 |
| Fair Value of Investments | 1,866,748 |
| Total Deposits and Investments | \$ 24,460,728 |
| Statement of Net Position: | |
| Cash and Cash Equivalents | \$ 18,569,770 |
| Cash and Cash Equivalents, Restricted | 4,025,237 |
| Investments, Restricted | 1,865,721 |
| Total Cash and Cash Equivalents | \$ 24,460,728 |

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 2020 real and business personal property taxes (which was for tax year 2019) were levied in October 2019 based on a millage rate of 63.6 mills (same as the prior year) for the City and 37.5 mills (32.1 mills in the prior year) for the Fire Service Area, of which 4.0 mills (2.4 mills in the prior year) is retained by Greenville County for debt service payments. The City's assessed value of real and personal property (including vehicles) was approximately \$95.0 million. 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, 2020

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 \$6,000. The City's net receivables at June 30, 2020 consisted of the following:

| Description | General Fund | Accommodations and Hospitality Tax Fund | Sewer Fund | Totals |
|----------------------|--------------|---|------------|--------------|
| Property Taxes | \$ 171,139 | - | - | \$ 171,139 |
| Utilities | - | - | 253,862 | 253,862 |
| Accommodations Taxes | 43,084 | 20,626 | - | 63,710 |
| Hospitality Fees | - | 174,057 | - | 174,057 |
| MASC Insurance | 853,766 | - | - | 853,766 |
| Franchise Fees | 328,533 | - | - | 328,533 |
| Aid to Subdivisions | 108,102 | - | - | 108,102 |
| Other | 265,764 | 594 | - | 266,358 |
| Net Receivables | \$ 1,770,388 | 195,277 | 253,862 | \$ 2,219,527 |

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 and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2020, the City's governmental funds had the following unavailable and unearned revenues:

| Description | Fund(s) | Unavailable | Unearned | Total |
|----------------|-----------------|-------------|----------|------------|
| Property Taxes | General | \$ 96,075 | - | \$ 96,075 |
| Other | General / Sewer | - | 9,072 | 9,072 |
| Total | | \$ 96,075 | 9,072 | \$ 105,147 |

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2020, 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 | \$ 443,373 | \$ 5,592 |
| Accommodations and Hospitality Tax Fund | - | 12,064 |
| Non Major Governmental Funds | 2,132 | 109,708 |
| Sewer Fund | - | 321,601 |
| Public Works Fund | 3,460 | - |
| Totals | \$ 448,965 | \$ 448,965 |

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, 2020

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, 2020, consisted of the following:

| Fund | Transfers In | Transfers Out |
|---|-------------------|-------------------|
| General Fund | \$ 306,793 | \$ 18,038 |
| Accommodations and Hospitality Tax Fund | - | 398,092 |
| Non Major Governmental Funds | 147,134 | 37,797 |
| Totals | <u>\$ 453,927</u> | <u>\$ 453,927</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 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, 2020, was as follows:

| Governmental Activities: | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|------------------|---------------|----------------|----------------------|
| Capital Assets, Non-Depreciable: | | | | | |
| Land | \$ 6,724,258 | 496,200 | - | - | \$ 7,220,458 |
| Construction In Progress | 73,324 | 199,982 | - | 113,655 | 159,651 |
| Total Capital Assets, Non-Depreciable | <u>6,797,582</u> | <u>696,182</u> | <u>-</u> | <u>113,655</u> | <u>7,380,109</u> |
| Capital Assets, Depreciable: | | | | | |
| Buildings and Improvements | 22,457,814 | 167,805 | - | 113,655 | 22,739,274 |
| Machinery and Equipment | 4,514,273 | 743,372 | - | - | 5,257,645 |
| Infrastructure | 26,885,854 | 1,138,673 | - | - | 28,024,527 |
| Vehicles | 9,962,426 | 1,806,174 | 21,754 | - | 11,746,846 |
| Total Capital Assets, Depreciable | <u>63,820,367</u> | <u>3,856,024</u> | <u>21,754</u> | <u>113,655</u> | <u>67,768,292</u> |
| Less: Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 8,570,817 | 583,229 | - | - | 9,154,046 |
| Machinery and Equipment | 2,997,379 | 314,209 | - | - | 3,311,588 |
| Infrastructure | 13,265,668 | 460,859 | - | - | 13,726,527 |
| Vehicles | 7,220,410 | 1,018,866 | 19,956 | - | 8,219,320 |
| Total Accumulated Depreciation | <u>32,054,274</u> | <u>2,377,163</u> | <u>19,956</u> | <u>-</u> | <u>34,411,481</u> |
| Total Capital Assets, Depreciable, Net | <u>31,766,093</u> | <u>1,478,861</u> | <u>1,798</u> | <u>113,655</u> | <u>33,356,811</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 38,563,675</u> | <u>2,175,043</u> | <u>1,798</u> | <u>-</u> | <u>\$ 40,736,920</u> |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 | \$ 326,675 | \$ 107,208 |
| Public Safety | 2,105,612 | 1,080,848 |
| Public Works | 1,260,184 | 643,519 |
| Recreation and Parks | 859,735 | 545,588 |
| Total - Governmental Activities | <u>\$ 4,552,206</u> | <u>\$ 2,377,163</u> |

During the year ended June 30, 2020, the City received a donated fire truck from Greenville County for approximately \$1,256,000. This amount is included in Public Safety capital asset additions noted above. The City also received donated streets and sidewalks in the amount of approximately \$997,000. This amount is included in Public Works capital asset additions noted above.

Capital asset activity for the City’s business-type activities for the year ended June 30, 2020, was as follows:

| Business-Type Activities | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|----------------------|------------------|-----------|-----------|----------------------|
| Capital Assets, Non-Depreciable: | | | | | |
| Construction In Progress | \$ 8,503,033 | 1,710,324 | - | - | \$ 10,213,357 |
| Total Capital Assets, Non-Depreciable | <u>8,503,033</u> | <u>1,710,324</u> | <u>-</u> | <u>-</u> | <u>10,213,357</u> |
| Capital Assets, Depreciable: | | | | | |
| Infrastructure | 15,445,591 | 687,247 | - | - | 16,132,838 |
| Equipment | 400,647 | - | - | - | 400,647 |
| Vehicles | 657,154 | 140,321 | - | - | 797,475 |
| Total Capital Assets, Depreciable | <u>16,503,392</u> | <u>827,568</u> | <u>-</u> | <u>-</u> | <u>17,330,960</u> |
| Less: Accumulated Depreciation for: | | | | | |
| Infrastructure | 6,132,143 | 493,579 | - | - | 6,625,722 |
| Equipment | 256,166 | 48,448 | - | - | 304,614 |
| Vehicles | 375,389 | 105,344 | - | - | 480,733 |
| Total Accumulated Depreciation | <u>6,763,698</u> | <u>647,371</u> | <u>-</u> | <u>-</u> | <u>7,411,069</u> |
| Total Capital Assets, Depreciable, Net | <u>9,739,694</u> | <u>180,197</u> | <u>-</u> | <u>-</u> | <u>9,919,891</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 18,242,727</u> | <u>1,890,521</u> | <u>-</u> | <u>-</u> | <u>\$ 20,133,248</u> |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 (which includes lease purchase obligations) as of June 30, 2020 are as follows:

| | <u>Balance at June 30, 2020</u> |
|---|-------------------------------------|
| <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. | \$ 231,000 |
| \$480,000 Series 2017 General Obligation Bond issued in October 2017 (“GOB – Series 2017”), which is due in annual principal payments of \$115,000 - \$125,000 beginning April 1, 2018 and running through April 1, 2021. Interest is payable semi-annually on April 1 st and October 1 st with interest at 1.634%. The proceeds from these bonds were used for capital improvements and the acquisition of various equipment and vehicles. | 125,000 |
| \$772,000 Series 2019 General Obligation Bond issued in August 2019 (“GOB – Series 2019”), which is due in annual principal payments of \$105,000 - \$115,000 beginning April 1, 2020 and running through April 1, 2026. Interest is payable semi-annually on April 1 st and October 1 st with interest at 1.955%. The proceeds from this bond were used to finance a new fire truck. | 667,000 |
| <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. | 131,801 |
| <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. | \$ 3,410,000 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

E. Long-Term Obligations (Continued)

| | <u>Balance at June 30, 2020</u> |
|---|-------------------------------------|
| <i>Lease Purchases</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. | \$ 30,544 |
| \$314,003 lease purchase agreement was entered into in December 2019 (“LP – 2019”), which is due in three principal installments of approximately \$104,668 on January 31, 2020, August 1, 2020, and August 1, 2021. Interest is payable with each principal payment with interest at 3.5%. The proceeds from the lease purchase obligation were used to purchase police radios. | 209,335 |
| <i>Revenue Bonds</i> | |
| \$10,270,000 Series 2016 Revenue Bonds were issued in November of 2016 (“Series 2016 Revenue Bonds”), which is due in annual principal installments of \$360,000 – \$725,000 beginning on April 1, 2018 through April 1, 2037. Interest is payable semi-annually on April 1 st and October 1 st with interest ranging from 2.0% to 5.0%. The proceeds from these bonds will be used for various capital improvements in the Sewer Fund. | \$ 9,165,000 |

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, 2020.

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, 2020, the City had approximately \$1,155,000 of general obligation debt. The City’s 8% legal debt limit was approximately \$7,599,000 and the unused legal debt margin was approximately \$6,444,000 at June 30, 2020.

The Series 2016 Revenue Bonds require the City to maintain user rates sufficient to generate net revenues (as defined by the agreement) of 125% 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, 2020.

All of the City’s outstanding debt, with the exception of the Series 2016 Revenue Bonds, has been issued through direct borrowings/placements (“DBP”). Obligations through DBP are generally secured/collateralized by the underlying capital assets and are subject to acceleration clauses in case of an event of default (i.e. nonpayment, etc.) as defined in the debt documents.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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 governmental activities for the year ended June 30, 2020:

| Long-Term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------------|----------------------|------------------|------------------|-------------------|------------------------|
| Governmental Activities: | | | | | |
| Debt: | | | | | |
| Bonds: | | | | | |
| GORB - Series 2013 - DBP | \$ 197,815 | - | 66,014 | 131,801 | \$ 64,280 |
| GOB - Series 2015 - DBP | 425,000 | - | 194,000 | 231,000 | 197,000 |
| AHTRRB - Series 2016 - DBP | 4,398,000 | - | 988,000 | 3,410,000 | 1,006,000 |
| GOB - Series 2017 - DBP | 245,000 | - | 120,000 | 125,000 | 125,000 |
| GOB - Series 2019 - DBP | - | 772,000 | 105,000 | 667,000 | 107,000 |
| Total Bonds | 5,265,815 | 772,000 | 1,473,014 | 4,564,801 | 1,499,280 |
| Lease Purchases: | | | | | |
| LP - 2012 - DBP | 151,259 | - | 120,715 | 30,544 | 30,544 |
| LP - 2014 - DBP | 154,550 | - | 154,550 | - | - |
| LP - 2015 - DBP | 87,774 | - | 87,774 | - | - |
| LP - 2019 - DBP | - | 314,003 | 104,668 | 209,335 | 104,668 |
| Total Lease Purchases | 393,583 | 314,003 | 467,707 | 239,879 | 135,212 |
| Total Debt | 6,099,919 | 1,086,003 | 1,940,721 | 4,804,680 | 1,634,492 |
| Compensated Absences | 388,556 | 665,785 | 558,042 | 496,299 | 248,150 |
| Total Governmental Activities | \$ 6,047,954 | 1,751,788 | 2,498,763 | 5,300,979 | \$ 1,882,642 |

Presented below is a summary of changes in long-term obligations for the City’s business-type activities for the year ended June 30, 2020:

| Long-Term Obligations | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------------|----------------------|---------------|----------------|-------------------|------------------------|
| Business-Type Activities: | | | | | |
| Debt: | | | | | |
| Bonds: | | | | | |
| RB - Series 2016 - Publicly Traded | \$ 9,545,000 | - | 380,000 | 9,165,000 | \$ 390,000 |
| Premium on RB - Series 2016 | 834,083 | - | 46,999 | 787,084 | - |
| Total Bonds | 10,379,083 | - | 426,999 | 9,952,084 | 390,000 |
| Lease Purchases: | | | | | |
| LP - 2015 - DBP | 94,442 | - | 94,442 | - | - |
| Total Debt | 10,473,525 | - | 521,441 | 9,952,084 | 390,000 |
| Compensated Absences | 9,549 | 14,682 | 9,811 | 14,420 | 7,210 |
| Total Business-Type Activities | \$ 10,483,074 | 14,682 | 531,252 | 9,966,504 | \$ 397,210 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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

E. Long-Term Obligations (Continued)

Resources from the General Fund have been utilized to liquidate the governmental activities GOB, GORB, lease purchase obligations, and compensated absences liability. Resources from the Accommodations and Hospitality Tax Fund have been used to liquidate the AHTRRB. Resources from the Sewer Fund have been utilized to liquidate all of the business-type activities long-term obligations. Payments for the City’s other long-term liabilities associated with its participation in the State retirement plans (see Note IV.B) are paid from the various funds for which the employees’ salaries are charged.

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, 2020:

| Year Ended June 30, | Bonds - DBP | | Lease Purchases - DBP | | Total |
|--|---------------------|----------------|-----------------------|--------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| <u>Governmental Activities:</u> | | | | | |
| 2021 | \$ 1,499,280 | 80,422 | 135,212 | 3,872 | \$ 1,718,786 |
| 2022 | 1,232,521 | 54,312 | 104,667 | 3,714 | 1,395,214 |
| 2023 | 858,000 | 32,864 | - | - | 890,864 |
| 2024 | 746,000 | 17,699 | - | - | 763,699 |
| 2025 | 114,000 | 4,477 | - | - | 118,477 |
| 2026 | 115,000 | 2,248 | - | - | 117,248 |
| Totals | <u>\$ 4,564,801</u> | <u>192,022</u> | <u>239,879</u> | <u>7,586</u> | <u>\$ 5,004,288</u> |

| Year Ended June 30, | Revenue Bond - Publicly Traded | | Lease Purchase - DBP | | Total |
|--|--------------------------------|------------------|----------------------|----------|----------------------|
| | Principal | Interest | Principal | Interest | |
| <u>Business-Type Activities</u> | | | | | |
| 2021 | \$ 390,000 | 354,063 | - | - | \$ 744,063 |
| 2022 | 405,000 | 342,363 | - | - | 747,363 |
| 2023 | 415,000 | 330,213 | - | - | 745,213 |
| 2024 | 435,000 | 313,613 | - | - | 748,613 |
| 2025 | 450,000 | 296,213 | - | - | 746,213 |
| 2026-2030 | 2,510,000 | 1,216,265 | - | - | 3,726,265 |
| 2031-2035 | 3,135,000 | 599,265 | - | - | 3,734,265 |
| 2036-2037 | 1,425,000 | 69,876 | - | - | 1,494,876 |
| Totals | <u>\$ 9,165,000</u> | <u>3,521,871</u> | <u>-</u> | <u>-</u> | <u>\$ 12,686,871</u> |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION

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, 2020, the City made premium payments totaling approximately \$336,000. SCMIRF is self-sustaining through member premiums and reinsures through commercial companies. SCMIRF’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$14,253,000. 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, 2020, the City made premium payments totaling approximately \$181,000. The Trust uses reinsurance agreements to reduce its exposure to large workers’ compensation losses. SCMIT’s net position from its most recently issued audited financial statements at December 31, 2019, totaled approximately \$62,792,000. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three fiscal years.

