



CITY OF SIMPSONVILLE,
SOUTH CAROLINA



Comprehensive Annual Financial Report
Year Ended June 30, 2021



CITY OF SIMPSONVILLE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021



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

INTRODUCTORY SECTION

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

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January 31, 2022

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 of the City of Simpsonville, South Carolina ("City") for the year ended June 30, 2021.

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 Cauley, 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, 2021, 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, 2021 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 23,354. 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 document is then prepared and submitted to Council for 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, appearing to read "Dianna Gracely".

Dianna Gracely
City Administrator

A handwritten signature in blue ink, appearing to read "Christine Furino".

Christine Furino
Finance Director

CITY OF SIMPSONVILLE, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

AS OF JUNE 30, 2021

Established

1901

MAYOR

Paul Shewmaker

CITY COUNCIL MEMBERS

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

CITY ADMINISTRATOR

Dianna Gracely

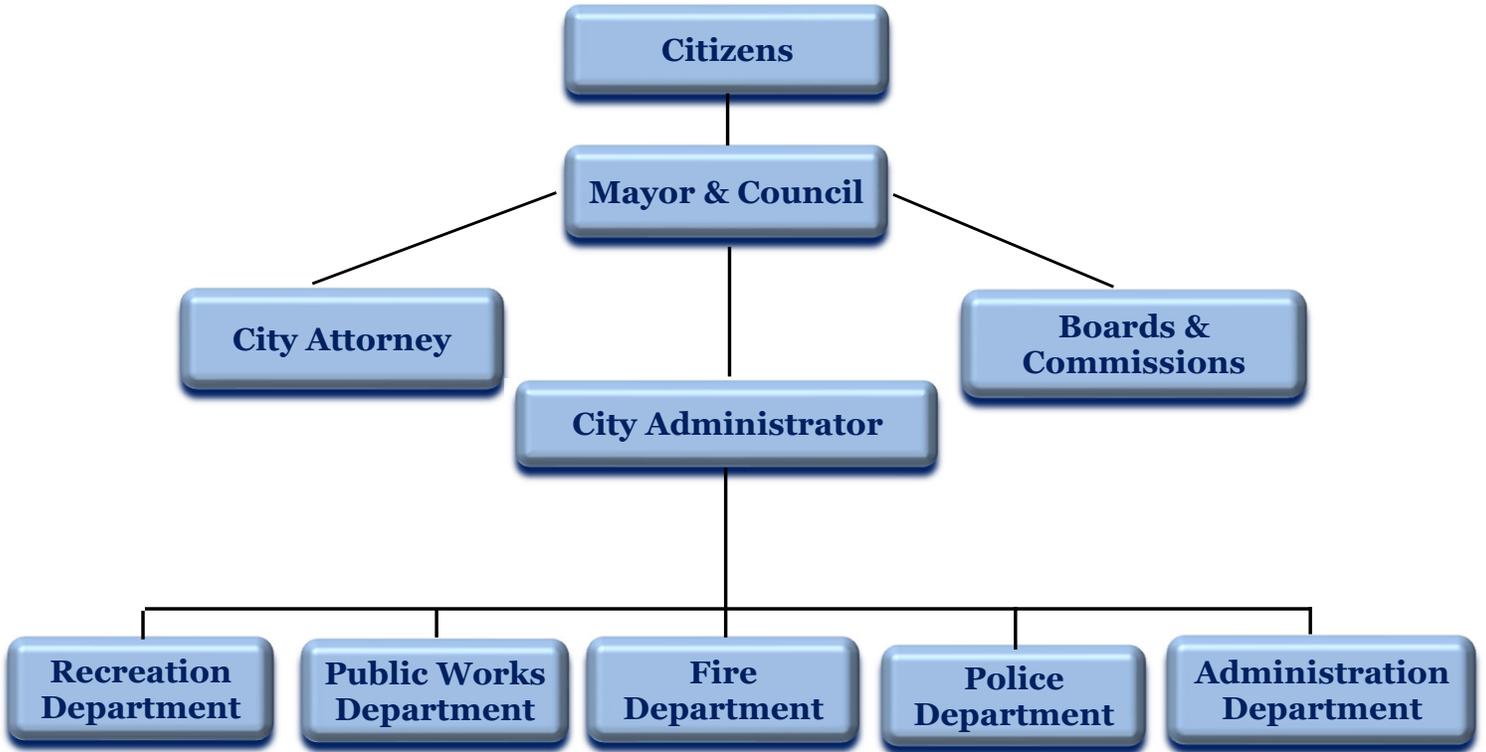
FINANCE DIRECTOR

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION



INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the “City”), as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2021 the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84 “*Fiduciary Activities*”. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 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 Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
January 31, 2022

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021 ("FY 2021" or "2021") compared to year ended June 30, 2020 ("FY 2020" or "2020"). 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 \$63,984,000. Unrestricted net position was approximately \$9,809,000.
- The City's total net position increased by approximately \$5,699,000 compared to the prior year, as revenues of approximately \$29,869,000 exceeded expenses of approximately \$24,170,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$49,410,000, an increase of approximately \$29,428,000 over the restated prior year ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$17,685,000, which was approximately 89% of total FY 2021 General Fund expenditures.
- The City's capital assets increased by approximately \$1,689,000. The increase in capital assets was primarily due to capital asset additions of approximately \$5,501,000, partially offset by depreciation expense of approximately \$3,539,000 and net disposals of approximately \$273,000.
- The City's total debt (including lease purchases) increased by approximately \$25,565,000. This increase was due to the City's new debt and premiums received of approximately \$30,040,000, partially offset by regularly scheduled and refunding principal payments of approximately \$4,428,000 and amortization of premiums of approximately \$47,000.
- The City adopted GASB Statement No. 84 "*Fiduciary Activities*" ("GASB #84") for FY 2021. The primary objective of GASB #84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This guidance made it clear that the Firefighters' 1% balances and activities should be reported by the City in a special revenue fund. The balances and activities were previously not recorded. The adoption of GASB #84 has resulted in the restatement of the City's fund balance and net position as of July 1, 2020 for its governmental fund financial statements and its government-wide financial statements to reflect the reporting of the Firefighters' 1% Fund. Fund balance of the City's governmental funds and net position of the City's governmental activities as of July 1, 2020 was increased by approximately \$37,000, reflecting the cumulative change in accounting principle related to the adoption of GASB #84.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, business licenses and permits, and state and federal grant funds (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and recreation and parks. The business-type 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 three 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, the Accommodations and Hospitality Tax Fund, and the Simpsonville Municipal Facilities Corporation Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains two types of proprietary funds. 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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.

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, 2021

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, 2021 compared to June 30, 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and Other Assets	\$ 51,868,435	21,581,651	6,849,656	5,998,539	58,718,091	\$ 27,580,190
Capital Assets, Net	41,121,012	40,736,920	21,437,850	20,133,248	62,558,862	60,870,168
Total Assets	92,989,447	62,318,571	28,287,506	26,131,787	121,276,953	88,450,358
Deferred Outflows of Resources						
Deferred Refunding Charges	-	121,166	-	-	-	121,166
Deferred Pension Charges	3,747,172	2,730,430	108,377	90,575	3,855,549	2,821,005
Total Deferred Outflows of Resources	3,747,172	2,851,596	108,377	90,575	3,855,549	2,942,171
Liabilities						
Other Liabilities	2,427,420	1,550,309	86,713	367,176	2,514,133	1,917,485
Net Pension Liabilities	16,987,076	15,006,862	587,111	603,817	17,574,187	15,610,679
Long-Term Liabilities	31,231,563	5,300,979	9,530,641	9,966,504	40,762,204	15,267,483
Total Liabilities	50,646,059	21,858,150	10,204,465	10,937,497	60,850,524	32,795,647
Deferred Inflows of Resources						
Deferred Pension Credits	280,822	331,888	17,523	17,951	298,345	349,839
Net Position						
Net Investment in Capital Assets	37,323,078	36,091,957	11,922,765	11,860,613	49,245,843	47,952,570
Restricted	4,741,261	3,860,620	187,114	186,272	4,928,375	4,046,892
Unrestricted	3,745,399	3,027,552	6,064,016	3,220,029	9,809,415	6,247,581
Total Net Position	\$ 45,809,738	42,980,129	18,173,895	15,266,914	63,983,633	\$ 58,247,043

The City’s total assets increased approximately \$32,827,000 from the prior year. Current and other assets increased approximately \$31,138,000 primarily due to an increase in cash and cash equivalents due to unspent bond proceeds and revenues exceeding expenses. Capital assets increased approximately \$1,689,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities increased approximately \$28,055,000 from the prior year primarily due to an increase in net pension liabilities of approximately \$1,964,000 and the City’s new debt and premiums received of approximately \$30,040,000, partially offset by regularly scheduled and refunding principal payments of approximately \$4,428,000. 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 \$49,246,000 at June 30, 2021. 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 \$4,928,000 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 \$9,809,000 is unrestricted.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for 2021 compared to 2020.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,173,940	1,378,118	3,630,432	3,300,739	5,804,372	\$ 4,678,857
Operating Grants and Contributions	359,163	189,794	-	-	359,163	189,794
Capital Grants and Contributions	1,419,386	2,611,936	990,950	1,379,531	2,410,336	3,991,467
General Revenues:						
Taxes	20,459,367	18,835,452	-	-	20,459,367	18,835,452
Other	817,423	685,212	18,443	62,948	835,866	748,160
Total Revenues	<u>25,229,279</u>	<u>23,700,512</u>	<u>4,639,825</u>	<u>4,743,218</u>	<u>29,869,104</u>	<u>28,443,730</u>
Expenses:						
General Government	2,554,241	2,292,004	-	-	2,554,241	2,292,004
Public Safety	13,091,901	11,402,360	-	-	13,091,901	11,402,360
Public Works	3,359,106	3,360,969	50,082	692,284	3,409,188	4,053,253
Recreation and Parks	2,650,800	2,561,335	-	-	2,650,800	2,561,335
Interest and Other Charges	939,520	129,724	-	-	939,520	129,724
Sewer	-	-	1,524,342	1,510,394	1,524,342	1,510,394
Total Expenses	<u>22,595,568</u>	<u>19,746,392</u>	<u>1,574,424</u>	<u>2,202,678</u>	<u>24,169,992</u>	<u>21,949,070</u>
Change in Net Position Before Transfers	2,633,711	3,954,120	3,065,401	2,540,540	5,699,112	6,494,660
Transfers In (Out)	158,420	-	(158,420)	-	-	-
Change in Net Position	2,792,131	3,954,120	2,906,981	2,540,540	5,699,112	6,494,660
Net Position, Beginning of Year,						
As Previously Reported	42,980,129	39,026,009	15,266,914	12,726,374	58,247,043	51,752,383
Change in Accounting Principle - GASB #84*	37,478	-	-	-	37,478	-
Net Position, Beginning of Year, As Restated	<u>43,017,607</u>	<u>39,026,009</u>	<u>15,266,914</u>	<u>12,726,374</u>	<u>58,284,521</u>	<u>51,752,383</u>
Net Position, End of Year	<u>\$ 45,809,738</u>	<u>42,980,129</u>	<u>18,173,895</u>	<u>15,266,914</u>	<u>63,983,633</u>	<u>\$ 58,247,043</u>

* The City implemented GASB #84 in FY 2021. See Financial Highlights section for more details.