B. Retirement Plans

The City participates in the State of South Carolina’s retirement plans. The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state’s employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems’ (“Systems”) five defined benefit plans. PEBA has an 11-member Board of Directors (“PEBA Board”), appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds’ assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with GAAP. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

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, 202 Arbor Lake Drive, Columbia, SC 29223. 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

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; be a coroner in a full-time permanent position; or be 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 the PORS. Magistrates are required to participate in the 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/current annual salary. A brief summary of benefit terms for each system is presented below.

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

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

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

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

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022 (the employer contribution rates were frozen for the upcoming fiscal year - see “*Subsequent Event to the Plans Measurement Date*” at the end of this section for more details). If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

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

| | SCRS Rates | | | PORS Rates | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Employer Contribution Rate: [^] | | | | | | |
| Retirement | 13.41% | 14.41% | 15.41% | 15.84% | 16.84% | 17.84% |
| 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>13.56%</u> | <u>14.56%</u> | <u>15.56%</u> | <u>16.24%</u> | <u>17.24%</u> | <u>18.24%</u> |
| Employee Contribution Rate | <u>9.00%</u> | <u>9.00%</u> | <u>9.00%</u> | <u>9.75%</u> | <u>9.75%</u> | <u>9.75%</u> |

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

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

| Year Ended June 30, | SCRS Contributions | | PORS Contributions | |
|------------------------|--------------------|---------------|--------------------|---------------|
| | Required | % Contributed | Required | % Contributed |
| 2020 | \$ 454,431 | 100% | \$ 905,203 | 100% |
| 2019 | 415,607 | 100% | 823,511 | 100% |
| 2018 | \$ 352,085 | 100% | \$ 725,677 | 100% |

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2019. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2019 (measurement date) to the City were approximately \$27,000 and \$42,000 for the SCRS and PORS, respectively.

The City recognized contributions (on-behalf benefits) from the State of approximately \$27,000 and \$42,000 for the year ended June 30, 2020. These contributions by the State are recognized as state shared revenues and pension expenditures in the City’s governmental fund financial statements.

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

| Year Ended June 30, | SCRS Payroll | PORS Payroll | Total Payroll |
|------------------------|--------------|--------------|------------------|
| 2020 | \$ 2,920,508 | 4,962,735 | \$ 7,883,243 |
| 2019 | 2,854,442 | 4,776,743 | 7,631,185 |
| 2018 | \$ 2,596,500 | 4,468,453 | \$ 7,064,953 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2019 total pension liability (“TPL”), net pension liability (“NPL”), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2018. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2019, using generally accepted actuarial principles

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2019 (measurement date) for the SCRS and PORS.

| | SCRS | PORS |
|-----------------------------|-----------------------------------|----------------------------------|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Investment Rate of Return* | 7.25% | 7.25% |
| Projected Salary Increases* | 3.0% to 12.5% (varies by service) | 3.5% to 9.5% (varies by service) |
| Benefit Adjustments | Lesser of 1% or \$500 annually | Lesser of 1% or \$500 annually |

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member’s job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (“2016 PRSC”), was developed using the Systems’ mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

| Former Job Class | Males | Females |
|--|---------------------------------------|---|
| Educators | 2016 PRSC Males multiplied by 92% | 2016 PRSC Females multiplied by 98% |
| General Employees and Members of the General Assembly | 2016 PRSC Males multiplied by 100% | 2016 PRSC Females multiplied by 111% |
| Public Safety and Firefighters | 2016 PRSC Males multiplied by 125% | 2016 PRSC Females multiplied by 111% |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

| Allocation/Exposure | Policy Target | Expected Arithmetic Real Rate of Return | Long-Term Expected Portfolio Real Rate of Return |
|----------------------------------|---------------|--|--|
| Global Equity | 51.0% | | |
| Global Public Equity | 35.0% | 7.29% | 2.55% |
| Private Equity | 9.0% | 7.67% | 0.69% |
| Equity Options Strategies | 7.0% | 5.23% | 0.37% |
| Real Assets | 12.0% | | |
| Real Estate (Private) | 8.0% | 5.59% | 0.45% |
| Real Estate (REITs) | 1.0% | 8.16% | 0.08% |
| Infrastructure (Private) | 2.0% | 5.03% | 0.10% |
| Infrastructure (Public) | 1.0% | 6.12% | 0.06% |
| Opportunistic | 8.0% | | |
| Global Tactical Asset Allocation | 7.0% | 3.09% | 0.22% |
| Other Opportunistic Strategies | 1.0% | 3.82% | 0.04% |
| Credit | 15.0% | | |
| High Yield Bonds/Bank Loans | 4.0% | 3.14% | 0.13% |
| Emerging Markets Debt | 4.0% | 3.31% | 0.13% |
| Private Debt | 7.0% | 5.49% | 0.38% |
| Rate Sensitive | 14.0% | | |
| Core Fixed Income | 13.0% | 1.62% | 0.21% |
| Cash and Short Duration (Net) | 1.0% | 0.31% | 0.00% |
| Total Expected Real Return | 100.0% | | 5.41% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 7.66% |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

The NPL is calculated separately for each system and represents that particular system’s TPL determined in accordance with GASB No. 67 less that System’s fiduciary net position. NPL totals, as of the June 30, 2019 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 | \$ 50,073,060,256 | 27,238,916,138 | \$ 22,834,144,118 | 54.4% |
| PORS | \$ 7,681,749,768 | 4,815,808,554 | \$ 2,865,941,214 | 62.7% |

The TPL is calculated by the Systems’ actuary, and each Plans’ fiduciary net position is reported in the Systems’ financial statements. The NPL 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.

At June 30, 2020, the City reported liabilities of approximately \$6,172,000 and \$9,438,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2019, and the TPL for the Plans used to calculate NPL were determined based on the most recent actuarial valuation report of July 1, 2018 that was projected forward to the measurement date. The City’s proportion of the NPL 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, 2019 measurement date, the City’s SCRS proportion was 0.027031 percent, which was an increase of 0.001971 percent from its proportion measured as of June 30, 2018. At the June 30, 2019 measurement date, the City’s PORS proportion was 0.32933 percent, which was an increase of 0.00650 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of approximately \$683,000 and \$1,507,000 for the SCRS and PORS, respectively. At June 30, 2020, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| SCRS | | |
| Differences Between Expected and Actual Experience | \$ 4,243 | \$ 44,341 |
| Change in Assumptions | 124,383 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 54,646 | - |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 315,245 | 139,159 |
| Employer Contributions Subsequent to the Measurement Date | 427,357 | - |
| Total SCRS | <u>925,874</u> | <u>183,500</u> |
| PORS | | |
| Differences Between Expected and Actual Experience | 194,071 | 69,756 |
| Change in Assumptions | 374,276 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 119,671 | - |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 344,022 | 96,583 |
| Employer Contributions Subsequent to the Measurement Date | 863,091 | - |
| Total PORS | <u>1,895,131</u> | <u>166,339</u> |
| Total SCRS and PORS | <u>\$ 2,821,005</u> | <u>\$ 349,839</u> |

Approximately \$427,000 and \$863,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2021. 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 |
|------------------------|-------------------|----------------|---------------------|
| 2021 | \$ 157,259 | 527,580 | \$ 684,839 |
| 2022 | 26,944 | 191,412 | 218,356 |
| 2023 | 107,131 | 99,388 | 206,519 |
| 2024 | 23,683 | 47,321 | 71,004 |
| Total | <u>\$ 315,017</u> | <u>865,701</u> | <u>\$ 1,180,718</u> |

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Sensitivity Analysis

The following table presents the sensitivity of the City’s proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.25 percent) or 1% point higher (8.25 percent) than the current rate:

| System | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|----------------------------------|------------------------|
| City’s proportionate share of the net pension liability of the SCRS | \$ 7,775,916 | 6,172,387 | \$ 4,834,149 |
| City's proportionate share of the net pension liability of the PORS | 12,791,124 | 9,438,292 | 6,691,476 |
| Total | \$ 20,567,040 | 15,610,679 | \$ 11,525,625 |

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, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The City reported a payable of approximately \$329,000 to the PEBA as of June 30, 2020, representing required employer and employee contributions for the months of May and June 2020 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in July 2020.

Subsequent Event to the Plans’ Measurement Date

In May 2020, due to the global health crisis/pandemic caused by the COVID-19 virus, the South Carolina General Assembly included a provision in its continuing resolution for suspending the statutory employer contribution rate increase of 1% for the 2020-2021 fiscal year. This means that the employer contribution rate for the Plans during the 2020-2021 fiscal year, as expressed as a percentage of earnable compensation, shall remain at the same rate as imposed for the 2019-2020 fiscal year.

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 \$1,862,000. Employees can contribute a minimum of \$10 of gross salary per paycheck, up to a maximum limits as prescribed by the Internal Revenue Service, with additional amounts allowed for participants who 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 \$79,000 for the year ended June 30, 2020. There were no significant changes in plan provisions during the current year.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

D. Postemployment Benefits Other Than Pensions

In 2015, the GASB issued Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”). GASB #75 establishes standards for the measurement, recognition and display of Other Postemployment Benefits (“OPEB”) expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The City adopted GASB #75 in the year ended June 30, 2018 and its implementation had no impact, as the City 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, 2020.

Fire Protection Services

In July 2005, the City entered into an 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 fees based on millage (presently 37.5 mills of which 4.0 mills are held by the County to pay debt service payments). This agreement expired in June 2017 but has been 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 \$4,443,000 in tax revenues related to the FSA during the year ended June 30, 2020.

Agreement with Renewable Water Resources

In June 2006 and effective January 15, 2006, the City executed an agreement with Renewable Water Resources (“ReWa”) 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 had 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

IV. OTHER INFORMATION (CONTINUED)

E. Contingent Liabilities and Commitments (Continued)

Construction Contracts

The City began a Sewer Rehabilitation Project in March 2016 and has recognized approximately \$10,213,000 as of June 30, 2020 (in Construction in Progress). The City's remaining commitment for this project is approximately \$1,542,000 as of June 30, 2020.

Infrastructure Reimbursement Agreement

In November 2017, the City entered into a development agreement with GrayBul Cotton Mill, LP ("Owner") regarding the development and improvements at the historic mill site located within the City. Under the terms of this agreement, the City will reimburse the Owner for qualified public improvements (i.e. public utilities, sidewalks, parking, landscaping, and environmental clean-up, etc.) in an amount not to exceed \$1,500,000. The City's annual reimbursements to the Owner will be paid solely from the City's portion of ad valorem tax revenues which are received by the City from the real property comprising the project (less a minimum portion that will be kept by the City) over a period of approximately 15 years. As of June 30, 2020, the City had not made any reimbursements under this agreement.

In November 2020, the City consented to the assignment and transfer of the development agreement (including infrastructure reimbursements) from the Owner to Orencel Cotton Mill, LLC.

Appalachian Regional Commission Agreement

In July 2019, the City was awarded a \$500,000 grant administered through the Appalachian Regional Commission to provide funding for renovations to the Arts Center, which will enable the City to host ticketed performing arts show and implement a STEAM education program for middle school students. As part of this agreement, the City's commitment toward phase one of the Arts Center renovation project was approximately \$1,947,000. As of June 30, 2020, the City has spent approximately \$91,000 towards this project and has a remaining project commitment of approximately \$1,856,000.

F. COVID-19 Health Pandemic

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. Management is actively monitoring the impact from this health crisis on its financial condition, liquidity, operations, workforce and customers/constituents.