Governmental Activities. Governmental activities increased the City’s restated net position by approximately \$2,792,000 in the current year. Key changes in governmental activities revenues and expenses compared to the prior year were as follows:

- Total governmental activities revenues increased approximately \$1,529,000 (6%) from the prior year primarily due to an increase in taxes due to higher assessed values of approximately \$1,624,000 (9%) and an increase in charges for service due to an improving economy of approximately \$796,000 (58%), partially offset by a decrease in capital grants of approximately \$1,193,000 (45%).
- Total governmental activities expenses increased by approximately \$2,849,000 (14%) from the prior year primarily due to higher wages, benefits (including non-cash pension expense), increased interest and other charges associated with the new debt issuances, and other operating expenses.

Business-Type Activities. Net position for business-type activities (sewer and public works) increased by approximately \$2,907,000. 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, 2021

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 \$49,410,000, an increase of approximately \$29,428,000 over the restated prior year fund balances. Please see below and discussion in the General Fund Budgetary Highlights section for more information on this increase.

Approximately \$17,586,000 (36%) of the total governmental fund balances of approximately \$49,410,000 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 (\$21,000; nonspendable), (2) public safety (\$167,000; restricted), (3) tourism related expenditures (\$4,407,000; restricted), (4) unspent bond proceeds (\$27,008,000; restricted), (5) municipal court (\$205,000; restricted), and (6) cultural arts and other items (\$16,000; 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 \$17,943,000. 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 (\$17,685,000) represents approximately 89% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$1,626,000 as revenues and other financing sources exceeded expenditures in the current year. Revenues were approximately \$21,040,000, an increase of approximately \$1,981,000 over the prior year. This increase was primarily driven by higher property tax revenues (higher assessed values) and higher growth oriented revenues due to an improving economy.

The fund balance for the Accommodations and Hospitality Tax Fund increased by approximately \$15,038,000. The increase is primarily due to the new debt issuance in the current year.

During 2021, the City established the Simpsonville Municipal Facilities Corporation Fund, a blended component unit that the City will use to issue current and future debt issuances (which are not subject to the 8% debt limit). At the end of the current fiscal year, the Simpsonville Municipal Facilities Corporation Fund reported an ending fund balance of \$12,864,000 – all of which is restricted for future capital projects (unspent bond proceeds).

In addition, the fund balances of the other governmental funds decreased by approximately \$99,000 from the prior year, primarily due to a decrease in fund balance of approximately \$135,000 in the Simpsonville Elementary Improvement Fund due to capital outlay improvements related to the Simpsonville 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 \$15,576,000. Details on changes in the City's Sewer Fund were as follows:

- Total sewer operating revenues increased approximately \$252,000 from the prior year. Sewer operating expenses decreased approximately \$85,000 from the prior year. The City received approximately \$991,000 in capital contributions related to infrastructure donations in the current year. Net position increased approximately \$1,672,000 as a result of revenues exceeding expenses and the capital contributions previously mentioned.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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 \$2,598,000. Details on changes in the City’s Public Works Fund were as follows:

- Total operating revenues increased by approximately \$77,000 from the prior year. Operating expenses decreased approximately \$642,000 due to less repairs and maintenance in the current year. The City also transferred approximately \$160,000 to the General Fund to cover costs associated with road improvements. Net position increased approximately \$1,235,000 as a result of revenues exceeding expenses and transfers out.

General Fund Budgetary Highlights: General Fund revenues exceeded budgeted revenues by approximately \$1,640,000 for the year ended June 30, 2021. This was primarily due to property taxes, MASC telecommunications and insurance taxes, and licenses, permits, and fees exceeding budget by approximately \$571,000, \$189,000, and \$851,000, respectively. General Fund expenditures were under budget by approximately \$403,000 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 make any budget amendments during 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets as of June 30, 2021 and June 30, 2020, amounted to approximately \$62,559,000 and \$60,870,000 (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, 2021 and 2020 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 7,220,458	7,220,458	-	-	7,220,458	\$ 7,220,458
Construction in Progress	949,001	159,651	10,136,528	10,213,357	11,085,529	10,373,008
Buildings and Improvements	22,800,957	22,739,274	-	-	22,800,957	22,739,274
Machinery and Equipment	5,314,822	5,257,645	1,404,386	400,647	6,719,208	5,658,292
Infrastructure	28,458,277	28,024,527	17,123,788	16,132,838	45,582,065	44,157,365
Vehicles	12,297,835	11,746,846	842,624	797,475	13,140,459	12,544,321
Capital Assets	77,041,350	75,148,401	29,507,326	27,544,317	106,548,676	102,692,718
Accumulated Depreciation	35,920,338	34,411,481	8,069,476	7,411,069	43,989,814	41,822,550
Capital Assets, Net	\$ 41,121,012	40,736,920	21,437,850	20,133,248	62,558,862	\$ 60,870,168

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The total increase in the City’s capital assets for the current year was approximately \$1,689,000. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$3,250,000 for governmental activities which consisted primarily of the following:
 - Additions to construction in progress of approximately \$789,000 related to improvements at the Simpsonville Arts Center.
 - Purchases of various machinery and equipment of approximately \$341,000.
 - Purchases/additions of various vehicles (including a fire truck donated partially by Greenville County) of approximately \$1,624,000.
 - Building and improvement additions of approximately \$62,000.
 - Infrastructure additions of approximately \$434,000.
- Capital asset additions of approximately \$2,250,000 for business-type activities which consisted primarily of the following:
 - Additions to construction in progress of approximately \$70,000 related to the sewer rehabilitation project.
 - Infrastructure additions of approximately \$991,000 donated by developers.
 - Purchases of sanitation trucks and other equipment of approximately \$1,004,000.
 - Purchases of various equipment and vehicles of approximately \$185,000.
- Depreciation expense of approximately \$2,852,000 for governmental activities and approximately \$687,000 for business-type activities.
- Disposals of approximately \$13,000 for governmental activities and approximately \$259,000 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, 2021 and June 30, 2020, the City had total outstanding debt (which includes lease purchases) of approximately \$40,321,000 and \$14,757,000, respectively. Of the City’s total long-term obligations at June 30, 2021, \$662,000 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, 2021 and 2020 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Debt:						
General Obligation Bonds	\$ 661,521	1,154,801	-	-	661,521	\$ 1,154,801
Revenue Bonds	11,300,000	-	8,775,000	9,165,000	20,075,000	9,165,000
Tax Revenue Bonds	14,155,000	3,410,000	-	-	14,155,000	3,410,000
Lease Purchases	104,667	239,879	-	-	104,667	239,879
Premiums on Revenue Bonds	4,585,063	-	740,085	787,084	5,325,148	787,084
Total Debt	\$ 30,806,251	4,804,680	9,515,085	9,952,084	40,321,336	\$ 14,756,764

CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The total increase in the City's debt for the current year was approximately \$25,565,000. Major 2021 events for the City's governmental and business-type activities were as follows:

- The City's governmental activities total debt increased by approximately \$26,002,000 primarily due to the issuance of new debt and premiums associated with the new debt of approximately \$30,040,000 (Installment Purchase Revenue Bonds – Series 2021 of \$11,300,000 and a premium of approximately \$1,854,000 and Accommodations and Hospitality Tax Revenue Refunding and Improvement Bonds of \$14,155,000 and a premium of approximately \$2,731,000), partially offset by regularly scheduled and refunding principal payments of approximately \$4,038,000
- The City's business-type activities total debt decreased by approximately \$437,000 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, 2021, the City had approximately \$662,000 of bonded debt subject to the 8% debt limit of approximately \$8,516,000 resulting in an unused legal debt margin of approximately \$7,854,000.

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 22 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. Management continues to actively monitor the impact from the COVID-19 outbreak on its financial condition, liquidity, operations, and workforce. If the COVID-19 outbreak continues or strengthens due to new variants resulting in state, local, and federal governments recommending or mandating restrictions on business and travel in an effort to curb the COVID-19 outbreak (by changing consumer behavior), the City expects such restrictions may negatively impact the City's operations.

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2022 ("FY 22") 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. The General Fund's budgeted expenditures are projected to be approximately \$20,345,000. Economic factors and key budget highlights that were considered in preparing the FY 22 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 22 budget includes a slight 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, 2021

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 16,519,233	7,841,919	\$ 24,361,152
Cash and Cash Equivalents, Restricted	31,822,992	-	31,822,992
Investments, Restricted	-	187,114	187,114
Property Taxes Receivable, Net	133,969	-	133,969
Accounts Receivable	1,977,542	213,811	2,191,353
Internal Balances	1,393,771	(1,393,771)	-
Prepays	20,928	583	21,511
Capital Assets, Net:			
Non-Depreciable	8,169,459	10,136,528	18,305,987
Depreciable, Net	32,951,553	11,301,322	44,252,875
TOTAL ASSETS	92,989,447	28,287,506	121,276,953
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	3,747,172	108,377	3,855,549
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,747,172	108,377	3,855,549
LIABILITIES			
Accounts Payable	1,295,061	-	1,295,061
Accrued Salaries and Fringe Benefits	713,016	-	713,016
Accrued Expenses	121,397	-	121,397
Developers' Escrow Liability	201,704	-	201,704
Accrued Interest Payable	88,292	85,591	173,883
Unearned Revenue	7,950	1,122	9,072
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	1,457,844	412,778	1,870,622
Long-Term Obligations - Due in More Than One Year	29,773,719	9,117,863	38,891,582
Net Pension Liabilities - Due in More Than One Year	16,987,076	587,111	17,574,187
TOTAL LIABILITIES	50,646,059	10,204,465	60,850,524
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	280,822	17,523	298,345
NET POSITION			
Net Investment in Capital Assets	37,323,078	11,922,765	49,245,843
Restricted For:			
Tourism and Related Costs	4,354,440	-	4,354,440
Debt Service	-	187,114	187,114
Court	204,504	-	204,504
Public Safety	166,864	-	166,864
Cultural Arts	3,930	-	3,930
Other	11,523	-	11,523
Unrestricted	3,745,399	6,064,016	9,809,415
TOTAL NET POSITION	\$ 45,809,738	18,173,895	\$ 63,983,633

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, 2021

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,554,241	1,379,250	76,264	200,232	(898,495)	-	\$ (898,495)
Public Safety	13,091,901	393,711	213,959	726,045	(11,758,186)	-	(11,758,186)
Public Works	3,359,106	-	1,507	493,109	(2,864,490)	-	(2,864,490)
Recreation and Parks	2,650,800	400,979	67,433	-	(2,182,388)	-	(2,182,388)
Interest and Other Charges	939,520	-	-	-	(939,520)	-	(939,520)
Total Governmental Activities	22,595,568	2,173,940	359,163	1,419,386	(18,643,079)	-	(18,643,079)
Business-Type Activities:							
Sewer	1,524,342	2,192,670	-	990,950	-	1,659,278	1,659,278
Public Works	50,082	1,437,762	-	-	-	1,387,680	1,387,680
Total Business-Type Activities	1,574,424	3,630,432	-	990,950	-	3,046,958	3,046,958
TOTAL - PRIMARY GOVERNMENT	\$ 24,169,992	5,804,372	359,163	2,410,336	(18,643,079)	3,046,958	(15,596,121)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					11,566,880	-	11,566,880
Hospitality and Accommodations Taxes					2,806,249	-	2,806,249
Business Licenses and MASC Taxes					4,539,337	-	4,539,337
Franchise Fees					1,546,901	-	1,546,901
Unrestricted Intergovernmental Revenue					510,906	-	510,906
Unrestricted Investment Earnings					61,442	18,443	79,885
Gain on Disposal of Capital Assets					53,971	-	53,971
Miscellaneous					191,104	-	191,104
Transfers In (Out)					158,420	(158,420)	-
Total General Revenues and Transfers					21,435,210	(139,977)	21,295,233
CHANGE IN NET POSITION					2,792,131	2,906,981	5,699,112
NET POSITION, Beginning of Year, As Previously Reported					42,980,129	15,266,914	58,247,043
Change in Accounting Principle - GASB #84					37,478	-	37,478
NET POSITION, Beginning of Year, As Restated					43,017,607	15,266,914	58,284,521
NET POSITION, End of Year					45,809,738	18,173,895	\$ 63,983,633

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, 2021

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	SIMPSONVILLE MUNICIPAL FACILITIES CORPORATION FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 16,519,233	-	-	-	\$ 16,519,233
Cash and Cash Equivalents, Restricted	243,191	18,285,082	12,864,825	429,894	31,822,992
Receivables, Net:					
Taxes	133,969	-	-	-	133,969
Accounts	1,720,213	257,329	-	-	1,977,542
Interfund Receivables	1,484,129	-	-	2,132	1,486,261
Prepays	14,928	6,000	-	-	20,928
TOTAL ASSETS	\$ 20,115,663	18,548,411	12,864,825	432,026	\$ 51,960,925
LIABILITIES					
Accounts Payable	\$ 1,295,061	-	-	-	\$ 1,295,061
Accrued Salaries and Fringe Benefits	713,016	-	-	-	713,016
Accrued Expenses	35,150	-	-	86,247	121,397
Interfund Payables	2,132	29,478	1,040	59,840	92,490
Developers' Escrow Liability	-	-	-	201,704	201,704
Unearned Revenue	7,950	-	-	-	7,950
TOTAL LIABILITIES	2,053,309	29,478	1,040	347,791	2,431,618
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	119,715	-	-	-	119,715
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,173,024	29,478	1,040	347,791	2,551,333
FUND BALANCES					
Nonspendable - Prepays	14,928	6,000	-	-	20,928
Restricted For:					
Tourism Related Costs	-	4,407,089	-	-	4,407,089
Unspent Bond Proceeds - Capital Improvements	38,687	14,105,844	12,863,785	-	27,008,316
Court	204,504	-	-	-	204,504
Public Safety	-	-	-	166,864	166,864
Cultural Arts	-	-	-	3,930	3,930
Other	-	-	-	11,523	11,523
Unassigned	17,684,520	-	-	(98,082)	17,586,438
TOTAL FUND BALANCES	17,942,639	18,518,933	12,863,785	84,235	49,409,592
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,115,663	18,548,411	12,864,825	432,026	\$ 51,960,925

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, 2021

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 49,409,592**

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. 119,715

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 \$77,041,350 and the accumulated depreciation was \$35,920,338. 41,121,012

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. (88,292)

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. (13,520,726)

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 and Premiums (Including Lease Purchases) (30,806,251)
- Compensated Absences (Annual Leave) (425,312)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 45,809,738**

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, 2021

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND	SIMPSONVILLE MUNICIPAL FACILITIES CORPORATION FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes:					
Local	\$ 11,543,240	-	-	-	\$ 11,543,240
Hospitality and Accommodations	-	2,644,119	-	-	2,644,119
MASC Telecommunications and Insurance	2,769,050	-	-	-	2,769,050
Franchise	1,546,901	-	-	200,232	1,747,133
Licenses, Permits, and Fees	3,307,335	-	-	-	3,307,335
Grants	193,043	-	-	-	193,043
Fines and Forfeitures	115,187	-	-	17,172	132,359
One Percent Income	-	-	-	149,157	149,157
Shared Revenue:					
County	335,132	-	-	-	335,132
State	673,035	-	-	-	673,035
Interest	46,695	13,371	-	1,376	61,442
Other	509,894	-	-	21,158	531,052
TOTAL REVENUES	21,039,512	2,657,490	-	389,095	24,086,097
EXPENDITURES					
Current:					
General Government:					
Public Safety	2,269,033	12,771	-	15,995	2,297,799
Public Works	10,772,996	-	-	142,108	10,915,104
Recreation and Parks	2,852,711	-	-	-	2,852,711
Capital Outlay	2,084,780	-	-	-	2,084,780
Debt Service:					
Principal	1,184,022	204,959	-	789,350	2,178,331
Interest and Other Fiscal Charges	628,492	1,006,000	-	-	1,634,492
Bond Issuance Costs	25,120	47,096	-	-	72,216
	-	334,192	290,561	-	624,753
TOTAL EXPENDITURES	19,817,154	1,605,018	290,561	947,453	22,660,186
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,222,358	1,052,472	(290,561)	(558,358)	1,425,911
OTHER FINANCING SOURCES (USES)					
Transfers In	159,597	-	-	454,257	613,854
Transfers Out	(1,177)	(454,257)	-	-	(455,434)
Issuance of Installment Purchase Revenue Bonds	-	-	11,300,000	-	11,300,000
Premium on Installment Purchase Revenue Bonds	-	-	1,854,346	-	1,854,346
Issuance of Revenue Refunding and Improvement Bonds	-	14,155,000	-	-	14,155,000
Premium on Revenue Refunding and Improvement Bonds	-	2,730,717	-	-	2,730,717
Payment to Refunded Debt Escrow Agent	-	(2,445,469)	-	-	(2,445,469)
Insurance Proceeds	181,681	-	-	-	181,681
Sale of Capital Assets	63,205	-	-	4,660	67,865
TOTAL OTHER FINANCING SOURCES (USES)	403,306	13,985,991	13,154,346	458,917	28,002,560
NET CHANGES IN FUND BALANCES	1,625,664	15,038,463	12,863,785	(99,441)	29,428,471
Fund Balances, Beginning of Year, As Previously Reported	16,316,975	3,480,470	-	146,198	19,943,643
Change in Accounting Principle - GASB #84	-	-	-	37,478	37,478
Fund Balances, Beginning of Year, As Restated	16,316,975	3,480,470	-	183,676	19,981,121
FUND BALANCES, End of Year	\$ 17,942,639	18,518,933	12,863,785	84,235	\$ 49,409,592

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, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 29,428,471

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.	23,640
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	(912,406)
Repayment of debt and lease purchase principal (including refunding payments) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	4,038,492
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.	(25,455,000)
Premiums on issuance of debt must be deferred and amortized over the life of the respective debt in the Statement of Activities. These proceeds were reported as an other financing source in the year they were received in the governmental funds	(4,585,063)
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 and writeoff of deferred refunding charges for the current year.	(121,166)
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.	(79,916)
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.	70,987
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.	(13,894)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, capital outlay expenditures that qualify as capital assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$3,250,177 (which includes donated capital assets of \$883,890) exceeded depreciation expense of \$2,852,191 in the current period.	397,986

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,792,131

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, 2021

	<u>SEWER FUND</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,344,471	2,497,448	\$ 7,841,919
Investments, Restricted	187,114	-	187,114
Receivables, Net	213,811	-	213,811
Prepays	583	-	583
Total Current Assets	<u>5,745,979</u>	<u>2,497,448</u>	<u>8,243,427</u>
Noncurrent Assets:			
Capital Assets, Net:			
Non-Depreciable	10,136,528	-	10,136,528
Depreciable, Net	10,222,523	1,078,799	11,301,322
Total Noncurrent Assets	<u>20,359,051</u>	<u>1,078,799</u>	<u>21,437,850</u>
TOTAL ASSETS	<u>26,105,030</u>	<u>3,576,247</u>	<u>29,681,277</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	<u>108,377</u>	<u>-</u>	<u>108,377</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	85,591	-	85,591
Interfund Payables	415,780	977,991	1,393,771
Unearned Revenue	1,122	-	1,122
Current Portion of Compensated Absences	7,778	-	7,778
Current Portion of Revenue Bond	405,000	-	405,000
Total Current Liabilities	<u>915,271</u>	<u>977,991</u>	<u>1,893,262</u>
Noncurrent Liabilities:			
Compensated Absences, Less Current Portion	7,778	-	7,778
Net Pension Liability	587,111	-	587,111
Revenue Bond, Less Current Portion	9,110,085	-	9,110,085
Total Noncurrent Liabilities	<u>9,704,974</u>	<u>-</u>	<u>9,704,974</u>
TOTAL LIABILITIES	<u>10,620,245</u>	<u>977,991</u>	<u>11,598,236</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	<u>17,523</u>	<u>-</u>	<u>17,523</u>
NET POSITION			
Net Investment in Capital Assets	10,843,966	1,078,799	11,922,765
Restricted for Debt Service	187,114	-	187,114
Unrestricted	4,544,559	1,519,457	6,064,016
TOTAL NET POSITION	<u>\$ 15,575,639</u>	<u>2,598,256</u>	<u>\$ 18,173,895</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, 2021