As local and federal governments recommend or mandate restrictions on business and travel in an effort to curb the COVID-19 outbreak by changing consumer behavior, the City expects such restrictions to negatively impact revenues. Such restrictions are currently expected to be temporary; however, there is considerable uncertainty about their duration. Given the daily evolution of the COVID-19 outbreak, the City cannot estimate the duration or gravity of its impact at this time. If the pandemic continues for a long period of time, it may have a material adverse effect on the City's results of operations, net position/fund balance and liquidity in FY 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

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

YEAR ENDED JUNE 30, 2020

| | ORIGINAL BUDGET | REVISED BUDGET | ACTUAL | VARIANCE |
|--|----------------------|-------------------|-------------------|---------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Local | \$ 10,292,000 | 10,292,000 | 10,677,572 | \$ 385,572 |
| MASC Telecommunications and Insurance | 2,330,000 | 2,330,000 | 2,783,846 | 453,846 |
| Franchise | 1,572,300 | 1,572,300 | 1,550,696 | (21,604) |
| Licenses, Permits, and Fees | 2,282,700 | 2,282,700 | 2,193,287 | (89,413) |
| Grants | - | - | 184,697 | 184,697 |
| Fines | 120,000 | 120,000 | 92,577 | (27,423) |
| Shared Revenue: | | | | |
| County | 342,536 | 342,536 | 363,591 | 21,055 |
| State | 635,000 | 635,000 | 674,089 | 39,089 |
| Interest | 52,000 | 52,000 | 80,609 | 28,609 |
| Other | 791,400 | 791,400 | 458,015 | (333,385) |
| TOTAL REVENUES | 18,417,936 | 18,417,936 | 19,058,979 | 641,043 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | | | | |
| Mayor and City Council | 103,715 | 103,715 | 93,846 | 9,869 |
| City Administration | 2,076,423 | 2,053,923 | 1,928,170 | 125,753 |
| Public Safety | | | | |
| Police Department | 4,528,810 | 4,528,810 | 4,425,245 | 103,565 |
| Fire Department | 5,453,181 | 5,448,849 | 5,185,028 | 263,821 |
| Public Works | 2,702,997 | 2,700,997 | 2,679,297 | 21,700 |
| Recreation and Parks | 2,210,130 | 2,232,630 | 1,939,984 | 292,646 |
| Capital Outlay | 1,034,821 | 1,041,153 | 1,235,328 | (194,175) |
| Debt Service: | | | | |
| Principal | 810,480 | 810,480 | 952,721 | (142,241) |
| Interest | 30,404 | 30,404 | 28,877 | 1,527 |
| TOTAL EXPENDITURES | 18,950,961 | 18,950,961 | 18,468,496 | 482,465 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (533,025) | (533,025) | 590,483 | 1,123,508 |
| Transfers In | 533,025 | 533,025 | 306,793 | (226,232) |
| Transfers Out | - | - | (18,038) | (18,038) |
| Issuance of General Obligation Bond | - | - | 772,000 | 772,000 |
| Issuance of Lease Purchase | - | - | 314,003 | 314,003 |
| Insurance Proceeds | - | - | 33,274 | 33,274 |
| Sale of Capital Assets | - | - | 13,357 | 13,357 |
| TOTAL OTHER FINANCING SOURCES (USES) | 533,025 | 533,025 | 1,421,389 | 888,364 |
| NET CHANGE IN FUND BALANCE | - | - | 2,011,872 | 2,011,872 |
| FUND BALANCES, Beginning of Year | 14,305,103 | 14,305,103 | 14,305,103 | - |
| FUND BALANCES, End of Year | \$ 14,305,103 | 14,305,103 | 16,316,975 | \$ 2,011,872 |

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

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

YEAR ENDED JUNE 30, 2020

| | <u>ORIGINAL BUDGET</u> | <u>REVISED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|--|----------------------------|---------------------------|-------------------------|----------------------------|
| REVENUES | | | | |
| Hospitality Tax | \$ 1,950,000 | 1,950,000 | 1,985,809 | \$ 35,809 |
| Accommodations Tax | 400,000 | 400,000 | 276,018 | (123,982) |
| Interest | 16,000 | 16,000 | 25,788 | 9,788 |
| Other Revenue | - | - | 516 | 516 |
| TOTAL REVENUES | <u>2,366,000</u> | <u>2,366,000</u> | <u>2,288,131</u> | <u>(77,869)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 40,000 | 40,000 | 33,255 | (6,745) |
| Capital Outlay | 592,521 | 592,521 | 848,465 | 255,944 |
| Debt Service: | | | | |
| Principal | - | - | 988,000 | 988,000 |
| Interest and Other Fiscal Charges | - | - | 67,930 | 67,930 |
| TOTAL EXPENDITURES | <u>632,521</u> | <u>632,521</u> | <u>1,937,650</u> | <u>1,305,129</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,733,479</u> | <u>1,733,479</u> | <u>350,481</u> | <u>(1,382,998)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (1,597,550) | (1,597,550) | (398,092) | 1,199,458 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,597,550)</u> | <u>(1,597,550)</u> | <u>(398,092)</u> | <u>1,199,458</u> |
| NET CHANGE IN FUND BALANCE | 135,929 | 135,929 | (47,611) | (183,540) |
| FUND BALANCES, Beginning of Year | <u>3,528,081</u> | <u>3,528,081</u> | <u>3,528,081</u> | <u>-</u> |
| FUND BALANCES, End of Year | <u>\$ 3,664,010</u> | <u>3,664,010</u> | <u>3,480,470</u> | <u>\$ (183,540)</u> |

Note: The City's original and revised budgets reflected an expected surplus of approximately \$136,000.

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, 2020

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, Sewer Fund, and Public Works 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 SCHEDULES

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

LAST SEVEN FISCAL YEARS

| | Year Ended June 30, | | | | | | |
|---|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's Proportion of the Net Pension Liability (Asset) | 0.02703% | 0.02506% | 0.02540% | 0.02741% | 0.02757% | 0.02831% | 0.02831% |
| City's Proportionate Share of the Net Pension Liability (Asset) | \$ 6,172,387 | 5,614,255 | 5,716,823 | 5,854,522 | 5,227,835 | 4,873,355 | \$ 5,077,087 |
| City's Covered Payroll | \$ 2,854,442 | 2,596,500 | 2,562,239 | 2,654,218 | 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 Payroll | 216.24% | 216.22% | 223.12% | 220.57% | 202.27% | 189.64% | 229.78% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.40% | 54.10% | 53.34% | 52.91% | 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.
The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES
SCHEDULE OF CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

| | Year Ended June 30, | | | | | | |
|--|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 454,431 | 415,607 | 352,085 | 296,195 | 293,557 | 281,714 | \$ 272,401 |
| Contributions in Relation to the Contractually Required Contributions: | | | | | | | |
| Contributions from the City | 427,357 | 388,533 | 325,011 | 296,195 | 293,557 | 281,714 | 272,401 |
| Contributions from the State | 27,074 | 27,074 | 27,074 | - | - | - | - |
| Contribution Deficiency (Excess) | \$ - | - | - | - | - | - | \$ - |
| City's Covered Payroll | \$ 2,920,508 | 2,854,442 | 2,596,500 | 2,562,239 | 2,654,218 | 2,584,532 | \$ 2,569,820 |
| Contributions as a Percentage of Covered Payroll | 15.56% | 14.56% | 13.56% | 11.56% | 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 SCHEDULES
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

| | Year Ended June 30, | | | | | | |
|--|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's Proportion of the Net Pension Liability (Asset) | 0.32933% | 0.32283% | 0.30851% | 0.32128% | 0.30849% | 0.31038% | 0.31038% |
| City's Proportionate Share of the Net Pension Liability (Asset) | \$ 9,438,292 | 9,147,526 | 8,451,819 | 8,149,237 | 6,723,507 | 5,941,962 | \$ 6,434,051 |
| City's Covered Payroll | \$ 4,776,743 | 4,468,453 | 4,154,634 | 4,095,919 | 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 Payroll | 197.59% | 204.71% | 203.43% | 198.96% | 177.70% | 158.95% | 183.52% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 62.69% | 61.73% | 60.94% | 60.44% | 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. The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS
 POLICE OFFICERS RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