	SEWER FUND	PUBLIC WORKS FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES			
Sewer Maintenance Fees	\$ 2,192,670	-	\$ 2,192,670
Public Works Fees	-	1,437,762	1,437,762
TOTAL OPERATING REVENUES	2,192,670	1,437,762	3,630,432
OPERATING EXPENSES			
Personnel	275,632	-	275,632
Contractual Services	600	-	600
Materials and Supplies	9,882	-	9,882
Repair and Maintenance	-	17,858	17,858
Other Operating	165,430	-	165,430
Depreciation	654,705	32,224	686,929
TOTAL OPERATING EXPENSES	1,106,249	50,082	1,156,331
OPERATING INCOME	1,086,421	1,387,680	2,474,101
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	11,820	6,623	18,443
Interest Expense	(306,294)	-	(306,294)
Loss on Sale or Disposal of Capital Assets	(111,799)	-	(111,799)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(406,273)	6,623	(399,650)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	680,148	1,394,303	2,074,451
Transfers In	1,177	-	1,177
Transfers Out	-	(159,597)	(159,597)
Capital Contributions - Infrastructure	990,950	-	990,950
CHANGE IN NET POSITION	1,672,275	1,234,706	2,906,981
NET POSITION, BEGINNING OF YEAR	13,903,364	1,363,550	15,266,914
NET POSITION, END OF YEAR	\$ 15,575,639	2,598,256	\$ 18,173,895

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, 2021

	SEWER FUND	PUBLIC WORKS FUND	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 2,232,721	1,437,762	\$ 3,670,483
Cash Paid to Vendors	(175,912)	(17,858)	(193,770)
Payments to Employees	(309,432)	-	(309,432)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,747,377</u>	<u>1,419,904</u>	<u>3,167,281</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Net Change In Interfund Balances	95,356	821,854	917,210
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>95,356</u>	<u>821,854</u>	<u>917,210</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(278,895)	(1,111,023)	(1,389,918)
Principal Paid on Revenue Bond	(390,000)	-	(390,000)
Interest and Fees Paid on Revenue Bond	(356,218)	-	(356,218)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,025,113)</u>	<u>(1,111,023)</u>	<u>(2,136,136)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Investments	1,678,607	-	1,678,607
Interest Received	11,820	6,623	18,443
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,690,427</u>	<u>6,623</u>	<u>1,697,050</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,508,047	1,137,358	3,645,405
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,836,424</u>	<u>1,360,090</u>	<u>4,196,514</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,344,471</u>	<u>2,497,448</u>	<u>\$ 7,841,919</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Operating Income	\$ 1,086,421	1,387,680	\$ 2,474,101
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities			
Depreciation	654,705	32,224	686,929
Change in Accounts Representing Operating Activities:			
Accounts Receivable	40,051	-	40,051
Accrued Compensated Absences	1,136	-	1,136
Deferred Pension Charges	(17,802)	-	(17,802)
Net Pension Liability	(16,706)	-	(16,706)
Deferred Pension Credits	(428)	-	(428)
Net Cash Provided by Operating Activities	<u>\$ 1,747,377</u>	<u>1,419,904</u>	<u>\$ 3,167,281</u>
Noncash Capital and Related Financing Items:			
Donated Capital Assets	\$ 990,950	-	\$ 990,950
Change in Accrued Payables Related to Capital Assets	\$ (130,428)	-	\$ (130,428)

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, 2021

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 one blended component unit.

- The Simpsonville Municipal Facilities Corporation ("SMFC" or "Corporation") is a blended component unit of the City. The Corporation has been organized and shall be operated exclusively for the exercise of essential governmental functions (within the meaning of Section 115 of the Internal Revenue Code of 1986, as amended (the "Code") for the benefit of, to perform the functions of, and to carry out the purposes of the City. Rental income to the Corporation is excludable under Code because the Corporation exercises an essential governmental function, and the Corporation will not be required to file an annual federal information return (Form 990) under current federal law. The Corporation issued Installment Purchase Revenue Bonds in June 2021, which will primarily be used to (a) finance the costs of constructing, acquiring, and equipping a new municipal complex consisting of a new City Hall, police department headquarters, fire station, municipal court facilities and related parking and for the construction and acquisition of additional parking lots near and adjacent to the project facilities and other costs and for renovations to the project facilities and (b) to defray the costs of issuing the bonds.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

The Corporation and the City have entered into a Municipal Facilities Purchase and Occupancy Agreement and a Base Lease Agreement whereby the City will occupy and use the facilities and the City, subject to annual appropriation by City Council, will make semi-annual acquisition payments to the Corporation in amounts sufficient to enable the Corporation to pay the debt service owed on the debt. The Corporation is governed by a board of directors ("Board") which consists of three members – all of which are appointed by City Council. City Council has the power at any time to remove a director with or without cause and to appoint a successor for such director. The Corporation is included as a major special revenue fund in the City's governmental fund financial statements. Separate financial statements for the Corporation are not issued.

Potential Component Unit

The Simpsonville Industrial Development Corporation, (the "SIDC") 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 SIDC but the activity and the balances of SIDC 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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government considers its revenues to be available if they are 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.

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:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 *Simpsonville Municipal Facilities Corporation, a major fund* and an unbudgeted fund, is a special revenue fund of the City and accounts for the all of the general activity of this blended component unit (see Note I.A for more details).

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

Veteran's Monument Fund	Firefighters' 1% Fund
Animals of Simpsonville Fund	Victims' Assistance Fund
Economic Development Fund	Seized Funds Fund
Fire Prevention Fund	Narcotics Fund
Fire Safety House Fund	Enforcing Underage Drinking Laws Fund
Simpsonville Elementary Improvement 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.

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. Generally, 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Change in Accounting Principle

The City adopted Governmental Accounting Standard Boards (“GASB”) Statement No. 84 “*Financial Activities*” (“Statement” or “GASB #84”) for the year ended June 30, 2021. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement made it clear that the Firefighters’ 1% balances and activities should be reported by the City in a special revenue fund. The balances and activities were previously not recorded.

The adoption of GASB #84 has resulted in the restatement of the City’s fund balance and net position as of July 1, 2020 for its governmental fund financial statements and its government-wide financial statements to reflect the reporting of the Firefighters’ 1% Fund. Fund balance of the City’s governmental funds and net position of the City’s governmental activities as of July 1, 2020 was increased by approximately \$37,000, reflecting the cumulative change in accounting principle related to the adoption of GASB #84.

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 (which includes money market mutual funds) 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) are reported as investments.

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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)

- (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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 basis. A maximum of 40 hours of accrued annual leave will be paid upon voluntary termination as long as the six month introductory period has been completed and proper notice has been satisfied. Sick leave is earned on a monthly basis. Sick leave can only be used for a valid illness and will not be paid at termination or retirement.

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

6. *Accrued Liabilities and Long-Term Obligations*

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

In 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 one type of deferred outflows of resources. The City 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.

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.).

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Balance (Continued)

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.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions (Continued)

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

11. 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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2021, none of the City’s bank balances of approximately \$29,306,000 (with a carrying value of approximately \$29,212,000) were exposed to custodial credit risk.

Investments

As of June 30, 2021, 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	\$ 27,157,783	< 1 Year
South Carolina Local Government Investment Pool	N/A	Unrated	1,027	< 1 Year
Total			<u>\$ 27,158,810</u>	

(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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

A. Deposits and Investments (Continued)

Investments (Continued)

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, 2021 were those imposed by the revenue source (i.e. accommodations and hospitality fees, unspent debt proceeds, etc.) and debt service reserve funds.

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	\$ 29,212,448
Fair Value of Investments	27,158,810
Total Deposits and Investments	<u>\$ 56,371,258</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 24,361,152
Cash and Cash Equivalents, Restricted	31,822,992
Investments, Restricted	187,114
Total Cash and Cash Equivalents	<u>\$ 56,371,258</u>

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).

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

Property Taxes (Continued)

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 2021 real and business personal property taxes (which was for tax year 2020) were levied in October 2020 based on a millage rate of 63.6 mills (same as the prior year) for the City and 37.5 mills (same as the prior year) for the Fire Service Area, of which 5.2 mills (4.0 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 \$106.5 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.

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, 2021 consisted of the following:

Description	General Fund	Accommodations and Hospitality Tax Fund	Sewer Fund	Totals
Property Taxes	\$ 133,969	-	-	\$ 133,969
Utilities	-	-	213,811	213,811
Accommodations Taxes	61,734	21,534	-	83,268
Hospitality Fees	-	235,198	-	235,198
MASC Insurance	673,416	-	-	673,416
Franchise Fees	327,075	-	-	327,075
Aid to Subdivisions	116,391	-	-	116,391
Other	541,597	597	-	542,194
Net Receivables	<u>\$ 1,854,182</u>	<u>257,329</u>	<u>213,811</u>	<u>\$ 2,325,322</u>

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).

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

Unavailable and Unearned Revenues (Continued)

As of June 30, 2021, the City’s governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 119,715	-	\$ 119,715
Other	General	-	7,950	7,950
Total		<u>\$ 119,715</u>	<u>7,950</u>	<u>\$ 127,665</u>

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2021, 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	\$ 1,484,129	\$ 2,132
Accommodations and Hospitality Tax Fund	-	29,478
Simpsonville Municipal Facilities Corp. Fund	-	1,040
Non Major Governmental Funds	2,132	59,840
Sewer Fund	-	415,780
Public Works Fund	-	977,991
Totals	<u>\$ 1,486,261</u>	<u>\$ 1,486,261</u>

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.

Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 159,597	\$ 1,177
Accommodations and Hospitality Tax Fund	-	454,257
Non Major Governmental Funds	454,257	-
Sewer Fund	1,177	-
Public Works Fund	-	159,597
Totals	<u>\$ 615,031</u>	<u>\$ 615,031</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. Transfers from the Public Works Fund to the General Fund were to support costs for road improvements. Council approves the amount transferred annually during the budget process.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

D. Capital Assets

Capital asset activity for the City’s governmental activities for the year ended June 30, 2021, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	\$ 7,220,458	-	-	-	\$ 7,220,458
Construction In Progress	159,651	789,350	-	-	949,001
Total Capital Assets, Non-Depreciable	<u>7,380,109</u>	<u>789,350</u>	<u>-</u>	<u>-</u>	<u>8,169,459</u>
Capital Assets, Depreciable:					
Buildings and Improvements	22,739,274	61,683	-	-	22,800,957
Machinery and Equipment	5,257,645	341,590	284,413	-	5,314,822
Infrastructure	28,024,527	433,750	-	-	28,458,277
Vehicles	11,746,846	1,623,804	1,072,815	-	12,297,835
Total Capital Assets, Depreciable	<u>67,768,292</u>	<u>2,460,827</u>	<u>1,357,228</u>	<u>-</u>	<u>68,871,891</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	9,154,046	598,174	-	-	9,752,220
Machinery and Equipment	3,311,588	373,761	278,249	-	3,407,100
Infrastructure	13,726,527	481,790	-	-	14,208,317
Vehicles	8,219,320	1,398,466	1,065,085	-	8,552,701
Total Accumulated Depreciation	<u>34,411,481</u>	<u>2,852,191</u>	<u>1,343,334</u>	<u>-</u>	<u>35,920,338</u>
Total Capital Assets, Depreciable, Net	<u>33,356,811</u>	<u>(391,364)</u>	<u>13,894</u>	<u>-</u>	<u>32,951,553</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,736,920</u>	<u>397,986</u>	<u>13,894</u>	<u>-</u>	<u>\$ 41,121,012</u>