| | Year Ended June 30, | | | | | | |
|---|---------------------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually Required Contribution | \$ 905,203 | 823,511 | 725,677 | 591,620 | 562,779 | 507,396 | \$ 479,981 |
| Contributions in Relation to the Contractually Required Contribution: | | | | | | | |
| Contributions from the City | 863,091 | 781,399 | 683,565 | 591,620 | 562,779 | 507,396 | 479,981 |
| Contributions from the State | 42,112 | 42,112 | 42,112 | - | - | - | - |
| Contribution Deficiency (Excess) | \$ - | - | - | - | - | - | \$ - |
| City's Covered Payroll | \$ 4,962,735 | 4,776,743 | 4,468,453 | 4,154,634 | 4,095,919 | 3,783,716 | \$ 3,738,171 |
| Contributions as a Percentage of Covered Payroll | 18.24% | 17.24% | 16.24% | 14.24% | 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, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|---------------|--------------|
| General Government | | | |
| Mayor and City Council: | | | |
| Current: | | | |
| Salaries | \$ 46,600 | 46,411 | \$ 189 |
| FICA | 3,565 | 3,105 | 460 |
| Retirement | 5,000 | 4,410 | 590 |
| Insurance - Group | 14,300 | 25,247 | (10,947) |
| Insurance - Worker's Compensation | 750 | 854 | (104) |
| Insurance - Liability | 1,800 | 1,848 | (48) |
| Discretionary Funds | 17,850 | 5,563 | 12,287 |
| Dues, Subscriptions, and Memberships | 850 | 470 | 380 |
| Local Meetings and Meals | - | 50 | (50) |
| Office and Printing | 12,400 | 5,525 | 6,875 |
| Telephone, Modem, and Fax | 600 | 363 | 237 |
| Total Mayor and City Council | <u>103,715</u> | <u>93,846</u> | <u>9,869</u> |
| City Administration: General | | | |
| Current: | | | |
| Salaries | 619,500 | 595,726 | 23,774 |
| Overtime | 500 | 111 | 389 |
| Extra Duties - Overtime | 3,200 | 3,450 | (250) |
| FICA | 47,392 | 44,254 | 3,138 |
| Retirement | 96,394 | 92,750 | 3,644 |
| Insurance - Group | 88,000 | 100,982 | (12,982) |
| Insurance - Worker's Compensation | 2,600 | 3,198 | (598) |
| Insurance - Liability | 7,860 | 8,695 | (835) |
| Fuel Usage | 3,000 | 1,872 | 1,128 |
| Tires | 2,000 | - | 2,000 |
| Professional Training | 26,000 | 13,444 | 12,556 |
| Contractual Services - Professional | 50,500 | 80,757 | (30,257) |
| Dues, Subscriptions, and Memberships | 14,975 | 12,617 | 2,358 |
| Supplies | 9,000 | 9,398 | (398) |
| Telephone, Fax, Cell and Pagers | 10,000 | 8,127 | 1,873 |
| IT Communications | 11,800 | 9,962 | 1,838 |
| Computer Software and Support | 90,500 | 72,209 | 18,291 |
| Non-Capital Equipment | 5,400 | 3,560 | 1,840 |
| Utilities | 191,500 | 170,600 | 20,900 |
| Physical Examinations and Drug/Alcohol Testing | 300 | 120 | 180 |
| Local Meetings and Meals | 7,500 | 2,199 | 5,301 |
| Equipment Rent | 19,650 | 18,391 | 1,259 |
| Bank Fees | - | 25,486 | (25,486) |
| Building Inspection Fees | 144,000 | 134,051 | 9,949 |
| Advertising | 1,200 | 2,046 | (846) |
| Community Relations | 220,865 | 132,200 | 88,665 |
| Employee Recognition | 12,000 | 4,905 | 7,095 |
| Memorials and Awards | 1,500 | 1,441 | 59 |
| Miscellaneous | 6,000 | 2,219 | 3,781 |
| Postage | 4,000 | 3,534 | 466 |
| Printing | 12,600 | 13,602 | (1,002) |
| Repairs and Maintenance - Buildings | 8,800 | 13,539 | (4,739) |
| Repairs and Maintenance - Equipment | 4,650 | 2,911 | 1,739 |
| Repairs and Maintenance - Routine | \$ 1,000 | 285 | \$ 715 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|-------------------|------------------|----------------|
| General Government (Continued) | | | |
| City Administration: General (Continued) | | | |
| Current: | | | |
| Repairs and Maintenance - Drive Train | \$ 1,500 | - | \$ 1,500 |
| Repairs and Maintenance - Vehicle Body Work | 1,000 | - | 1,000 |
| County Stormwater Fees | 7,000 | 5,537 | 1,463 |
| Contingency | 51,000 | 89,013 | (38,013) |
| Total City Administration: General | <u>1,784,686</u> | <u>1,683,191</u> | <u>101,495</u> |
| City Administration: Court Division | | | |
| Current: | | | |
| Salaries | 161,950 | 150,622 | 11,328 |
| Overtime | - | 12 | (12) |
| FICA | 12,290 | 11,466 | 824 |
| Retirement | 24,997 | 22,770 | 2,227 |
| Insurance - Group | 25,300 | 24,883 | 417 |
| Insurance - Worker's Compensation | 400 | 396 | 4 |
| Insurance - Liability | 2,100 | 1,884 | 216 |
| Professional Training | 7,000 | 3,387 | 3,613 |
| Dues, Subscriptions, and Memberships | 150 | 35 | 115 |
| Supplies | 2,500 | 1,750 | 750 |
| Telephone, Fax, Cell and Pagers | 1,000 | 1,028 | (28) |
| IT Communications | 4,200 | 4,098 | 102 |
| Computer Software and Support | 3,500 | 2,801 | 699 |
| Printing | 1,000 | 637 | 363 |
| Repairs and Maintenance - Equipment | 500 | - | 500 |
| Postage | 3,500 | 2,401 | 1,099 |
| Jurors, Bailiffs, and Witnesses | 6,250 | 705 | 5,545 |
| Non-Capital Equipment | 1,250 | 5,323 | (4,073) |
| Rental Expense | 11,100 | 7,365 | 3,735 |
| Miscellaneous | 250 | 3,416 | (3,166) |
| Total City Administration: Court Division | <u>269,237</u> | <u>244,979</u> | <u>24,258</u> |
| Total City Administration | <u>2,053,923</u> | <u>1,928,170</u> | <u>125,753</u> |
| Total General Government | <u>2,157,638</u> | <u>2,022,016</u> | <u>135,622</u> |
| Public Safety | | | |
| Police Department: Operations | | | |
| Current: | | | |
| Salaries | 2,030,750 | 2,028,828 | 1,922 |
| Overtime | 47,000 | 41,692 | 5,308 |
| Extra Duties-Overtime | 90,000 | 48,708 | 41,292 |
| FICA | 153,822 | 155,986 | (2,164) |
| Retirement | 366,761 | 380,743 | (13,982) |
| Insurance - Group | 429,000 | 397,304 | 31,696 |
| Insurance - Worker's Compensation | 70,000 | 75,463 | (5,463) |
| Insurance - Liability | 120,000 | 140,541 | (20,541) |
| Fuel Usage | 120,000 | 98,246 | 21,754 |
| Tires | 16,500 | 18,397 | (1,897) |
| Professional Training | 22,550 | 13,964 | 8,586 |
| Dues and Subscriptions | \$ 4,180 | 1,874 | \$ 2,306 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------------|----------------|
| Public Safety (Continued) | | | |
| Police Department: Operations (Continued) | | | |
| Current: | | | |
| Supplies | \$ 19,500 | 14,572 | \$ 4,928 |
| Telephone, Fax, Cell and Pagers | 49,260 | 46,015 | 3,245 |
| Computer Software and Support | 75,733 | 63,645 | 12,088 |
| IT Communications | 7,621 | 11,824 | (4,203) |
| Utilities | 14,000 | 13,550 | 450 |
| Physical Examinations and Drug/Alcohol Testing | 25,000 | 18,810 | 6,190 |
| Local Meetings and Meals | 4,450 | 3,248 | 1,202 |
| Leases-Equipment | 15,348 | 13,877 | 1,471 |
| Advertising | 3,500 | 2,739 | 761 |
| Non-Capital Equipment | 21,600 | 18,292 | 3,308 |
| Community Relations | 10,850 | 8,904 | 1,946 |
| Vehicle License Fees | 100 | 143 | (43) |
| Postage | 3,000 | 664 | 2,336 |
| Uniforms | 38,925 | 36,247 | 2,678 |
| Employee Uniform Allowance | 9,000 | 7,473 | 1,527 |
| Printing | 2,500 | 2,522 | (22) |
| Animal Control | 3,000 | 1,605 | 1,395 |
| Repairs and Maintenance - Buildings | 29,856 | 18,173 | 11,683 |
| Repairs and Maintenance - Equipment | 14,000 | 11,306 | 2,694 |
| Repairs and Maintenance - Radios | 5,000 | 194 | 4,806 |
| Repairs and Maintenance - Drive Train | 15,800 | 370 | 15,430 |
| Repairs and Maintenance - Routine | 36,000 | 38,144 | (2,144) |
| Repairs and Maintenance - Vehicle Body Work | 12,125 | 11,470 | 655 |
| Firearms/Ammunition | 19,300 | 19,218 | 82 |
| Chemicals | 500 | 429 | 71 |
| Informant Fees | 5,000 | 3,518 | 1,482 |
| Housing - Inmate | 60,000 | 33,908 | 26,092 |
| Housing - Juvenile | 9,000 | 10,640 | (1,640) |
| Radio User Fees | 39,500 | 35,654 | 3,846 |
| UDL Enforcement | 1,000 | (800) | 1,800 |
| DUI Enforcement Grant | - | 64,116 | (64,116) |
| Tuition Reimbursements | 2,000 | 1,408 | 592 |
| Police Services | 8,528 | 2,050 | 6,478 |
| Vending | 1,000 | 1,475 | (475) |
| Miscellaneous | 3,000 | 2,418 | 582 |
| Total Police Department: Operations | 4,035,559 | 3,919,567 | 115,992 |
| Police Department: Dispatch | | | |
| Current: | | | |
| Salaries | 308,025 | 307,732 | 293 |
| Overtime | 36,000 | 40,791 | (4,791) |
| Extra Duties-Overtime | 3,000 | - | 3,000 |
| FICA | 23,334 | 26,308 | (2,974) |
| Retirement | 47,462 | 53,740 | (6,278) |
| Insurance - Group | 49,500 | 68,717 | (19,217) |
| Insurance - Workers' Compensation | 700 | 628 | 72 |
| Insurance - Liability | 3,500 | 3,360 | 140 |
| Professional Training | 8,000 | 2,108 | 5,892 |
| Dues, Subscriptions, and Memberships | 1,006 | 284 | 722 |
| Supplies - Other | 700 | 262 | 438 |
| Computer Software and Support | \$ 1,000 | - | \$ 1,000 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------------|-----------------|
| Public Safety (Continued) | | | |
| Police Department: Dispatch (Continued) | | | |
| Current: | | | |
| IT Communications | \$ 4,500 | - | \$ 4,500 |
| Physical Examinations and Drug/Alcohol Testing | 1,000 | 521 | 479 |
| Repairs and Maintenance - Equipment | 1,500 | 27 | 1,473 |
| Repairs and Maintenance - Radios | 1,000 | - | 1,000 |
| Uniforms | 3,024 | 1,200 | 1,824 |
| Total Police Department: Dispatch | <u>493,251</u> | <u>505,678</u> | <u>(12,427)</u> |
| Total Police Department | <u>4,528,810</u> | <u>4,425,245</u> | <u>103,565</u> |
| Fire Department: | | | |
| Current: | | | |
| Salaries | 3,090,150 | 3,067,077 | 23,073 |
| Extra Duties - Overtime | 20,000 | 5,299 | 14,701 |
| FICA | 233,528 | 225,781 | 7,747 |
| Retirement | 556,803 | 554,379 | 2,424 |
| Insurance - Group | 850,300 | 689,587 | 160,713 |
| Insurance - Workers' Compensation | 76,000 | 81,500 | (5,500) |
| Insurance - Liability | 66,000 | 68,160 | (2,160) |
| Insurance - Claims | - | 11,274 | (11,274) |
| Professional Training | 37,668 | 24,185 | 13,483 |
| Dues, Subscriptions, and Memberships | 5,600 | 5,050 | 550 |
| Supplies | 16,500 | 15,106 | 1,394 |
| Supplies - Safety | 77,800 | 46,825 | 30,975 |
| Landscaping | 1,200 | 376 | 824 |
| Telephone, Fax, Cell and Pagers | 11,000 | 10,511 | 489 |
| Computer Software and Support | 24,050 | 19,054 | 4,996 |
| IT Communications | 14,000 | 17,489 | (3,489) |
| Utilities | 50,000 | 45,405 | 4,595 |
| Equipment Rent | 12,000 | 7,424 | 4,576 |
| Fuel Usage | 50,000 | 52,454 | (2,454) |
| Tires Expenditures | 25,000 | 18,112 | 6,888 |
| Physical Examinations and Drug/Alcohol Testing | 24,700 | 10,789 | 13,911 |
| Local Meetings and Meals | 3,000 | 178 | 2,822 |
| Community Relations | 2,500 | 1,760 | 740 |
| Non-Capital Equipment | 30,750 | 31,847 | (1,097) |
| Postage | 400 | 113 | 287 |
| Uniforms | 29,000 | 28,560 | 440 |
| Printing | 500 | 13 | 487 |
| Repairs and Maintenance - Buildings | 30,000 | 52,366 | (22,366) |
| Repairs and Maintenance - Equipment | 40,000 | 41,381 | (1,381) |
| Repairs and Maintenance - Radios | 3,500 | 2,607 | 893 |
| Repairs and Maintenance - Drive Train | 12,000 | 20,969 | (8,969) |
| Repairs and Maintenance - Routine | 18,000 | 19,699 | (1,699) |
| Repairs and Maintenance - Vehicle Body Work | 3,000 | 359 | 2,641 |
| Radio User Fees | 1,000 | 865 | 135 |
| Contingency | 2,000 | 1,738 | 262 |
| Chemicals | 1,650 | 775 | 875 |
| Safety Equipment Grant | 20,000 | 2,968 | 17,032 |
| Professional Fees | \$ 5,000 | 303 | \$ 4,697 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------------|----------------|
| Public Safety (Continued) | | | |
| Fire Department (Continued): | | | |
| Current: | | | |
| Miscellaneous | \$ 4,250 | 2,690 | \$ 1,560 |
| Total Fire Department | <u>5,448,849</u> | <u>5,185,028</u> | <u>263,821</u> |
| Total Public Safety | <u>9,977,659</u> | <u>9,610,273</u> | <u>367,386</u> |
| Public Works | | | |
| Sanitation, Maintenance, and Administration: | | | |
| Current: | | | |
| Salaries | 529,900 | 588,208 | (58,308) |
| Overtime | 30,000 | 3,507 | 26,493 |
| FICA | 40,002 | 43,765 | (3,763) |
| Retirement | 81,363 | 90,409 | (9,046) |
| Insurance - Group | 93,500 | 90,496 | 3,004 |
| Insurance - Workers' Compensation | 30,000 | 27,031 | 2,969 |
| Insurance - Liability | 48,500 | 50,106 | (1,606) |
| Temporary Employees | 32,500 | 30,248 | 2,252 |
| Professional Fees | 7,000 | 4,964 | 2,036 |
| Professional Training | 1,436 | 1,436 | - |
| Equipment Rent | 59,200 | 55,995 | 3,205 |
| Supplies - Cement and Masonry | 13,064 | 5,728 | 7,336 |
| Supplies - Asphalt and Paving | 21,000 | 7,481 | 13,519 |
| Supplies - Electric and Lighting | 6,000 | 4,907 | 1,093 |
| Supplies - Other | 7,500 | 7,341 | 159 |
| Supplies - Safety | 1,211 | 961 | 250 |
| Chemicals | 6,000 | 4,886 | 1,114 |
| Landscaping | 10,000 | 8,102 | 1,898 |
| Printing | 300 | 209 | 91 |
| Utilities | 20,000 | 22,135 | (2,135) |
| Dues, Subscriptions, and Memberships | 4,000 | 2,005 | 1,995 |
| Telephone, Fax, Cell and Pagers | 12,228 | 10,513 | 1,715 |
| Computer Software and Support | 45,000 | 28,260 | 16,740 |
| IT Communications | 5,526 | 5,603 | (77) |
| Physical Examinations and Drug/Alcohol Testing | 1,000 | 1,017 | (17) |
| Employee Recognition | 1,200 | 1,094 | 106 |
| Non-Capital Equipment | 17,950 | 9,431 | 8,519 |
| Postage | 300 | 50 | 250 |
| Uniforms | 11,200 | 11,430 | (230) |
| Repairs and Maintenance - Buildings | 6,000 | 3,602 | 2,398 |
| Repairs and Maintenance - Equipment | 10,400 | 10,486 | (86) |
| Repairs and Maintenance - Facilities | 2,600 | 3,679 | (1,079) |
| Repairs and Maintenance - Street, Buildings, and Parks | 8,000 | 6,725 | 1,275 |
| Repairs and Maintenance - Routine | 10,400 | 9,194 | 1,206 |
| Repairs and Maintenance - Vehicles | 31,000 | 32,833 | (1,833) |
| Fuel Usage | 69,500 | 61,772 | 7,728 |
| Compressed Natural Gas Usage | - | 1,122 | (1,122) |
| Tires Expenditures | 25,000 | 11,077 | 13,923 |
| Contractual Sanitation Services | 1,000,000 | 1,040,254 | (40,254) |
| Safety Grant Expenditures | 2,000 | 2,013 | (13) |
| Stormwater R.O.W. | 1,000 | 846 | 154 |
| Tipping Fees | \$ 153,160 | 160,548 | \$ (7,388) |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|---------------------------|------------------|-----------------|
| Public Works (Continued) | | | |
| Sanitation, Maintenance, and Administration (Continued): | | | |
| Current: | | | |
| Miscellaneous | \$ 1,000 | (1,346) | \$ 2,346 |
| Total Sanitation, Maintenance, and Administration | <u>2,456,940</u> | <u>2,460,123</u> | <u>(3,183)</u> |
| Fleet Division: | | | |
| Current: | | | |
| Salaries | 120,150 | 116,720 | 3,430 |
| Overtime | 3,000 | 270 | 2,730 |
| FICA | 9,077 | 8,928 | 149 |
| Retirement | 18,462 | 18,005 | 457 |
| Insurance - Group | 19,250 | 19,447 | (197) |
| Insurance - Workers' Compensation | 2,500 | 2,725 | (225) |
| Insurance - Liability | 2,000 | 2,016 | (16) |
| Professional Training | 1,000 | 669 | 331 |
| Utilities | 12,000 | 13,887 | (1,887) |
| Supplies - Other | 4,760 | 5,176 | (416) |
| Supplies - Safety | 989 | 380 | 609 |
| Supplies - Garage Stock | 1,300 | 743 | 557 |
| Telephone, Fax, Cell and Pagers | 1,300 | 1,474 | (174) |
| Computer Software and Support | 5,250 | 1,959 | 3,291 |
| Repairs and Maintenance - Buildings | 6,450 | 1,933 | 4,517 |
| Repairs and Maintenance - Equipment | 2,000 | 251 | 1,749 |
| Repairs and Maintenance - Facilities | 2,800 | 2,377 | 423 |
| Uniforms | 2,969 | 1,832 | 1,137 |
| Equipment Rent | 1,500 | 713 | 787 |
| Postage | 300 | - | 300 |
| Chemicals | 2,000 | 1,745 | 255 |
| Oils and Lubricants | 16,000 | 10,170 | 5,830 |
| Non-Capital Equipment | 9,000 | 7,754 | 1,246 |
| Total Fleet Division | <u>244,057</u> | <u>219,174</u> | <u>24,883</u> |
| Total Public Works | <u>2,700,997</u> | <u>2,679,297</u> | <u>21,700</u> |
| Recreation and Parks | | | |
| Recreation: | | | |
| Current: | | | |
| Salaries | 578,700 | 541,086 | 37,614 |
| Overtime | 16,000 | 9,859 | 6,141 |
| Extra Duties - Overtime | 500 | - | 500 |
| FICA | 43,536 | 40,093 | 3,443 |
| Retirement | 88,552 | 81,400 | 7,152 |
| Insurance - Group | 132,000 | 133,704 | (1,704) |
| Insurance - Liability | 31,500 | 32,670 | (1,170) |
| Insurance - Worker's Comp. | 20,000 | 11,385 | 8,615 |
| Insurance - General | 5,434 | 3,069 | 2,365 |
| Professional Training | 5,000 | 3,791 | 1,209 |
| Contractual Services - Recreation | 55,000 | 41,926 | 13,074 |
| Dues, Subscriptions, and Memberships | 1,000 | 975 | 25 |
| Supplies - Cement and Masonry | 1,000 | - | 1,000 |
| Supplies - Electric and Lighting | 2,100 | 2,117 | (17) |
| Supplies - Office | \$ 2,500 | 2,437 | \$ 63 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------------|----------------|
| Recreation and Parks (Continued) | | | |
| Recreation (Continued): | | | |
| Current: | | | |
| Supplies - Other | \$ 8,000 | 7,232 | \$ 768 |
| Supplies - Safety | 1,000 | 1,097 | (97) |
| Landscaping | 10,000 | 11,058 | (1,058) |
| Telephone, Fax, Cell and Pagers | 13,600 | 11,939 | 1,661 |
| Computer Software and Support | 5,900 | 4,108 | 1,792 |
| IT Communications | 3,600 | 2,307 | 1,293 |
| Utilities | 87,000 | 64,134 | 22,866 |
| Physical Examinations and Drug/Alcohol Testing | 500 | 332 | 168 |
| Advertising | 1,000 | - | 1,000 |
| Postage | 588 | 363 | 225 |
| Uniforms | 6,000 | 5,527 | 473 |
| Non-Capital Equipment | 6,500 | 3,530 | 2,970 |
| Employee Uniform Allowance | 1,000 | 940 | 60 |
| Printing | 1,000 | 361 | 639 |
| Repairs and Maintenance - Buildings | 32,595 | 30,338 | 2,257 |
| Repairs and Maintenance - Equipment | 4,819 | 2,759 | 2,060 |
| Repairs and Maintenance - Facilities | 18,968 | 7,064 | 11,904 |
| Repairs and Maintenance - Drive Train | 5,000 | 1,878 | 3,122 |
| Repairs and Maintenance - Routine | 1,500 | 312 | 1,188 |
| Repairs and Maintenance - Vehicle Body Work | 1,000 | 526 | 474 |
| Fuel Usage | 31,264 | 18,605 | 12,659 |
| Tires Expenditures | 1,800 | 112 | 1,688 |
| Contingency | 1,000 | 536 | 464 |
| Grant Fund Expenditures | 41,000 | 9,111 | 31,889 |
| PARD Grant Expenditures | 27,859 | 43,035 | (15,176) |
| Chemicals | 5,000 | 4,791 | 209 |
| Equipment Rent | 5,000 | 2,925 | 2,075 |
| Miscellaneous | 1,500 | 2,077 | (577) |
| Total Recreation Department | <u>1,306,815</u> | <u>1,141,509</u> | <u>165,306</u> |
| Heritage Park: | | | |
| Current: | | | |
| Salaries | 195,800 | 168,192 | 27,608 |
| Overtime | 3,000 | 3,231 | (231) |
| FICA | 14,780 | 12,239 | 2,541 |
| Retirement | 30,062 | 25,549 | 4,513 |
| Insurance - Group | 44,000 | 53,559 | (9,559) |
| Insurance - Liability | 12,000 | 12,696 | (696) |
| Insurance - Worker's Comp. | 6,000 | 1,871 | 4,129 |
| Professional Training | 3,500 | 642 | 2,858 |
| Dues, Subscriptions, and Memberships | 974 | 601 | 373 |
| Supplies - Cement and Masonry | 1,500 | 103 | 1,397 |
| Supplies - Electric and Lighting | 3,500 | 3,337 | 163 |
| Supplies - Office | 2,500 | 1,616 | 884 |
| Supplies - Other | 7,800 | 5,365 | 2,435 |
| Supplies - Safety | 1,000 | 636 | 364 |
| Supplies - Recreation | 22,000 | 12,267 | 9,733 |
| Landscaping | 20,000 | 15,774 | 4,226 |
| Telephone, Fax, Cell and Pagers | 10,000 | 10,647 | (647) |
| Computer Software and Support | \$ 4,800 | 3,910 | \$ 890 |

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-----------------------------|--------------------------|--------------------------|
| Recreation and Parks (Continued) | | | |
| Heritage Park (Continued): | | | |
| Current: | | | |
| IT Communications | \$ 2,385 | 2,482 | \$ (97) |
| Utilities | 158,111 | 147,468 | 10,643 |
| Physical Examinations and Drug/Alcohol Testing | 500 | - | 500 |
| Advertising | 1,500 | 297 | 1,203 |
| Postage | 588 | 330 | 258 |
| Non-Capital Equipment | 4,900 | 4,235 | 665 |
| Employee Uniform Allowance | 1,000 | 967 | 33 |
| Printing | 1,000 | 1,166 | (166) |
| Repairs and Maintenance - Buildings | 9,351 | 4,565 | 4,786 |
| Repairs and Maintenance - Equipment | 9,000 | 7,452 | 1,548 |
| Repairs and Maintenance - Facilities | 12,000 | 8,715 | 3,285 |
| Repairs and Maintenance - Drive Train | 5,100 | 3,362 | 1,738 |
| Repairs and Maintenance - Routine | 1,200 | 18 | 1,182 |
| Repairs and Maintenance - Vehicle Body Work | 1,000 | 946 | 54 |
| Fuel Usage | 7,864 | 1,343 | 6,521 |
| Tires | 1,800 | 103 | 1,697 |
| Train Repairs and Maintenance - Drive Train | 7,200 | 2,341 | 4,859 |
| Train Repairs and Maintenance - Routine | 650 | 304 | 346 |
| Train Wheels | 8,400 | 793 | 7,607 |
| Contingency | 1,000 | 250 | 750 |
| Equipment Rent | 6,500 | 2,640 | 3,860 |
| Recreation Services | 175,000 | 200,835 | (25,835) |
| Chemicals | 15,000 | 14,731 | 269 |
| Cost of Concession Goods Sold | 1,500 | 767 | 733 |
| Total Heritage Park | <u>815,765</u> | <u>738,345</u> | <u>77,420</u> |
| Amphitheatre: | | | |
| Current: | | | |
| Personnel and Events | 40,000 | 31,261 | 8,739 |
| Insurance - Liability | 5,000 | 5,370 | (370) |
| Telephone, Modem, and Fax | 5,500 | 3,857 | 1,643 |
| IT Communications | 7,000 | 6,426 | 574 |
| Repairs and Maintenance | 20,000 | 7,488 | 12,512 |
| Landscaping | 750 | - | 750 |
| Supplies | 5,000 | - | 5,000 |
| Equipment Rental | 500 | - | 500 |
| Professional Fees | 22,500 | 4,500 | 18,000 |
| Electric and Lighting Supplies | 2,000 | 508 | 1,492 |
| Miscellaneous | 1,800 | 720 | 1,080 |
| Total Amphitheatre | <u>110,050</u> | <u>60,130</u> | <u>49,920</u> |
| Total Recreation and Parks | <u>2,232,630</u> | <u>1,939,984</u> | <u>292,646</u> |
| Total Current Expenditures | <u>17,068,924</u> | <u>16,251,570</u> | <u>817,354</u> |
| Capital Outlay | <u>1,041,153</u> | <u>1,235,328</u> | <u>(194,175)</u> |
| Debt Service: | | | |
| Principal | 810,480 | 952,721 | (142,241) |
| Interest | 30,404 | 28,877 | 1,527 |
| Total Debt Service | <u>840,884</u> | <u>981,598</u> | <u>(140,714)</u> |
| TOTAL GENERAL FUND EXPENDITURES | <u>\$ 18,950,961</u> | <u>18,468,496</u> | <u>\$ 482,465</u> |

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2020

| | Non Major Special Revenue Funds | Non Major Capital Projects Funds | Total Non Major Governmental Funds |
|--|--|---|---|
| Assets | | | |
| Cash and Cash Equivalents, Restricted | \$ 251,513 | 203,964 | \$ 455,477 |
| Interfund Receivables | 306 | 1,826 | 2,132 |
| Total Assets | \$ 251,819 | 205,790 | \$ 457,609 |
| Liabilities and Fund Balances | | | |
| Interfund Payables | \$ 109,708 | - | \$ 109,708 |
| Developers' Escrow Liability | - | 201,703 | 201,703 |
| Total Liabilities | 109,708 | 201,703 | 311,411 |
| Fund Balances: | | | |
| Restricted: | | | |
| Public Safety | 95,079 | - | 95,079 |
| Cultural Arts | 3,826 | - | 3,826 |
| Other | 43,206 | 4,087 | 47,293 |
| Total Fund Balances | 142,111 | 4,087 | 146,198 |
| Total Liabilities and Fund Balances | \$ 251,819 | 205,790 | \$ 457,609 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2020

| | Veteran's Monument Fund | Animals of Simpsonville Fund | Economic Development Fund | Fire Prevention Fund |
|--|--|---|--|-------------------------------------|
| Assets | | | | |
| Cash and Cash Equivalents, Restricted | \$ 4,156 | 6,648 | 1,223 | 149 |
| Interfund Receivables | - | - | - | 10 |
| Total Assets | \$ 4,156 | 6,648 | 1,223 | 159 |
| Liabilities and Fund Balances | | | | |
| Interfund Payables | \$ 330 | 1,488 | 85 | - |
| Total Liabilities | 330 | 1,488 | 85 | - |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Public Safety | - | - | - | 159 |
| Cultural Arts | 3,826 | - | - | - |
| Other | - | 5,160 | 1,138 | - |
| Total Fund Balances | 3,826 | 5,160 | 1,138 | 159 |
| Total Liabilities and Fund Balances | \$ 4,156 | 6,648 | 1,223 | 159 |

| 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 |
|-------------------------------|---|--------------------------------------|---------------------------------|--------------------------|-----------------------|------------------------------------|
| - | 129,776 | - | 74,598 | 10,020 | 24,943 | \$ 251,513 |
| 296 | - | - | - | - | - | 306 |
| 296 | 129,776 | - | 74,598 | 10,020 | 24,943 | \$ 251,819 |
| - | 93,164 | - | 9,774 | - | 4,867 | \$ 109,708 |
| - | 93,164 | - | 9,774 | - | 4,867 | 109,708 |
| - | - | - | 64,824 | 10,020 | 20,076 | 95,079 |
| - | - | - | - | - | - | 3,826 |
| 296 | 36,612 | - | - | - | - | 43,206 |
| 296 | 36,612 | - | 64,824 | 10,020 | 20,076 | 142,111 |
| 296 | 129,776 | - | 74,598 | 10,020 | 24,943 | \$ 251,819 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2020

| | Bryson Meadows Project | Stewart Park Project |
|--|---------------------------------------|-------------------------------------|
| Assets | | |
| Cash and Cash Equivalents, Restricted | \$ 19,614 | 31,789 |
| Interfund Receivables | - | - |
| Total Assets | \$ 19,614 | 31,789 |
| Liabilities and Fund Balances | | |
| Developers' Escrow Liability | \$ 19,231 | 31,144 |
| Total Liabilities | 19,231 | 31,144 |
| Fund Balances: | | |
| Restricted | 383 | 645 |
| Total Fund Balances | 383 | 645 |
| Total Liabilities and Fund Balances | \$ 19,614 | 31,789 |

| Knightsbridge Project | Fowler Chase Project | Heritage Pointe Project | Fox Trace Project | Total Capital Projects Funds |
|----------------------------------|-------------------------------------|--|----------------------------------|---|
| 113,747 | - | 1,425 | 37,389 | \$ 203,964 |
| - | 1,826 | - | - | 1,826 |
| 113,747 | 1,826 | 1,425 | 37,389 | \$ 205,790 |
| 111,170 | 1,810 | 1,398 | 36,950 | \$ 201,703 |
| 111,170 | 1,810 | 1,398 | 36,950 | 201,703 |
| 2,577 | 16 | 27 | 439 | 4,087 |
| 2,577 | 16 | 27 | 439 | 4,087 |
| 113,747 | 1,826 | 1,425 | 37,389 | \$ 205,790 |

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | Non Major Special Revenue Funds | Non Major Capital Projects Funds | Total Non Major Governmental Funds |
|--|--|---|---|
| REVENUES | | | |
| Fines | \$ 13,518 | - | \$ 13,518 |
| Other Income | 10,728 | - | 10,728 |
| Interest | 1,866 | 1,517 | 3,383 |
| TOTAL REVENUES | 26,112 | 1,517 | 27,629 |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 23,416 | - | 23,416 |
| Public Safety | 7,191 | - | 7,191 |
| Capital Outlay | 176,051 | - | 176,051 |
| TOTAL EXPENDITURES | 206,658 | - | 206,658 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (180,546) | 1,517 | (179,029) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 147,134 | - | 147,134 |
| Transfers Out | (37,797) | - | (37,797) |
| TOTAL OTHER FINANCING SOURCES (USES) | 109,337 | - | 109,337 |
| NET CHANGES IN FUND BALANCES | (71,209) | 1,517 | (69,692) |
| FUND BALANCES, Beginning of Year | 213,320 | 2,570 | 215,890 |
| FUND BALANCES, End of Year | \$ 142,111 | 4,087 | \$ 146,198 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | Veteran's Monument Fund | Animals of Simpsonville Fund | Economic Development Fund | Fire Prevention Fund |
|--|-------------------------------|------------------------------------|---------------------------------|----------------------------|
| REVENUES | | | | |
| Fines | \$ - | - | - | - |
| Other Income | - | - | - | - |
| Interest | 31 | 68 | 9 | 11 |
| TOTAL REVENUES | 31 | 68 | 9 | 11 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Public Safety | - | - | - | 10 |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | 10 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 31 | 68 | 9 | 1 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | - | - |
| Transfers Out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - |
| NET CHANGES IN FUND BALANCES | 31 | 68 | 9 | 1 |
| FUND BALANCES, Beginning of Year | 3,795 | 5,092 | 1,129 | 158 |
| FUND BALANCES, End of Year | \$ 3,826 | 5,160 | 1,138 | 159 |

| 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 |
|-------------------------------|---|--------------------------------------|---------------------------------|--------------------------|-----------------------|------------------------------------|
| - | - | - | 13,518 | - | - | \$ 13,518 |
| - | 4,300 | - | - | 6,428 | - | 10,728 |
| - | 812 | - | 558 | 166 | 211 | 1,866 |
| - | 5,112 | - | 14,076 | 6,594 | 211 | 26,112 |
| - | - | - | 23,416 | - | - | 23,416 |
| - | - | - | - | - | 7,181 | 7,191 |
| - | 159,651 | - | - | - | 16,400 | 176,051 |
| - | 159,651 | - | 23,416 | - | 23,581 | 206,658 |
| - | (154,539) | - | (9,340) | 6,594 | (23,370) | (180,546) |
| - | 101,803 | - | - | - | 45,331 | 147,134 |
| - | - | - | - | (37,797) | - | (37,797) |
| - | 101,803 | - | - | (37,797) | 45,331 | 109,337 |
| - | (52,736) | - | (9,340) | (31,203) | 21,961 | (71,209) |
| 296 | 89,348 | - | 74,164 | 41,223 | (1,885) | 213,320 |
| 296 | 36,612 | - | 64,824 | 10,020 | 20,076 | \$ 142,111 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | Bryson Meadows Project | Stewart Park Project | Knightsbridge Project | Fowler Chase Project | Heritage Pointe Project | Fox Trace Project | Total Capital Projects Funds |
|--|---------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|--|----------------------------------|---|
| REVENUES | | | | | | | |
| Interest | \$ 146 | 236 | 846 | - | 11 | 278 | \$ 1,517 |
| TOTAL REVENUES | 146 | 236 | 846 | - | 11 | 278 | 1,517 |
| EXPENDITURES | | | | | | | |
| TOTAL EXPENDITURES | - | - | - | - | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 146 | 236 | 846 | - | 11 | 278 | 1,517 |
| NET CHANGES IN FUND BALANCES | 146 | 236 | 846 | - | 11 | 278 | 1,517 |
| FUND BALANCES, Beginning of Year | 237 | 409 | 1,731 | 16 | 16 | 161 | 2,570 |
| FUND BALANCES, End of Year | \$ 383 | 645 | 2,577 | 16 | 27 | 439 | \$ 4,087 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2020

| | <u>ORIGINAL BUDGET</u> | <u>REVISED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
|-----------------------------------|----------------------------|---------------------------|----------------------|--------------------------|
| REVENUES | | | | |
| Fines | \$ 18,650 | 18,650 | 13,518 | \$ (5,132) |
| Interest | 350 | 350 | 558 | 208 |
| TOTAL REVENUES | <u>19,000</u> | <u>19,000</u> | <u>14,076</u> | <u>(4,924)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 18,749 | 18,749 | 23,416 | 4,667 |
| TOTAL EXPENDITURES | <u>18,749</u> | <u>18,749</u> | <u>23,416</u> | <u>4,667</u> |
| NET CHANGE IN FUND BALANCE | 251 | 251 | (9,340) | (9,591) |
| FUND BALANCES, Beginning of Year | 74,164 | 74,164 | 74,164 | - |
| FUND BALANCES, End of Year | <u><u>\$ 74,415</u></u> | <u><u>74,415</u></u> | <u><u>64,824</u></u> | <u><u>\$ (9,591)</u></u> |