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	\$ 848,017	\$ 242,004
Public Safety	1,717,070	1,540,809
Public Works	551,933	677,184
Recreation and Parks	133,157	392,195
Total - Governmental Activities	<u>\$ 3,250,177</u>	<u>\$ 2,852,192</u>

During the year ended June 30, 2021, the City received a partially donated fire truck from Greenville County for approximately \$726,000. 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 \$158,000. This amount is included in Public Works capital asset additions noted above.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

D. Capital Assets (Continued)

Capital asset activity for the City’s business-type activities for the year ended June 30, 2021, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Construction In Progress	\$ 10,213,357	70,281	147,110	-	\$ 10,136,528
Total Capital Assets, Non-Depreciable	<u>10,213,357</u>	<u>70,281</u>	<u>147,110</u>	<u>-</u>	<u>10,136,528</u>
Capital Assets, Depreciable:					
Infrastructure	16,132,838	990,950	-	-	17,123,788
Equipment	400,647	1,003,739	-	-	1,404,386
Vehicles	797,475	185,470	140,321	-	842,624
Total Capital Assets, Depreciable	<u>17,330,960</u>	<u>2,180,159</u>	<u>140,321</u>	<u>-</u>	<u>19,370,798</u>
Less: Accumulated Depreciation for:					
Infrastructure	6,625,722	509,059	-	-	7,134,781
Equipment	304,614	76,636	-	-	381,250
Vehicles	480,733	101,234	28,522	-	553,445
Total Accumulated Depreciation	<u>7,411,069</u>	<u>686,929</u>	<u>28,522</u>	<u>-</u>	<u>8,069,476</u>
Total Capital Assets, Depreciable, Net	<u>9,919,891</u>	<u>1,493,230</u>	<u>111,799</u>	<u>-</u>	<u>11,301,322</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,133,248</u>	<u>1,563,511</u>	<u>258,909</u>	<u>-</u>	<u>\$ 21,437,850</u>

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
Sewer	\$ 1,139,417	\$ 654,705
Public Works	1,111,023	32,224
Total - Business-Type Activities	<u>\$ 2,250,440</u>	<u>\$ 686,929</u>

The City’s Sewer Fund receive from time to time donated capital assets (generally sewer infrastructure) from subdivisions/projects that are given to the City from developers. In 2021, the City received sewer infrastructure donations of approximately \$991,000 which are included in the above totals.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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”) and 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”) and Accommodations and Hospitality Tax Revenue Refunding and Improvement Bonds (“AHTRRIB”) are considered a special obligation of the City and are payable solely from a pledge of accommodation and hospitality taxes. Installment Purchase Revenue Bonds (“IPRB”) are issued by the SMFC, a blended component unit of the City (see Note I.A for more details). 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, 2021 are as follows:

	<u>Balance at June 30, 2021</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.	\$ 34,000
\$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.	560,000
<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.	67,521
<i>Accommodations and Hospitality Tax Revenue Refunding and Improvement Bonds</i>	
\$14,155,000 Series 2021 Accommodations and Hospitality Tax Revenue Refunding Bonds issued in June 2021 (“AHTRRB – Series 2021”), which is due in annual principal installments of \$705,000 to \$1,230,000 beginning January 1, 2022 and ending January 1, 2036. Interest is payable semi-annually on January 1 st and July 1 st with interest from 3.0% to 5.0%. The proceeds from the AHTRRIB – Series 2021 were used to currently refund the AHTRRB – Series 2016 and fund future capital projects.	14,155,000
<i>Lease Purchases</i>	
\$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.	\$ 104,667

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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

E. Long-Term Obligations (Continued)

	<u>Balance at June 30, 2021</u>
<i>Installment Purchase Revenue Bonds</i>	
\$11,300,000 Installment Purchase Revenue Bonds were issued in June 2021 (“IPRB – Series 2021”), which is due in annual principal installments of \$385,000 – \$785,000 beginning on April 1, 2022 through April 1, 2042. Interest is payable semi-annually on April 1 st and October 1 st with interest ranging from 2.125% to 4.000%. The proceeds from these bonds will be used for various capital projects for the City.	\$ 11,300,000
<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.	\$ 8,775,000

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, 2021.

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, 2021, the City had approximately \$662,000 of general obligation debt. The City’s 8% legal debt limit was approximately \$8,516,000 and the unused legal debt margin was approximately \$7,854,000 at June 30, 2021.

The RB – Series 2016 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, 2021.

All of the City’s outstanding debt, with the exception of the IPRB – Series 2021, AHTRRIB – Series 2021, and the RB – Series 2016 have 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.

Current Refunding

In June 2021, the City issued \$14,155,000 in AHTRRIB – Series 2021 and received a premium of approximately \$2,731,000 to currently refund the AHTRRB – Series 2016 in the amount of approximately \$2,445,000 (which includes approximately \$17,000 in accrued interest and approximately \$24,000 for the prepayment of the premium). As a result, the AHTRRB – Series 2016 were redeemed and the related liability was removed from the Statement of Net Position. The City incurred approximately \$200,000 in bond issuance costs associated with the new debt. This refunding was undertaken to take advantage of lower interest rates, resulting in a reduction of total debt service payments of approximately \$5,000 and an economic gain of approximately \$7,000.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Bonds:					
GORB - Series 2013 - DBP	\$ 131,801	-	64,280	67,521	\$ 67,521
GOB - Series 2015 - DBP	231,000	-	197,000	34,000	34,000
AHTRRB - Series 2016 - DBP	3,410,000	-	3,410,000	-	-
GOB - Series 2017 - DBP	125,000	-	125,000	-	-
GOB - Series 2019 - DBP	667,000	-	107,000	560,000	109,000
IPRB - Series 2021 - PT	-	11,300,000	-	11,300,000	-
AHTRRIB - Series 2021 - PT	-	14,155,000	-	14,155,000	930,000
Premium on IPRB - Series 2021	-	1,854,346	-	1,854,346	-
Premium on AHTRRIB - Series 2021	-	2,730,717	-	2,730,717	-
Total Bonds	4,564,801	30,040,063	3,903,280	30,701,584	1,140,521
Lease Purchases:					
LP - 2012 - DBP	30,544	-	30,544	-	-
LP - 2019 - DBP	209,335	-	104,668	104,667	104,667
Total Lease Purchases	239,879	-	135,212	104,667	104,667
Total Debt	4,804,680	30,040,063	4,038,492	30,806,251	1,245,188
Compensated Absences	496,299	523,264	594,251	425,312	212,656
Total Governmental Activities	\$ 5,300,979	30,563,327	4,632,743	31,231,563	\$ 1,457,844

Presented below is a summary of changes in long-term obligations for the City's business-type activities for the year ended June 30, 2021:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
Bonds:					
RB - Series 2016 - Publicly Traded	\$ 9,165,000	-	390,000	8,775,000	\$ 405,000
Premium on RB - Series 2016	787,084	-	46,999	740,085	-
Total Bonds	9,952,084	-	436,999	9,515,085	405,000
Total Debt	9,952,084	-	436,999	9,515,085	405,000
Compensated Absences	14,420	16,275	15,139	15,556	7,778
Total Business-Type Activities	\$ 9,966,504	16,275	452,138	9,530,641	\$ 412,778

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, IPRB, and compensated absences liability. Resources from the Accommodations and Hospitality Tax Fund have been used to liquidate the AHTRRIB. 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, 2021:

Year Ended June 30,	Bonds - DBP		Bonds - Publicly Traded		Lease Purchases - DBP		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
Governmental Activities:							
2022	\$ 210,521	12,482	930,000	697,724	104,667	3,714	\$ 1,959,108
2023	110,000	8,817	1,090,000	990,344	-	-	2,199,161
2024	112,000	6,667	1,125,000	957,644	-	-	2,201,311
2025	114,000	4,477	1,165,000	916,644	-	-	2,200,121
2026	115,000	2,248	1,210,000	870,044	-	-	2,197,292
2027-2031	-	-	6,960,000	3,450,670	-	-	10,410,670
2032-2036	-	-	8,625,000	1,786,220	-	-	10,411,220
2037-2041	-	-	3,565,000	450,020	-	-	4,015,020
2042	-	-	785,000	16,677	-	-	801,677
Totals	\$ 661,521	34,691	25,455,000	10,135,987	104,667	3,714	\$ 36,395,580

Year Ended June 30,	Bonds - Publicly Traded		Total
	Principal	Interest	
Business-Type Activities			
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	470,000	278,213	748,213
2027-2031	2,610,000	1,115,163	3,725,163
2032-2036	3,265,000	468,463	3,733,463
2037-2041	725,000	23,563	748,563
Totals	\$ 8,775,000	3,167,800	\$ 11,942,800

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2021, the City made premium payments totaling approximately \$379,000. 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, 2020, totaled approximately \$14,492,000. 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, 2021, the City made premium payments totaling approximately \$224,000. 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, 2020, totaled approximately \$60,286,000. 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 containing financial statements and required supplementary information for the System’ Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through 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, 2021

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits (Continued)

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

- 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 (“Plans”) 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 in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. 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 1, 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 1, 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, 2021

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		
	2019	2020	2021	2019	2020	2021
Employer Contribution Rate: [^]						
Retirement	14.41%	15.41%	15.41%	16.84%	17.84%	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>14.56%</u>	<u>15.56%</u>	<u>15.56%</u>	<u>17.24%</u>	<u>18.24%</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
2021	\$ 472,446	100%	\$ 994,969	100%
2020	454,431	100%	905,203	100%
2019	\$ 415,607	100%	\$ 823,511	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, 2020. 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, 2020 (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, 2021. 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
2021	\$ 3,036,286	5,454,876	\$ 8,491,162
2020	2,920,508	4,962,735	7,883,243
2019	\$ 2,854,442	4,776,743	\$ 7,631,185

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2019 for first use in the July 1, 2021 actuarial valuation (previous report was issued for the period ending June 30, 2015).