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

UNIFORM SCHEDULE OF FINES, ASSESSMENTS, AND SURCHARGES (PER ACT 96)

YEAR ENDED JUNE 30, 2020

FOR THE STATE TREASURER'S OFFICE:

| COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT | General Sessions | Magistrate Court | Municipal Court | Total |
|--|---------------------|---------------------|--------------------|------------------|
| Court Fines and Assessments: | | | | |
| Court fines and assessments collected | | | \$ 228,959 | \$ 228,959 |
| Court fines and assessments remitted to State Treasurer | | | (122,863) | (122,863) |
| Total Court Fines and Assessments retained | | | 106,096 | 106,096 |
| Surcharges and Assessments retained for victim services: | | | | |
| Surcharges collected and retained | | | 2,852 | 2,852 |
| Assessments retained | | | 10,666 | 10,666 |
| Total Surcharges and Assessments retained for victim services | | | \$ 13,518 | \$ 13,518 |

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

| VICTIM SERVICE FUNDS COLLECTED | Municipal | County | Total |
|---|------------------|---------------|------------------|
| Carryforward from Previous Year – Beginning Balance | \$ 74,164 | | \$ 74,164 |
| Victim Service Revenue: | | | |
| Victim Service Fines Retained by City/County Treasurer | | | |
| Victim Service Assessments Retained by City/County Treasurer | 10,666 | | 10,666 |
| Victim Service Surcharges Retained by City/County Treasurer | 2,852 | | 2,852 |
| Interest Earned | 558 | | 558 |
| Grant Funds Received | | | |
| Grant from: | | | |
| General Funds Transferred to Victim Service Fund | | | |
| Contribution Received from Victim Service Contracts: | | | |
| (1) Town of | | | |
| (2) Town of | | | |
| (3) City of | | | |
| Total Funds Allocated to Victim Service Fund + Beginning Balance (A) | \$ 88,240 | | \$ 88,240 |
| Expenditures for Victim Service Program: | Municipal | County | Total |
| Salaries and Benefits | \$ 20,796 | | \$ 20,796 |
| Operating Expenditures | 2,620 | | 2,620 |
| Victim Service Contract(s): | | | |
| (1) Entity's Name | | | |
| (2) Entity's Name | | | |
| Victim Service Donation(s): | | | |
| (1) Domestic Violence Shelter: | | | |
| (2) Rape Crisis Center: | | | |
| (3) Other local direct crime victims service agency: | | | |
| Transferred to General Fund | | | |
| Total Expenditures from Victim Service Fund/Program (B) | \$ 23,416 | | \$ 23,416 |
| Total Victim Service Funds Retained by Municipal/County Treasurer (A-B) | | | |
| Less: Prior Year Fund Deficit Repayment | | | |
| Carryforward Funds – End of Year | \$ 64,824 | | \$ 64,824 |

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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> | 99 |
| Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i> | 106 |
| 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> | 110 |
| 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> | 115 |
| 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> | 117 |

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 | | | | | | | | | |
|---|---------------|------------|------------|------------|-------------|-------------|-------------|------------|------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 * | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 21,549,558 | 22,532,462 | 23,082,643 | 23,246,060 | 25,386,868 | 27,193,768 | 29,760,910 | 30,553,710 | 33,093,999 | \$ 36,091,957 |
| Restricted | 1,185,563 | 1,571,088 | 1,820,355 | 2,226,638 | 2,475,710 | 2,013,994 | 2,921,779 | 3,339,797 | 3,957,154 | 3,860,620 |
| Unrestricted | 2,403,009 | 3,311,927 | 4,064,330 | 4,615,324 | (4,813,221) | (2,979,408) | (1,727,728) | (392,319) | 1,974,856 | 3,027,552 |
| Total Governmental Activities Net Position | \$ 25,138,130 | 27,415,477 | 28,967,328 | 30,088,022 | 23,049,357 | 26,228,354 | 30,954,961 | 33,501,188 | 39,026,009 | \$ 42,980,129 |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 5,388,111 | 5,229,196 | 5,085,536 | 6,621,108 | 8,591,110 | 10,825,894 | 11,278,595 | 11,784,103 | 11,426,949 | \$ 11,860,613 |
| Restricted | - | - | - | - | - | - | - | 186,384 | 186,786 | 186,272 |
| Unrestricted | 504,838 | 635,732 | 1,507,127 | 1,510,437 | 422,006 | 777,098 | 524,907 | 203,778 | 1,112,639 | 3,220,029 |
| Total Business-Type Activities Net Position | \$ 5,892,949 | 5,864,928 | 6,592,663 | 8,131,545 | 9,013,116 | 11,602,992 | 11,803,502 | 12,174,265 | 12,726,374 | \$ 15,266,914 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 26,937,669 | 27,761,658 | 28,168,179 | 29,867,168 | 33,977,978 | 38,019,662 | 41,039,505 | 42,337,813 | 44,520,948 | \$ 47,952,570 |
| Restricted | 1,185,563 | 1,571,088 | 1,820,355 | 2,226,638 | 2,475,710 | 2,013,994 | 2,921,779 | 3,526,181 | 4,143,940 | 4,046,892 |
| Unrestricted | 2,907,847 | 3,947,659 | 5,571,457 | 6,125,761 | (4,391,215) | (2,202,310) | (1,202,821) | (188,541) | 3,087,495 | 6,247,581 |
| Total Primary Government Net Position | \$ 31,031,079 | 33,280,405 | 35,559,991 | 38,219,567 | 32,062,473 | 37,831,346 | 42,758,463 | 45,675,453 | 51,752,383 | \$ 58,247,043 |

* 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 | | | | | | | | | |
|---|----------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 * | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 1,643,424 | 1,717,403 | 1,626,988 | 1,710,715 | 1,701,247 | 1,886,308 | 2,008,607 | 1,869,082 | 2,031,474 | \$ 2,292,004 |
| Public Safety | 6,334,292 | 6,336,564 | 6,758,832 | 7,262,072 | 7,665,770 | 8,362,290 | 9,506,408 | 9,857,761 | 10,404,863 | 11,402,360 |
| Public Works | 1,928,297 | 2,126,388 | 2,118,571 | 2,326,880 | 2,322,940 | 2,389,424 | 2,814,137 | 3,043,757 | 3,337,616 | 3,360,969 |
| Recreation and Parks | 2,260,768 | 2,413,145 | 2,464,220 | 2,538,249 | 2,422,580 | 2,411,881 | 2,655,560 | 2,667,757 | 2,573,468 | 2,561,335 |
| Interest and Fiscal Charges | 625,421 | 328,780 | 489,566 | 328,151 | 334,404 | 431,374 | 198,482 | 184,162 | 133,907 | 129,724 |
| Total Governmental Activities Expenses | 12,792,202 | 12,922,280 | 13,458,177 | 14,166,067 | 14,446,941 | 15,481,277 | 17,183,194 | 17,622,519 | 18,481,328 | 19,746,392 |
| Business-Type Activities: | | | | | | | | | | |
| Sewer | 714,284 | 753,428 | 743,710 | 728,934 | 780,293 | 820,130 | 1,531,164 | 1,668,451 | 1,583,036 | 1,510,394 |
| Public Works | | | | | | | | | | 692,284 |
| Total Business-Type Activities Expenses | 714,284 | 753,428 | 743,710 | 728,934 | 780,293 | 820,130 | 1,531,164 | 1,668,451 | 1,583,036 | 2,202,678 |
| Total Primary Government Expenses | \$ 13,506,486 | 13,675,708 | 14,201,887 | 14,895,001 | 15,227,234 | 16,301,407 | 18,714,358 | 19,290,970 | 20,064,364 | \$ 21,949,070 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 3,176,911 | 3,236,825 | 3,077,677 | 3,366,295 | 669,777 | 831,858 | 743,636 | 803,535 | 1,106,806 | \$ 706,533 |
| Public Safety | 175,394 | 129,275 | 137,374 | 166,831 | 417,364 | 370,742 | 385,648 | 475,329 | 416,065 | 309,462 |
| Public Works | 154,776 | 165,504 | 167,832 | 168,072 | 203,702 | 206,634 | 174,378 | 264,384 | 278,345 | 5,989 |
| Recreation and Parks | 156,310 | 196,541 | 195,874 | 172,646 | 479,762 | 429,671 | 359,375 | 383,359 | 472,337 | 356,134 |
| Operating Grants and Contributions | 257,091 | 279,253 | 57,543 | 45,091 | 49,191 | 138,979 | 187,586 | 130,201 | 69,519 | 189,794 |
| Capital Grants and Contributions | 1,218,353 | 678,249 | 100,232 | 100,211 | 338,588 | 1,143,307 | 3,104,844 | 208,145 | 2,611,512 | 2,611,936 |
| Total Governmental Activities Program Revenues | 5,138,835 | 4,685,647 | 3,736,532 | 4,019,146 | 2,158,384 | 3,121,191 | 4,955,467 | 2,264,953 | 4,954,584 | 4,179,848 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services | 669,778 | 722,359 | 1,466,376 | 1,550,581 | 1,604,692 | 1,657,735 | 1,706,102 | 1,947,686 | 2,011,390 | 3,300,739 |
| Operating Grants and Contributions | - | - | 367 | - | - | - | - | - | - | - |
| Capital Grants and Contributions | 6,525 | 727 | - | 713,475 | 507,850 | 1,700,210 | - | - | - | 1,379,531 |
| Total Business-Type Activities Program Revenues | 676,303 | 723,086 | 1,466,743 | 2,264,056 | 2,112,542 | 3,357,945 | 1,706,102 | 1,947,686 | 2,011,390 | 4,680,270 |
| Total Primary Government Program Revenues | \$ 5,815,138 | 5,408,733 | 5,203,275 | 6,283,202 | 4,270,926 | 6,479,136 | 6,661,569 | 4,212,639 | 6,965,974 | \$ 8,860,118 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (7,653,367) | (8,236,633) | (9,721,645) | (10,146,921) | (12,288,557) | (12,360,086) | (12,227,727) | (15,357,566) | (13,526,744) | \$ (15,566,544) |
| Business-Type Activities | (37,981) | (30,342) | 723,033 | 1,535,122 | 1,332,249 | 2,537,815 | 174,938 | 279,235 | 428,354 | 2,477,592 |
| Total Primary Government Net (Expense)/Revenue | \$ (7,691,348) | (8,266,975) | (8,998,612) | (8,611,799) | (10,956,308) | (9,822,271) | (12,052,789) | (15,078,331) | (13,098,390) | \$ (13,088,952) |

(Continued)

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 * | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes by Source: | | | | | | | | | | |
| Property Tax | \$ 6,848,897 | 6,858,254 | 7,192,989 | 7,355,684 | 7,441,317 | 8,583,366 | 8,975,602 | 9,517,849 | 9,943,275 | \$ 10,705,976 |
| Hospitality and Accommodations Tax | 1,379,556 | 1,563,786 | 1,656,907 | 1,796,187 | 2,001,682 | 2,082,167 | 2,264,750 | 2,475,732 | 2,576,876 | 2,434,320 |
| MASC Telecommunications and Insurance Tax | 1,544,744 | 1,462,765 | 1,831,362 | 1,771,273 | 1,833,985 | 1,994,342 | 2,101,552 | 2,313,859 | 2,649,703 | 2,783,846 |
| Business Licenses | - | - | - | - | 1,204,963 | 1,255,961 | 1,322,763 | 1,358,682 | 1,515,570 | 1,360,614 |
| Franchise Fees | - | - | - | - | 1,445,108 | 1,414,408 | 1,419,668 | 1,499,218 | 1,558,842 | 1,550,696 |
| Unrestricted Intergovernmental Revenue | 342,522 | 333,489 | 393,485 | 395,752 | 399,222 | 410,435 | 414,058 | 496,024 | 486,192 | 506,595 |
| Unrestricted Investment Earnings | 14,758 | 13,740 | 12,940 | 8,518 | 17,845 | 25,917 | 32,136 | 64,165 | 108,856 | 109,774 |
| Gains on Disposal/Sale of Capital Assets | 26,675 | 158,462 | 48,068 | 68,479 | 38,218 | 98,674 | 119,508 | 83,848 | 23,399 | 11,559 |
| Miscellaneous Revenues | 107,963 | 123,484 | 137,745 | 29,927 | 38,909 | 14,819 | 304,297 | 94,416 | 188,852 | 57,284 |
| Total Governmental Activities | 10,265,115 | 10,513,980 | 11,273,496 | 11,425,820 | 14,421,249 | 15,880,089 | 16,954,334 | 17,903,793 | 19,051,565 | 19,520,664 |
| Business-Type activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | 2,513 | 2,321 | 4,702 | 3,760 | 3,443 | 4,730 | 18,317 | 91,528 | 123,755 | 62,948 |
| Gain on Disposal/Sale of Capital Assets | - | - | - | - | - | 47,331 | - | - | - | - |
| Miscellaneous Revenues | - | - | - | - | - | - | 7,255 | - | - | - |
| Total Business-Type Activities | 2,513 | 2,321 | 4,702 | 3,760 | 3,443 | 52,061 | 25,572 | 91,528 | 123,755 | 62,948 |
| Total Primary Government | \$ 10,267,628 | 10,516,301 | 11,278,198 | 11,429,580 | 14,424,692 | 15,932,150 | 16,979,906 | 17,995,321 | 19,175,320 | \$ 19,583,612 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 2,611,748 | 2,277,347 | 1,551,851 | 1,278,899 | 2,132,692 | 3,520,003 | 4,726,607 | 2,546,227 | 5,524,821 | \$ 3,954,120 |
| Business-Type Activities | (35,468) | (28,021) | 727,735 | 1,538,882 | 1,335,692 | 2,589,876 | 200,510 | 370,763 | 552,109 | 2,540,540 |
| Total Primary Government | \$ 2,576,280 | 2,249,326 | 2,279,586 | 2,817,781 | 3,468,384 | 6,109,879 | 4,927,117 | 2,916,990 | 6,076,930 | \$ 6,494,660 |

* 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

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|------------------------------------|--------------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 178,366 | 192,461 | 66,303 | 222,184 | 383,086 | 1,074,678 | 43,482 | 271,773 | 190,231 | \$ 899,352 |
| Restricted | 66,359 | 62,455 | 124,815 | 57,629 | 398,485 | 484,453 | 195,304 | 233,529 | 249,562 | 272,503 |
| Assigned | - | 3,992 | - | - | 180,000 | - | - | - | - | - |
| Unassigned | 2,545,374 | 2,966,605 | 3,813,873 | 4,421,028 | 5,386,547 | 7,298,425 | 9,316,521 | 11,193,286 | 13,865,310 | 15,145,120 |
| Total General Fund | \$ 2,790,099 | 3,225,513 | 4,004,991 | 4,700,841 | 6,348,118 | 8,857,556 | 9,555,307 | 11,698,588 | 14,305,103 | \$ 16,316,975 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 6,262 | 81,707 | - | - | 378 | - | - | - | - | \$ - |
| Restricted | 1,119,204 | 2,399,691 | 1,736,756 | 2,171,850 | 2,404,500 | 1,900,798 | 2,776,768 | 3,161,913 | 3,745,856 | 3,626,668 |
| Committed | 135 | 163 | 163 | 1 | - | - | - | - | - | - |
| Unassigned | (373,703) | - | - | - | - | - | - | - | (1,885) | - |
| Total All Other Governmental Funds | \$ 751,898 | 2,481,561 | 1,736,919 | 2,171,851 | 2,404,878 | 1,900,798 | 2,776,768 | 3,161,913 | 3,743,971 | \$ 3,626,668 |
| Total Governmental Funds | \$ 3,541,997 | 5,707,074 | 5,741,910 | 6,872,692 | 8,752,996 | 10,758,354 | 12,332,075 | 14,860,501 | 18,049,074 | \$ 19,943,643 |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Local | \$ 6,905,847 | 7,030,133 | 7,133,132 | 7,410,615 | 7,473,598 | 8,558,134 | 9,009,254 | 9,512,599 | 9,976,558 | \$ 10,677,572 |
| Hospitality and Accommodations | 1,302,451 | 1,469,865 | 1,544,013 | 1,670,217 | 1,844,952 | 1,939,169 | 2,078,213 | 2,256,807 | 2,366,028 | 2,261,827 |
| MASC Telecommunications and Insurance | 1,544,744 | 1,462,765 | 1,831,362 | 1,771,273 | 1,833,985 | 1,994,342 | 2,101,552 | 2,313,859 | 2,649,703 | 2,783,846 |
| Franchise | 1,229,059 | 1,175,966 | 1,249,177 | 1,340,782 | 1,445,108 | 1,414,408 | 1,419,668 | 1,499,218 | 1,558,842 | 1,550,696 |
| Intergovernmental | 828,563 | 1,436,765 | 825,727 | 754,433 | 787,040 | 768,792 | 1,140,517 | 922,031 | 1,203,904 | 1,037,680 |
| Fines and Forfeitures | 149,997 | 109,591 | 92,432 | 133,346 | 149,617 | 141,131 | 140,474 | 208,676 | 162,491 | 106,095 |
| Licenses, Permits and Fees | 1,415,823 | 1,508,799 | 1,469,897 | 1,628,457 | 2,022,159 | 2,249,468 | 2,195,346 | 2,258,217 | 2,741,774 | 2,193,287 |
| Interest | 14,758 | 13,740 | 12,940 | 8,518 | 17,845 | 25,917 | 32,136 | 17,522 | 108,856 | 109,780 |
| Grants | 156,858 | 179,569 | 55,743 | 30,979 | 25,855 | 122,320 | 177,132 | 122,058 | 60,739 | 184,697 |
| Other | 759,928 | 825,851 | 687,686 | 682,798 | 733,537 | 618,245 | 554,381 | 891,320 | 1,008,205 | 469,259 |
| Total Revenues | \$ 14,308,028 | 15,213,044 | 14,902,109 | 15,431,418 | 16,333,696 | 17,831,926 | 18,848,673 | 20,002,307 | 21,837,100 | \$ 21,374,739 |

Expenditures

| | | | | | | | | | | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Current: | | | | | | | | | | |
| General Government | \$ 1,549,495 | 1,619,705 | 1,536,034 | 1,636,828 | 1,690,475 | 1,826,119 | 1,889,808 | 1,728,275 | 1,897,694 | \$ 2,078,687 |
| Public Safety | 5,917,218 | 5,959,060 | 6,364,352 | 6,906,938 | 7,218,720 | 7,783,058 | 8,131,574 | 8,428,966 | 8,972,648 | 9,617,464 |
| Public Works | 1,415,210 | 1,601,153 | 1,624,484 | 1,717,844 | 1,722,366 | 1,723,950 | 2,087,881 | 2,197,392 | 2,342,378 | 2,679,297 |
| Parks and Recreation | 1,808,893 | 1,949,589 | 1,983,221 | 2,060,494 | 1,912,506 | 1,856,219 | 2,064,361 | 2,256,970 | 2,071,443 | 1,939,984 |
| Capital Outlay | 881,335 | 725,131 | 1,505,839 | 255,717 | 896,654 | 2,164,112 | 1,579,471 | 1,440,767 | 1,437,936 | 2,259,844 |
| Debt Service: | | | | | | | | | | |
| Principal | 1,240,550 | 1,380,872 | 3,154,684 | 1,461,702 | 1,507,665 | 1,705,799 | 1,774,959 | 1,957,520 | 1,907,441 | 1,940,721 |
| Payment to Refunded Debt Escrow Agent | - | - | - | - | - | 7,700,990 | - | - | - | - |
| Interest and Fiscal Charges | 642,743 | 529,077 | 505,860 | 329,592 | 293,224 | 176,330 | 168,415 | 143,802 | 117,891 | 96,807 |
| Bond Issuance Costs | - | - | 70,679 | - | - | 72,751 | - | 11,945 | - | - |
| Total Expenditures | 13,455,444 | 13,764,587 | 16,745,153 | 14,369,115 | 15,241,610 | 25,009,328 | 17,696,469 | 18,165,637 | 18,747,431 | 20,612,804 |

Excess of Revenues Over (Under) Expenditures \$ 852,584 1,448,457 (1,843,044) 1,062,303 1,092,086 (7,177,402) 1,152,204 1,836,670 3,089,669 \$ 761,935

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | \$ 1,151,844 | 12,722,618 | 2,126,809 | 1,140,548 | 1,693,338 | 2,149,993 | 1,205,239 | 1,429,860 | 541,505 | \$ 453,927 |
| Transfers Out | (1,151,844) | (12,722,618) | (2,126,809) | (1,140,548) | (1,693,338) | (2,149,993) | (1,205,239) | (1,429,860) | (541,505) | (453,927) |
| Issuance of Bonds | - | - | 1,756,162 | - | - | 1,175,000 | - | 480,000 | - | 772,000 |
| Issuance of Capital Lease | - | - | - | - | - | 519,400 | - | - | - | - |
| Issuance of Lease Purchase | - | 903,000 | - | - | 750,000 | 509,775 | - | - | - | 314,003 |
| Issuance of Refunding Debt | - | 10,872,000 | - | - | - | 7,216,000 | - | - | - | - |
| Payment to Refund Debt Escrow Agent | - | (11,216,842) | - | - | - | - | - | - | - | - |
| Sale of Capital Assets | 63,177 | 14,846 | 56,572 | 20,607 | 32,357 | 71,786 | 128,667 | 134,415 | 23,399 | 13,357 |
| Insurance Proceeds | 35,137 | 143,616 | 65,146 | 47,872 | 5,861 | 31,805 | 292,850 | 77,341 | 75,505 | 33,274 |
| Total Other Financing Sources (Uses) | 98,314 | 716,620 | 1,877,880 | 68,479 | 788,218 | 9,523,766 | 421,517 | 691,756 | 98,904 | 1,132,634 |
| Net Change in Fund Balances | \$ 950,898 | 2,165,077 | 34,836 | 1,130,782 | 1,880,304 | 2,346,364 | 1,573,721 | 2,528,426 | 3,188,573 | \$ 1,894,569 |
| Debt Service as a Percentage of Noncapital Expenditures | 15.0% | 14.6% | 24.5% | 12.7% | 12.6% | 42.3% | 12.1% | 12.6% | 11.7% | 11.1% |

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

(Modified Accrual Basis of Accounting)

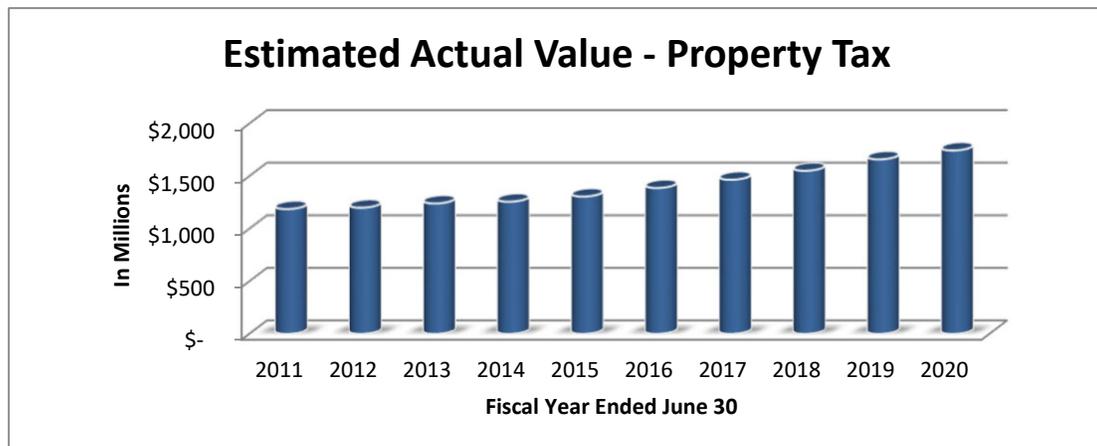
UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Taxes by Source: | | | | | | | | | | |
| Property Tax | \$ 6,905,847 | 7,030,133 | 7,133,132 | 7,410,615 | 7,473,598 | 8,558,134 | 9,009,254 | 9,512,599 | 9,976,558 | \$ 10,677,572 |
| Hospitality and Accommodations Tax | 1,302,451 | 1,469,865 | 1,544,013 | 1,670,217 | 1,844,952 | 1,939,169 | 2,078,213 | 2,256,807 | 2,366,028 | 2,261,827 |
| MASC Telecommunications and Insurance Tax | 1,544,744 | 1,462,765 | 1,831,362 | 1,771,273 | 1,833,985 | 1,994,342 | 2,101,552 | 2,313,859 | 2,649,703 | 2,783,846 |
| Franchise Fees | 1,229,059 | 1,175,966 | 1,249,177 | 1,340,782 | 1,445,108 | 1,414,408 | 1,419,668 | 1,499,218 | 1,558,842 | 1,550,696 |
| Total Revenues | \$ 10,982,101 | 11,138,729 | 11,757,684 | 12,192,887 | 12,597,643 | 13,906,053 | 14,608,687 | 15,582,483 | 16,551,131 | \$ 17,273,941 |

**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 | | | | | |
| 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% |
| 2017 | 33,493,150 | 37,537,010 | 12,470,420 | 83,500,580 | 63.60 | 1,465,902,366 | 5.70% |
| 2018 | 35,585,930 | 39,246,570 | 12,966,580 | 87,799,080 | 63.60 | 1,551,108,806 | 5.66% |
| 2019 | 35,120,630 | 41,293,300 | 13,037,200 | 89,451,130 | 63.60 | 1,659,696,264 | 5.39% |
| 2020 | \$ 38,935,293 | 42,581,610 | 13,464,680 | \$ 94,981,583 | 63.60 | \$ 1,744,598,772 | 5.44% |



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 | | | | | | | | | |
|-------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| City Direct Rates: | | | | | | | | | | |
| Operating | 41.6 | 41.6 | 41.6 | 54.9 | 54.9 | 56.8 | 56.8 | 56.8 | 56.8 | 56.8 |
| Reserve Account | 7.4 | 7.4 | 7.4 | - | - | - | - | - | - | - |
| Debt Service | 12.7 | 12.7 | 12.7 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 | 6.8 |
| | 61.7 | 61.7 | 61.7 | 61.7 | 61.7 | 63.6 | 63.6 | 63.6 | 63.6 | 63.6 |
| County Rates: | | | | | | | | | | |
| Greenville County | 47.3 | 47.3 | 47.3 | 51.9 | 51.9 | 51.9 | 51.9 | 51.9 | 51.9 | 51.9 |
| School District Rates: | | | | | | | | | | |
| Greenville County Schools | 157.8 | 162.5 | 168.6 | 177.5 | 182.4 | 184.9 | 184.9 | 191.8 | 196.9 | 202.9 |
| Fire District Rates: | | | | | | | | | | |
| Simpsonville Fire District | 28.1 | 27.5 | 27.5 | 26.0 | 26.0 | 32.8 | 32.3 | 32.1 | 32.1 | 37.5 |

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

| 2020 | | | | 2011 | | | |
|---------------------------------|------------------------|------|--|---------------------------------|------------------------|------|--|
| Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxpayer | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Duke Energy | \$ 1,604,880 | 1 | 1.69% | Duke Energy | \$ 1,111,730 | 1 | 1.77% |
| Martin Family Limited Partners | 1,109,750 | 2 | 1.17% | Wares Delaware Corp. | 882,850 | 2 | 1.41% |
| Walmart Real Estate | 1,103,960 | 3 | 1.16% | Verizon South | 848,980 | 3 | 1.36% |
| Garden District Realty Partner | 995,220 | 4 | 1.05% | Jasmine Cove LLLP | 695,090 | 4 | 1.11% |
| 6520 Dorchester Road LLC | 900,630 | 5 | 0.95% | Rohman Development Realty I | 644,050 | 5 | 1.03% |
| Realty Income Properties | 885,630 | 6 | 0.93% | Enclave Grandview | 618,000 | 6 | 0.99% |
| Jasmine Cove LLLP | 884,930 | 7 | 0.93% | Centro Bradley Fairview Finance | 602,210 | 7 | 0.96% |
| Simpsonville 2017 Exchange LLC | 661,620 | 8 | 0.70% | Developers Diversified Finance | 586,710 | 8 | 0.94% |
| Centro Bradley Fairview Finance | 635,700 | 9 | 0.67% | NNN Arbors at Fairview | 538,660 | 9 | 0.86% |
| Arbors at Fairview Apartments | 620,510 | 10 | 0.65% | Lowes Home Center | 515,560 | 10 | 0.82% |
| Totals | <u>\$ 9,402,830</u> | | <u>9.9%</u> | | <u>\$ 7,043,840</u> | | <u>11.2%</u> |

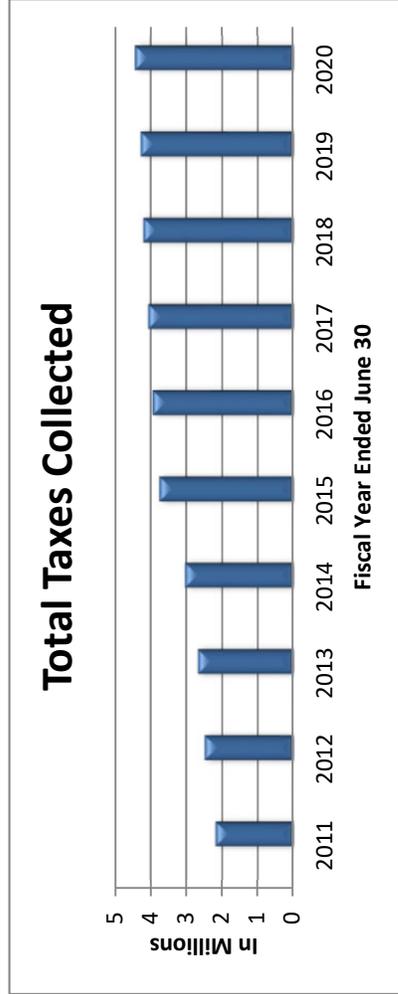
Source: Greenville County Information Systems and Services.