The June 30, 2020 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, 2019. The TPL was rolled-forward from the valuation date to the Plans’ fiscal year end, June 30, 2020, 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, 2020 (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, 2021

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 2020 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%	7.81%	2.73%
Private Equity	9.0%	8.91%	0.80%
Equity Options Strategies	7.0%	5.09%	0.36%
Real Assets	12.0%		
Real Estate (Private)	8.0%	5.55%	0.44%
Real Estate (REITs)	1.0%	7.78%	0.08%
Infrastructure (Private)	2.0%	4.88%	0.10%
Infrastructure (Public)	1.0%	7.05%	0.07%
Opportunistic	8.0%		
Global Tactical Asset Allocation	7.0%	3.56%	0.25%
Other Opportunistic Strategies	1.0%	4.41%	0.04%
Credit	15.0%		
High Yield Bonds/Bank Loans	4.0%	4.21%	0.17%
Emerging Markets Debt	4.0%	3.44%	0.14%
Private Debt	7.0%	5.79%	0.40%
Rate Sensitive	14.0%		
Core Fixed Income	13.0%	1.60%	0.21%
Cash and Short Duration (Net)	1.0%	0.56%	0.01%
Total Expected Real Rate of Return	100.0%		5.80%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			8.05%

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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, 2020 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	\$ 51,844,187,763	26,292,418,682	\$ 25,551,769,081	50.7%
PORS	\$ 8,046,386,629	4,730,174,642	\$ 3,316,211,987	58.8%

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, 2021, the City reported liabilities of approximately \$6,680,000 and \$10,894,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2020, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2019 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, 2020 measurement date, the City’s SCRS proportion was 0.026142 percent, which was a decrease of 0.000889 percent from its proportion measured as of June 30, 2019. At the June 30, 2020 measurement date, the City’s PORS proportion was 0.32852 percent, which was a decrease of 0.00082 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of approximately \$688,000 and \$1,656,000 for the SCRS and PORS, respectively. At June 30, 2021, 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, 2021

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	\$ 77,077	\$ 25,259
Change in Assumptions	8,184	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	491,360	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	211,066	174,107
Employer Contributions Subsequent to the Measurement Date	445,372	-
Total SCRS	<u>1,233,059</u>	<u>199,366</u>
PORS		
Differences Between Expected and Actual Experience	231,527	47,954
Change in Assumptions	132,947	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,115,554	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	189,605	51,025
Employer Contributions Subsequent to the Measurement Date	952,857	-
Total PORS	<u>2,622,490</u>	<u>98,979</u>
Total SCRS and PORS	<u>\$ 3,855,549</u>	<u>\$ 298,345</u>

Approximately \$445,000 and \$953,000 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, 2022. 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
2022	\$ 129,986	506,398	\$ 636,384
2023	208,282	414,561	622,843
2024	124,669	362,482	487,151
2025	125,384	287,213	412,597
Total	<u>\$ 588,321</u>	<u>1,570,654</u>	<u>\$ 2,158,975</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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.

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	\$ 8,278,869	6,679,861	\$ 5,344,670
City's proportionate share of the net pension liability of the PORS	14,422,254	10,894,326	8,061,627
Total	\$ 22,701,123	17,574,187	\$ 13,406,297

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Comprehensive Annual Financial Report is publicly available through 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 \$185,000 to the PEBA as of June 30, 2021, representing required employer and employee contributions for the month of June 2021 for the SCRS and PORS. This amount is included in Accrued Salaries and Fringe Benefits on the financial statements and was paid in August 2021.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

IV. OTHER INFORMATION (CONTINUED)

C. Deferred Compensation Plan

The City offers its employees the option to participate in the South Carolina 401 (k), Roth 401 (k), and 457 Deferred Compensation plans (collectively the “Deferred Compensation Plans”). The Deferred Compensation Plans are administered by the PEBA. All amounts of compensation contributed under the Deferred Compensation Plans, all income, and rights attributed to such amounts remain the sole property of the participating employee. Current year payroll covered under the Deferred Compensation Plans was approximately \$1,734,000. 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 \$96,000 for the year ended June 30, 2021. There were no significant changes in plan provisions during the current year.

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, 2021.

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 \$4,718,000 in tax revenues related to the FSA during the year ended June 30, 2021.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

IV. OTHER INFORMATION (CONTINUED)

E. Contingent Liabilities and Commitments (Continued)

Agreement with Renewable Water Resources

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

Construction Contracts

The City began a Sewer Rehabilitation Project in March 2016 and has recognized approximately \$10,137,000 as of June 30, 2021 (in construction in progress). The City’s remaining commitment for this project is approximately \$1,619,000 as of June 30, 2021.

In February 2021, the City entered into an agreement for approximately \$1,738,000 with a contractor to provide construction services related to the City of Simpsonville – Arts Center Renovation project. The City has recognized approximately \$789,000 in costs leaving a remaining commitment of approximately \$949,000 at June 30, 2021.

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. 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. As of June 30, 2021, the City paid out approximately \$66,000 under this agreement.

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. Management continues to actively monitor the impact from the COVID-19 outbreak on its financial condition, liquidity, operations, and workforce. If the COVID-19 outbreak continues or strengthens due to new variants resulting in state, local, and federal governments recommending or mandating restrictions on business and travel in an effort to curb the COVID-19 outbreak (by changing consumer behavior), the City expects such restrictions may negatively impact the City’s operations.

G. Deficit Balance in Non-Major Fund

The Simpsonville Elementary Improvement Fund had a deficit fund balance of approximately \$98,000 at June 30, 2021. The City expects to receive grant funding and transfers in to make up this deficit.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

IV. OTHER INFORMATION (CONTINUED)

H. Subsequent Events

In August 2021, the City entered into an agreement with the Greenville Legislative Delegation Transportation Committee (“GLDTC”) for services related to the Simpsonville Streetscape Construction Project (“the Project”). GLDTC will pay up to \$1,000,000 each year for engineering services related to the Project, for a total of \$2,000,000 across fiscal years 2022 and 2023. If the Project expenditures exceed \$1,000,000 in fiscal year 2022 or 2023, the City will be responsible for paying the balance.

In September 2021, the City received approximately \$6,029,000 (first portion) of the allocated American Rescue Plan Act funding.

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, 2021

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Local	\$ 10,972,354	10,972,354	11,543,240	\$ 570,886
MASC Telecommunications and Insurance	2,580,000	2,580,000	2,769,050	189,050
Franchise	1,683,000	1,683,000	1,546,901	(136,099)
Licenses, Permits, and Fees	2,456,300	2,456,300	3,307,335	851,035
Grants	57,444	57,444	193,043	135,599
Fines	120,000	120,000	115,187	(4,813)
Shared Revenue:				
County	342,536	342,536	335,132	(7,404)
State	645,000	645,000	673,035	28,035
Interest	55,000	55,000	46,695	(8,305)
Other	488,300	488,300	509,894	21,594
TOTAL REVENUES	19,399,934	19,399,934	21,039,512	1,639,578
EXPENDITURES				
Current:				
General Government				
Mayor and City Council	116,413	116,413	101,500	14,913
City Administration	2,291,638	2,291,638	2,167,533	124,105
Public Safety	-	-	-	-
Police Department	5,082,371	5,082,371	4,771,899	310,472
Fire Department	6,471,041	6,471,041	6,001,097	469,944
Public Works	2,992,962	2,992,962	2,852,711	140,251
Recreation and Parks	2,296,697	2,296,697	2,084,780	211,917
Capital Outlay	233,498	233,498	1,184,022	(950,524)
Debt Service:				
Principal	712,024	712,024	628,492	83,532
Interest	23,290	23,290	25,120	(1,830)
TOTAL EXPENDITURES	20,219,934	20,219,934	19,817,154	402,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(820,000)	(820,000)	1,222,358	2,042,358
Transfers In	820,000	820,000	159,597	(660,403)
Transfers Out	-	-	(1,177)	(1,177)
Insurance Proceeds	-	-	181,681	181,681
Sale of Capital Assets	-	-	63,205	63,205
TOTAL OTHER FINANCING SOURCES (USES)	820,000	820,000	403,306	(416,694)
NET CHANGE IN FUND BALANCE	-	-	1,625,664	1,625,664
FUND BALANCES, Beginning of Year	16,316,975	16,316,975	16,316,975	-
FUND BALANCES, End of Year	\$ 16,316,975	16,316,975	17,942,639	\$ 1,625,664

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, 2021

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Hospitality Tax	\$ 1,950,000	1,950,000	2,370,694	\$ 420,694
Accommodations Tax	400,000	400,000	273,425	(126,575)
Interest	20,000	20,000	13,371	(6,629)
TOTAL REVENUES	2,370,000	2,370,000	2,657,490	287,490
EXPENDITURES				
Current:				
General Government	15,000	15,000	12,771	(2,229)
Capital Outlay	345,956	345,956	204,959	(140,997)
Debt Service:				
Principal	-	-	1,006,000	1,006,000
Interest and Other Fiscal Charges	-	-	47,096	47,096
Bond Issuance Costs	-	-	334,192	334,192
TOTAL EXPENDITURES	360,956	360,956	1,605,018	1,244,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,009,044	2,009,044	1,052,472	(956,572)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,715,334)	(1,715,334)	(454,257)	1,261,077
Issuance of Revenue Refunding and Improvement Bonds	-	-	14,155,000	14,155,000
Premium on Revenue Refunding and Improvement Bonds	-	-	2,730,717	2,730,717
Payment to Refunded Debt Escrow Agent	-	-	(2,445,469)	(2,445,469)
TOTAL OTHER FINANCING SOURCES (USES)	(1,715,334)	(1,715,334)	13,985,991	15,701,325
NET CHANGE IN FUND BALANCE	293,710	293,710	15,038,463	14,744,753
FUND BALANCES, Beginning of Year	3,480,470	3,480,470	3,480,470	-
FUND BALANCES, End of Year	\$ 3,774,180	3,774,180	18,518,933	\$ 14,744,753

Note: The City's original and revised budgets reflected an expected surplus of approximately \$294,000.