Note: Percentage is based on the Assessed Value of 2020.

**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 |
| 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% |
| 2017 | 5,224,884 | - | 5,224,884 | 5,066,391 | 97.0% | 70,312 | 5,136,703 | 98.3% |
| 2018 | 5,419,676 | - | 5,419,676 | 5,260,774 | 97.1% | - | 5,260,774 | 97.1% |
| 2019 | 5,872,218 | - | 5,872,218 | 5,722,987 | 97.5% | 103,843 | 5,826,830 | 99.2% |
| 2020 | \$ 6,024,964 | - | 6,024,964 | \$ 5,913,501 | 98.1% | \$ - | \$ 5,913,501 | 98.1% |



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Governmental Activities | | | | | | Business-Type Activities | | | | | |
|---------------------------|--------------------------|-------------------------------|---------------|-----------------|----------------|---------------|--------------------------|------------------------|--------------------------|-------------------------------|------------|--|
| | General Obligation Bonds | Certificates of Participation | Revenue Bonds | Lease Purchases | Capital Leases | Revenue Bonds | Lease Purchases | Bond Anticipation Note | Total Primary Government | Percentage of Personal Income | Per Capita | |
| 2011 | \$ 2,585,000 | 111,339,237 | - | 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 | |
| 2017 | 1,192,226 | - | 6,323,000 | 1,179,333 | 360,400 | 11,198,081 | 254,376 | - | 20,507,416 | 3.37% | 962 | |
| 2018 | 1,240,409 | - | 5,368,000 | 767,630 | 201,400 | 10,791,082 | 172,543 | - | 18,541,064 | 2.95% | 840 | |
| 2019 | 867,815 | - | 4,398,000 | 393,583 | - | 10,379,083 | 94,442 | - | 16,132,923 | 2.38% | 700 | |
| 2020 | \$ 1,154,801 | - | 3,410,000 | 239,879 | - | 9,952,084 | - | - | \$ 14,756,764 | 2.00% | \$ 609 | |

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 |
|----------------------------------|---------------------------------|--|--------------|---|-------------------|
| 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 |
| 2017 | 1,192,226 | - | 1,192,226 | 0.1% | 56 |
| 2018 | 1,240,409 | - | 1,240,409 | 0.1% | 56 |
| 2019 | 867,815 | - | 867,815 | 0.1% | 38 |
| 2020 | \$ 1,154,801 | - | \$ 1,154,801 | 0.1% | \$ 48 |

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, 2020**

UNAUDITED

| Governmental Unit | Governmental Activities Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|-----------------------------------|---|---------------------------------------|--|
| County: | | | |
| Greenville County | \$ 111,324,763 | 4.08% | \$ 4,542,050 |
| School District: | | | |
| Greenville County School District | 670,528,000 | 4.08% | 27,357,542 |
| Subtotal, Overlapping Debt | | | 31,899,593 |
| City of Simpsonville Direct Debt | | | |
| General Obligation Bonds | 1,154,801 | 100% | 1,154,801 |
| Revenue Bonds | 3,410,000 | 100% | 3,410,000 |
| Lease Purchases | \$ 239,879 | 100% | 239,879 |
| | | | 4,804,680 |
| Total Direct and Overlapping Debt | | | \$ 36,704,273 |

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 | | | | | | | | | |
|---|--------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt Limit | \$ 5,012,298 | 5,325,036 | 5,548,886 | 5,584,283 | 5,823,200 | 6,196,180 | 6,540,213 | 6,878,257 | 7,300,762 | \$ 7,598,527 |
| Total Net Debt Applicable to Debt Limit | 2,585,000 | 2,050,000 | 1,699,669 | 1,256,395 | 799,132 | 1,553,513 | 1,192,226 | 1,240,409 | 867,815 | 1,154,801 |
| Legal Debt Margin | \$ 2,427,298 | 3,275,036 | 3,849,217 | 4,327,888 | 5,024,068 | 4,642,667 | 5,347,987 | 5,637,848 | 6,432,947 | \$ 6,443,726 |
| Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit | 51.6% | 38.5% | 30.6% | 22.5% | 13.7% | 25.1% | 18.2% | 18.0% | 11.9% | 15.2% |

Legal Debt Margin Calculation for Fiscal Year June 30, 2020

| | |
|---|---------------|
| Total Assessed Value | \$ 94,981,583 |
| Debt Limit Percentage | 8.0% |
| Debt Limit 8% of Total Assessed Value | 7,598,527 |
| Amount of Debt Applicable to Debt Limit: Total Bonded Debt | 1,154,801 |
| Total Amount of Debt Applicable to Debt Limit | 1,154,801 |
| Legal Debt Margin | \$ 6,443,726 |

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 BONDS
LAST TEN FISCAL YEARS**

UNAUDITED

| Fiscal Year Ended June 30 | Sewer Revenue Bonds | | | | | | Coverage |
|------------------------------------|---------------------------------|--------------------------------|-----------------------------|--------------|------------|------|----------|
| | Charges and Other Revenue | Less: Operating Expenses | Net Available Revenue | Debt Service | | | |
| | | | | Principal | Interest | | |
| 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 | |
| 2017 | 1,724,419 | 540,527 | 1,183,892 | - | 146,299 | 8.1 | |
| 2018 | 2,039,214 | 734,564 | 1,304,650 | 441,833 | 390,494 | 1.6 | |
| 2019 | 2,135,145 | 642,340 | 1,492,805 | 459,396 | 366,621 | 1.8 | |
| 2020 | \$ 2,000,137 | 544,096 | 1,456,041 | 390,000 | \$ 354,063 | 2.0 | |

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 depreciation.
 Debt service represents scheduled revenue bond and lease purchase payments for the following fiscal year.

**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 |
|--|--------------------------------|----------------------------|--|------------------------------------|---|
| 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 |
| 2017 | 21,314 | 608,237,618 | 28,537 | 39.7 | 4.1 |
| 2018 | 22,072 | 629,471,368 | 28,519 | 37.7 | 3.3 |
| 2019 | 23,037 | 678,324,465 | 29,445 | 38.8 | 2.8 |
| 2020 | 24,221 | \$ 736,076,190 | \$ 30,390 | 39.1 | 2.8 |

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

| 2020 | | | | 2011 | | | |
|---------------------------|----------------------------|-------------|-------------------|----------------------------------|----------------------------|-------------|-------------------|
| Employer | Number of Employees | Rank | Percentage | Employer | Number of Employees | Rank | Percentage |
| Prisma Health - Upstate | 16,000 | 1 | 30.04% | Greenville County Schools | 7,273 | 1 | 24.24% |
| Greenville County Schools | 10,000 | 2 | 18.77% | Prisma Health - Upstate | 6,738 | 2 | 22.46% |
| Michelin North America | 7,445 | 3 | 13.98% | GE Power | 3,000 | 3 | 10.00% |
| Bon Secours St. Francis | 4,451 | 4 | 8.36% | State of South Carolina | 2,556 | 4 | 8.52% |
| GE Power | 3,650 | 5 | 6.85% | Bon Secours St. Francis | 2,188 | 5 | 7.29% |
| Duke Energy | 3,418 | 6 | 6.42% | Michelin North America | 1,900 | 6 | 6.33% |
| Greenville County | 2,341 | 7 | 4.39% | Fleur Corporation | 1,700 | 7 | 5.67% |
| State of South Carolina | 2,552 | 8 | 4.79% | Sealed Air Corp-Cryovac Division | 1,700 | 8 | 5.67% |
| Fleur Corp | 1,810 | 9 | 3.40% | Greenville County | 1,650 | 9 | 5.50% |
| SYNNEX Corp | 1,600 | 10 | 3.00% | MCI Worldcom | 1,300 | 10 | 4.33% |
| Totals | 53,267 | | 100.00% | | 30,005 | | 100.00% |

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 17

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

UNAUDITED

| Function/Program | Fiscal Year | | | | | | | | | |
|--------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Government | | | | | | | | | | |
| Business Licenses | 1,568 | 1,478 | 1,319 | 1,421 | 1,144 | 1,487 | 1,349 | 1,401 | 1,462 | 1,281 |
| Building Permits Issued | 425 | 417 | 264 | 376 | 653 | 709 | 922 | 782 | 947 | 802 |
| Building Inspections Conducted | 1,681 | 2,069 | 2,501 | 3,728 | 4,707 | 4,682 | 7,357 | 5,787 | 4,789 | 5,125 |
| Public Safety - Police | | | | | | | | | | |
| Physical Arrests | 470 | 981 | 897 | 991 | 1,183 | 956 | 485 | 632 | 618 | 593 |
| Parking and Traffic Violations | 4,151 | 2,842 | 2,238 | 3,350 | 2,818 | 2,925 | 4,936 | 3,693 | 3,076 | 2,465 |
| Public Safety - Fire | | | | | | | | | | |
| Emergency Responses | 2,144 | 2,220 | 2,381 | 2,434 | 2,500 | 2,635 | 3,101 | 3,306 | 2,740 | 2,564 |
| Fires Extinguished | 105 | 106 | 90 | 94 | 94 | 80 | 117 | 84 | 98 | 103 |
| Inspections | 1,089 | 705 | 968 | 939 | 1,022 | 1,083 | 1,202 | 1,228 | 1,074 | 1,304 |
| Public Service | | | | | | | | | | |
| Potholes Repaired | 43 | 52 | 29 | 20 | 27 | 68 | 73 | 204 | 264 | 170 |
| Roads Maintained (in Miles) | 68 | 68 | 73 | 73 | 73 | 74 | 78 | 80 | 80 | 106 |
| Parks and Recreation | 68 | | | | | | | | | |
| Recreational Participants | 1,173 | 2,661 | 2,472 | 3,266 | 2,822 | 2,222 | 2,064 | 2,121 | 2,230 | 1,540 |

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 | | | | | | | | | |
|-------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Activities | | | | | | | | | | |
| General Government | 8 | 9 | 9 | 10 | 11 | 10 | 11 | 11 | 11 | 11 |
| Justice and Legal | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 4 | 3 |
| Public Safety | 97 | 104 | 104 | 106 | 106 | 107 | 107 | 111 | 121 | 113 |
| Public Works | 29 | 23 | 23 | 22 | 22 | 21 | 18 | 19 | 22 | 20 |
| Parks and Recreation | 21 | 18 | 18 | 19 | 19 | 18 | 19 | 18 | 17 | 17 |
| Total | 158 | 157 | 157 | 159 | 160 | 158 | 157 | 161 | 175 | 164 |

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 | | | | | | | | | |
|--|-------------|------|------|------|------|------|------|------|------|------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Justice and Legal | | | | | | | | | | |
| Correction/Jail Cell Facility Capacity | 2 | 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 | 32 | 28 | 24 | 25 | 25 | 26 | 26 | 25 | 24 | 28 |
| Public Safety - Fire | | | | | | | | | | |
| Number of Fire Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Number of Fire Trucks | 10 | 10 | 10 | 10 | 10 | 10 | 12 | 12 | 12 | 12 |
| Public Service | | | | | | | | | | |
| Streets (in Miles) | 68 | 68 | 73 | 101 | 73 | 74 | 100 | 102 | 102 | 106 |
| Traffic Signals | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 22 | 22 | 22 |
| Parks and Recreation | | | | | | | | | | |
| Parks Acreage | 162 | 162 | 165 | 165 | 165 | 167 | 171 | 171 | 171 | 171 |
| Parks | 9 | 9 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 9 |
| Ball Fields | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Solid Waste | | | | | | | | | | |
| Collection/Refuse Trucks | 20 | 20 | 22 | 22 | 22 | 22 | 4 | 1 | 1 | 1 |

Sources: Various City of Simpsonville Departments.

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COMPLIANCE SECTION

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Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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, South Carolina (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2020.

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 identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2020-001, 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, LLP

Greene Finney, LLP
Mauldin, South Carolina
December 15, 2020

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

2020-001: RECORDING OF TRANSFERS

- Condition:** During the current year audit, it was noted that the City inadvertently recorded two transfers for approximately \$307,000 in the Hospitality and Accommodations Tax Fund (“H&A Fund”) for expenses that were already recorded in the H&A Fund. These items should have been recorded as interfund receivables/payables.
- Criteria:** The City should have appropriate internal controls in place to ensure that all transactions are properly recorded.
- Context, Cause and Effect:** The City did not realize the expenses for these items were already recorded in the H&A Fund prior to the transfers being made.
- Recommendation:** We would encourage the City to make sure appropriate internal controls and reviews are in place to ensure something recorded incorrectly would be caught prior to the audit. We would also encourage the City to analytically review their balance sheet and income statement at year end to ensure items appear to be recorded correctly.
- Response:** Management will consider these recommendations and work toward improving the review process and year end closing process to ensure items are recorded correctly.