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, 2021

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 EIGHT FISCAL YEARS

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.02614%	0.02703%	0.02506%	0.02540%	0.02741%	0.02757%	0.02831%	0.02831%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,679,861	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	\$ 2,920,508	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	228.72%	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	50.71%	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 EIGHT FISCAL YEARS

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 472,446	454,431	415,607	352,085	296,195	293,557	281,714	\$ 272,401
Contributions in Relation to the Contractually Required Contribution:								
Contributions from the City	445,372	427,357	388,533	325,011	296,195	293,557	281,714	272,401
Contributions from the State	27,074	27,074	27,074	27,074	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 3,036,286	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%	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 EIGHT FISCAL YEARS

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.32852%	0.32933%	0.32283%	0.30851%	0.32128%	0.30849%	0.31038%	0.31038%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,894,326	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	\$ 4,962,735	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	219.52%	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	58.79%	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 EIGHT FISCAL YEARS

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 994,969	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	952,857	863,091	781,399	683,565	591,620	562,779	507,396	479,981
Contributions from the State	42,112	42,112	42,112	42,112	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 5,454,876	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%	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, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
Mayor and City Council:			
Current:			
Salaries	\$ 46,600	46,958	\$ (358)
FICA	3,565	2,982	583
Retirement	4,850	4,498	352
Insurance - Group	32,048	37,106	(5,058)
Insurance - Worker's Compensation	1,100	1,044	56
Insurance - Liability	2,200	2,088	112
Discretionary Funds	17,850	671	17,179
Dues, Subscriptions, and Memberships	900	52	848
Office and Printing	6,800	5,740	1,060
Telephone, Modem, and Fax	500	361	139
Total Mayor and City Council	<u>116,413</u>	<u>101,500</u>	<u>14,913</u>
City Administration: General			
Current:			
Salaries	744,389	697,987	46,402
Overtime	500	193	307
Extra Duties - Overtime	4,100	8,990	(4,890)
FICA	56,946	51,952	4,994
Retirement	123,271	113,687	9,584
Insurance - Group	128,070	135,256	(7,186)
Insurance - Worker's Compensation	4,000	3,916	84
Insurance - Liability	10,000	9,822	178
Fuel Usage	3,000	2,732	268
Tires	2,000	-	2,000
Professional Training	27,800	6,654	21,146
Contractual Services - Professional	64,500	89,051	(24,551)
Dues, Subscriptions, and Memberships	14,975	12,879	2,096
Supplies	9,000	11,974	(2,974)
Telephone, Fax, Cell and Pagers	10,000	8,340	1,660
IT Communications	11,800	8,705	3,095
Computer Software and Support	68,000	61,876	6,124
Non-Capital Equipment	3,000	7,343	(4,343)
Utilities	181,000	158,659	22,341
Local Meetings and Meals	7,500	2,634	4,866
Equipment Rent	19,650	18,192	1,458
Bank Fees	-	5,311	(5,311)
Building Inspection Fees	144,000	144,000	-
Advertising	1,500	1,348	152
Community Relations	286,899	320,576	(33,677)
Employee Recognition	12,000	2,952	9,048
Memorials and Awards	1,500	624	876
Miscellaneous	6,000	3,001	2,999
Postage	4,000	2,225	1,775
Printing	12,600	9,712	2,888
Repairs and Maintenance - Buildings	10,600	11,678	(1,078)
Repairs and Maintenance - Equipment	4,700	2,785	1,915
Repairs and Maintenance - Routine	\$ 1,000	737	\$ 263

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	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	8,070	(1,070)
Contingency	56,000	10,739	45,261
Total City Administration: General	<u>2,043,800</u>	<u>1,934,600</u>	<u>109,200</u>
City Administration: Court Division			
Current:			
Salaries	147,398	142,884	4,514
Overtime	2,000	-	2,000
FICA	11,238	10,884	354
Retirement	24,326	23,020	1,306
Insurance - Group	17,076	23,709	(6,633)
Insurance - Worker's Compensation	500	485	15
Insurance - Liability	2,300	2,124	176
Professional Training	7,500	1,052	6,448
Dues, Subscriptions, and Memberships	150	218	(68)
Supplies	2,500	1,183	1,317
Telephone, Fax, Cell and Pagers	1,000	1,298	(298)
IT Communications	4,500	3,903	597
Computer Software and Support	3,500	11,919	(8,419)
Printing	1,500	293	1,207
Repairs and Maintenance - Equipment	500	191	309
Postage	3,500	1,793	1,707
Jurors, Bailiffs, and Witnesses	5,000	-	5,000
Non-Capital Equipment	2,000	76	1,924
Rental Expense	11,100	7,179	3,921
Miscellaneous	250	722	(472)
Total City Administration: Court Division	<u>247,838</u>	<u>232,933</u>	<u>14,905</u>
Total City Administration	<u>2,291,638</u>	<u>2,167,533</u>	<u>124,105</u>
Total General Government	<u>2,408,051</u>	<u>2,269,033</u>	<u>139,018</u>
Public Safety			
Police Department: Operations			
Current:			
Salaries	2,294,393	2,221,824	72,569
Overtime	47,000	49,050	(2,050)
Extra Duties-Overtime	110,000	58,744	51,256
FICA	173,800	172,548	1,252
Retirement	437,112	407,426	29,686
Insurance - Group	524,033	492,497	31,536
Insurance - Worker's Compensation	83,000	87,653	(4,653)
Insurance - Liability	155,000	158,743	(3,743)
Fuel Usage	120,000	114,950	5,050
Tires	16,500	9,044	7,456
Professional Training	22,550	17,845	4,705
Dues and Subscriptions	\$ 4,155	2,480	\$ 1,675

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Operations (Continued)			
Current:			
Supplies	\$ 19,500	13,258	\$ 6,242
Telephone, Fax, Cell and Pagers	51,636	54,340	(2,704)
Computer Software and Support	75,590	66,698	8,892
IT Communications	12,000	11,600	400
Utilities	16,000	11,889	4,111
Physical Examinations and Drug/Alcohol Testing	-	470	(470)
Local Meetings and Meals	4,800	4,754	46
Leases-Equipment	16,048	16,377	(329)
Advertising	3,500	3,248	252
Non-Capital Equipment	43,597	36,268	7,329
Community Relations	11,350	8,385	2,965
Vehicle License Fees	100	73	27
Postage	3,000	1,347	1,653
Uniforms	35,425	36,538	(1,113)
Employee Uniform Allowance	9,000	7,963	1,037
Printing	2,500	1,086	1,414
Animal Control	3,000	1,581	1,419
Repairs and Maintenance - Buildings	8,500	6,738	1,762
Repairs and Maintenance - Equipment	14,000	12,870	1,130
Repairs and Maintenance - Radios	5,000	-	5,000
Repairs and Maintenance - Drive Train	15,800	10,399	5,401
Repairs and Maintenance - Routine	36,000	31,542	4,458
Repairs and Maintenance - Vehicle Body Work	10,000	16,443	(6,443)
Tools and Small Equipment	-	1,492	(1,492)
Firearms/Ammunition	19,300	18,727	573
Chemicals	500	284	216
Informant Fees	5,000	5,382	(382)
Housing - Inmate	60,000	37,466	22,534
Housing - Juvenile	10,000	6,251	3,749
Radio User Fees	39,500	35,971	3,529
UDL Enforcement	1,000	-	1,000
COVID-19 Response Grant	-	14,199	(14,199)
Tuition Reimbursements	2,000	-	2,000
Police Services	8,528	3,056	5,472
Vending	1,000	1,138	(138)
Miscellaneous	3,000	1,508	1,492
Total Police Department: Operations	4,533,717	4,272,145	261,572
Police Department: Dispatch			
Current:			
Salaries	332,080	293,548	38,532
Overtime	40,000	40,191	(191)
Extra Duties-Overtime	3,000	-	3,000
FICA	25,121	24,924	197
Retirement	54,380	52,664	1,716
Insurance - Group	65,093	74,477	(9,384)
Insurance - Workers' Compensation	800	765	35
Insurance - Liability	3,700	3,798	(98)
Non-Capital Equipment	4,050	3,985	65
Professional Training	7,700	2,147	5,553
Dues, Subscriptions, and Memberships	\$ 1,006	284	\$ 722

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Dispatch (Continued)			
Current:			
Supplies - Other	\$ 700	682	\$ 18
Computer Software and Support	1,000	-	1,000
IT Communications	4,500	-	4,500
Repairs and Maintenance - Equipment	1,500	658	842
Repairs and Maintenance - Radios	1,000	-	1,000
Uniforms	3,024	1,631	1,393
Total Police Department: Dispatch	<u>548,654</u>	<u>499,754</u>	<u>48,900</u>
Total Police Department	<u>5,082,371</u>	<u>4,771,899</u>	<u>310,472</u>
Fire Department:			
Current:			
Salaries	3,625,302	3,540,660	84,642
Extra Duties - Overtime	20,000	8,350	11,650
FICA	271,468	261,876	9,592
Retirement	682,751	622,795	59,956
Insurance - Group	1,134,070	885,212	248,858
Insurance - Workers' Compensation	100,000	90,135	9,865
Insurance - Liability	75,000	83,218	(8,218)
Insurance - Claims	-	16,406	(16,406)
Professional Training	42,500	26,138	16,362
Dues, Subscriptions, and Memberships	6,150	5,339	811
Supplies	16,500	14,947	1,553
Supplies - Safety	91,750	84,220	7,530
Landscaping	1,200	341	859
Telephone, Fax, Cell and Pagers	11,000	11,474	(474)
Computer Software and Support	24,500	18,713	5,787
IT Communications	17,250	20,968	(3,718)
Utilities	50,000	45,565	4,435
Equipment Rent	12,000	7,206	4,794
Fuel Usage	50,000	48,524	1,476
Tires Expenditures	26,000	20,949	5,051
Physical Examinations and Drug/Alcohol Testing	-	2,689	(2,689)
Local Meetings and Meals	3,000	1,847	1,153
Community Relations	2,500	2,099	401
Non-Capital Equipment	31,500	18,333	13,167
Postage	200	74	126
Uniforms	37,500	37,669	(169)
Printing	500	-	500
Repairs and Maintenance - Buildings	31,250	23,717	7,533
Repairs and Maintenance - Equipment	42,500	26,411	16,089
Repairs and Maintenance - Radios	3,500	3,184	316
Repairs and Maintenance - Drive Train	20,000	16,981	3,019
Repairs and Maintenance - Routine	22,000	20,983	1,017
Repairs and Maintenance - Vehicle Body Work	3,000	28,148	(25,148)
Radio User Fees	1,000	-	1,000
Contingency	2,000	1,079	921
Chemicals	1,650	277	1,373
Safety Equipment Grant	2,000	2,000	-
Professional Fees	\$ 5,000	-	\$ 5,000

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Fire Department (Continued):			
Current:			
Miscellaneous	\$ 4,500	2,570	\$ 1,930
Total Fire Department	6,471,041	6,001,097	469,944
Total Public Safety	11,553,412	10,772,996	780,416
Public Works			
Sanitation, Maintenance, and Administration:			
Current:			
Salaries	637,252	607,918	29,334
Overtime	30,000	759	29,241
FICA	48,107	44,877	3,230
Retirement	104,138	93,706	10,432
Insurance - Group	130,900	148,373	(17,473)
Insurance - Workers' Compensation	35,000	33,028	1,972
Insurance - Liability	65,000	56,544	8,456
Temporary Employees	32,500	22,336	10,164
Professional Fees	7,000	7,828	(828)
Professional Training	6,500	970	5,530
Equipment Rent	59,200	54,590	4,610
Supplies - Cement and Masonry	8,000	5,167	2,833
Supplies - Asphalt and Paving	21,000	7,949	13,051
Supplies - Electric and Lighting	6,000	5,260	740
Supplies - Other	7,500	6,758	742
Supplies - Safety	2,000	965	1,035
Chemicals	6,500	2,755	3,745
Landscaping	12,500	11,533	967
Printing	500	335	165
Utilities	20,000	20,806	(806)
Dues, Subscriptions, and Memberships	2,500	2,504	(4)
Telephone, Fax, Cell and Pagers	12,228	10,881	1,347
Computer Software and Support	16,000	18,531	(2,531)
IT Communications	6,026	8,575	(2,549)
Physical Examinations and Drug/Alcohol Testing	-	225	(225)
Employee Recognition	1,200	1,178	22
Non-Capital Equipment	12,650	9,736	2,914
Postage	300	139	161
Uniforms	11,200	7,903	3,297
Repairs and Maintenance - Buildings	6,000	5,072	928
Repairs and Maintenance - Equipment	10,400	9,652	748
Repairs and Maintenance - Facilities	2,600	1,954	646
Repairs and Maintenance - Street, Buildings, and Parks	8,000	7,337	663
Repairs and Maintenance - Routine	10,400	6,422	3,978
Repairs and Maintenance - Vehicles	41,000	37,624	3,376
Fuel Usage	69,500	63,831	5,669
Compressed Natural Gas Usage	-	135	(135)
Tires Expenditures	25,000	23,541	1,459
Contractual Sanitation Services	1,050,000	1,084,417	(34,417)
Safety Grant Expenditures	2,000	1,161	839
Stormwater R.O.W.	1,000	372	628
Tipping Fees	\$ 201,660	176,675	\$ 24,985

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Sanitation, Maintenance, and Administration (Continued):			
Current:			
Miscellaneous	\$ 1,000	81	\$ 919
Total Sanitation, Maintenance, and Administration	2,730,261	2,610,403	119,858
Fleet Division:			
Current:			
Salaries	131,046	124,573	6,473
Overtime	3,000	525	2,475
FICA	9,910	9,578	332
Retirement	21,453	18,768	2,685
Insurance - Group	25,424	23,374	2,050
Insurance - Workers' Compensation	3,500	3,344	156
Insurance - Liability	2,500	2,274	226
Professional Training	2,000	796	1,204
Utilities	14,000	13,127	873
Supplies - Other	4,760	7,021	(2,261)
Supplies - Safety	989	253	736
Supplies - Garage Stock	1,300	515	785
Telephone, Fax, Cell and Pagers	1,300	1,440	(140)
Computer Software and Support	450	1,776	(1,326)
Repairs and Maintenance - Buildings	6,000	5,259	741
Repairs and Maintenance - Equipment	2,000	798	1,202
Repairs and Maintenance - Facilities	2,800	2,391	409
Uniforms	2,969	1,497	1,472
Equipment Rent	1,500	634	866
Postage	300	189	111
Chemicals	2,000	1,270	730
Oils and Lubricants	16,000	15,208	792
Non-Capital Equipment	7,500	7,698	(198)
Total Fleet Division	262,701	242,308	20,393
Total Public Works	2,992,962	2,852,711	140,251
Recreation and Parks			
Recreation:			
Current:			
Salaries	617,127	581,324	35,803
Overtime	16,000	10,759	5,241
Extra Duties - Overtime	500	-	500
FICA	46,705	43,549	3,156
Retirement	101,103	88,695	12,408
Insurance - Group	174,018	168,601	5,417
Insurance - Liability	37,000	36,906	94
Insurance - Worker's Comp.	15,000	13,942	1,058
Insurance - General	5,434	3,535	1,899
Professional Training	5,000	1,679	3,321
Contractual Services - Recreation	55,000	32,002	22,998
Dues, Subscriptions, and Memberships	1,000	643	357
Supplies - Cement and Masonry	1,000	1,150	(150)
Supplies - Electric and Lighting	2,500	447	2,053
Supplies - Office	\$ 2,500	2,203	\$ 297

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Recreation (Continued):			
Current:			
Supplies - Other	\$ 8,000	6,632	\$ 1,368
Supplies - Safety	1,000	845	155
Landscaping	10,000	11,655	(1,655)
Telephone, Fax, Cell and Pagers	13,600	13,470	130
Computer Software and Support	5,900	3,563	2,337
IT Communications	3,600	2,823	777
Utilities	80,000	57,728	22,272
Advertising	1,000	-	1,000
Postage	588	349	239
Uniforms	7,000	5,468	1,532
Non-Capital Equipment	6,500	3,261	3,239
Employee Uniform Allowance	1,000	1,026	(26)
Printing	1,000	598	402
Repairs and Maintenance - Buildings	33,479	25,532	7,947
Repairs and Maintenance - Equipment	5,349	1,775	3,574
Repairs and Maintenance - Facilities	17,940	20,133	(2,193)
Repairs and Maintenance - Drive Train	5,000	1,715	3,285
Repairs and Maintenance - Routine	1,500	290	1,210
Repairs and Maintenance - Vehicle Body Work	1,000	950	50
Fuel Usage	25,000	21,812	3,188
Tires Expenditures	2,200	729	1,471
Contingency	1,000	936	64
Grant Fund Expenditures	10,000	7,844	2,156
PARD Grant Expenditures	28,055	3,249	24,806
Chemicals	7,000	7,370	(370)
Equipment Rent	5,000	3,464	1,536
Miscellaneous	4,500	2,074	2,426
Total Recreation Department	1,366,098	1,190,726	175,372
Heritage Park:			
Current:			
Salaries	221,620	193,283	28,337
Overtime	3,000	1,023	1,977
FICA	16,747	13,900	2,847
Retirement	36,253	29,234	7,019
Insurance - Group	53,961	66,824	(12,863)
Insurance - Liability	12,000	14,340	(2,340)
Insurance - Worker's Comp.	3,000	2,294	706
Professional Training	3,500	-	3,500
Dues, Subscriptions, and Memberships	974	479	495
Supplies - Cement and Masonry	1,500	1,650	(150)
Supplies - Electric and Lighting	3,500	624	2,876
Supplies - Office	2,500	1,493	1,007
Supplies - Other	7,800	4,324	3,476
Supplies - Safety	1,000	358	642
Supplies - Recreation	24,700	25,422	(722)
Landscaping	20,000	19,074	926
Telephone, Fax, Cell and Pagers	10,000	10,013	(13)
Computer Software and Support	4,800	3,957	843
IT Communications	\$ 2,385	3,569	\$ (1,184)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Heritage Park (Continued):			
Current:			
Utilities	\$ 158,111	131,743	\$ 26,368
Physical Examinations and Drug/Alcohol Testing	-	120	(120)
Advertising	1,500	851	649
Postage	588	330	258
Bank Fees	-	10,917	(10,917)
Non-Capital Equipment	4,900	5,058	(158)
Employee Uniform Allowance	1,000	949	51
Printing	1,000	699	301
Repairs and Maintenance - Buildings	10,419	7,597	2,822
Repairs and Maintenance - Equipment	18,865	19,640	(775)
Repairs and Maintenance - Facilities	5,500	5,407	93
Repairs and Maintenance - Drive Train	5,100	536	4,564
Repairs and Maintenance - Routine	1,200	285	915
Repairs and Maintenance - Vehicle Body Work	1,000	781	219
Fuel Usage	7,864	2,558	5,306
Tires	2,200	1,144	1,056
Train Repairs and Maintenance - Drive Train	7,200	4,932	2,268
Train Repairs and Maintenance - Routine	650	323	327
Train Wheels	8,400	8,320	80
Contingency	1,000	55	945
Equipment Rent	3,500	1,940	1,560
Recreation Services	175,000	217,734	(42,734)
Chemicals	15,000	14,852	148
Little League All Stars	1,000	563	437
Cost of Concession Goods Sold	1,500	1,649	(149)
Total Heritage Park	<u>861,737</u>	<u>830,844</u>	<u>30,893</u>
Amphitheatre:			
Current:			
Personnel and Events	20,000	28,923	(8,923)
Insurance - Liability	6,000	6,066	(66)
Telephone, Modem, and Fax	5,500	4,508	992
IT Communications	7,000	6,586	414
Repairs and Maintenance	20,312	12,020	8,292
Landscaping	750	827	(77)
Supplies	5,000	2,974	2,026
Equipment Rental	500	-	500
Electric and Lighting Supplies	2,000	236	1,764
Miscellaneous	1,800	1,070	730
Total Amphitheatre	<u>68,862</u>	<u>63,210</u>	<u>5,652</u>
Total Recreation and Parks	<u>2,296,697</u>	<u>2,084,780</u>	<u>211,917</u>
Total Current Expenditures	<u>19,251,122</u>	<u>17,979,520</u>	<u>1,271,602</u>
Capital Outlay	<u>233,498</u>	<u>1,184,022</u>	<u>(950,524)</u>
Debt Service:			
Principal	712,024	628,492	83,532
Interest	23,290	25,120	(1,830)
Total Debt Service	<u>735,314</u>	<u>653,612</u>	<u>81,702</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 20,219,934</u>	<u>19,817,154</u>	<u>\$ 402,780</u>

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
Assets			
Cash and Cash Equivalents, Restricted	\$ 225,208	204,686	\$ 429,894
Interfund Receivables	306	1,826	2,132
Total Assets	\$ 225,514	206,512	\$ 432,026
Liabilities and Fund Balances			
Interfund Payables	\$ 59,840	-	\$ 59,840
Accrued Expenses	86,247	-	86,247
Developers' Escrow Liability	-	201,704	201,704
Total Liabilities	146,087	201,704	347,791
Fund Balances:			
Restricted:			
Public Safety	166,864	-	166,864
Cultural Arts	3,930	-	3,930
Other	6,715	4,808	11,523
Unassigned	(98,082)	-	(98,082)
Total Fund Balances	79,427	4,808	84,235
Total Liabilities and Fund Balances	\$ 225,514	206,512	\$ 432,026

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund	Fire Safety House Fund
Assets					
Cash and Cash Equivalents, Restricted	\$ 4,260	7,071	1,227	149	-
Interfund Receivables	-	-	-	10	296
Total Assets	\$ 4,260	7,071	1,227	159	296
Liabilities and Fund Balances					
Interfund Payables	\$ 330	1,795	84	-	-
Accrued Expenses	-	-	-	-	-
Total Liabilities	330	1,795	84	-	-
Fund Balances:					
Restricted:					
Public Safety	-	-	-	159	-
Cultural Arts	3,930	-	-	-	-
Other	-	5,276	1,143	-	296
Unassigned	-	-	-	-	-
Total Fund Balances	3,930	5,276	1,143	159	296
Total Liabilities and Fund Balances	\$ 4,260	7,071	1,227	159	296

Simpsonville Elementary Improvement Fund	Firefighters' 1% Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Enforcing Underage Drinking Laws Fund	Total Special Revenue Funds
37,664	45,027	69,531	12,994	43,778	3,507	\$ 225,208
-	-	-	-	-	-	306
37,664	45,027	69,531	12,994	43,778	3,507	\$ 225,514
49,499	-	3,266	-	4,866	-	\$ 59,840
86,247	-	-	-	-	-	86,247
135,746	-	3,266	-	4,866	-	146,087
-	45,027	66,265	12,994	38,912	3,507	166,864
-	-	-	-	-	-	3,930
-	-	-	-	-	-	6,715
(98,082)	-	-	-	-	-	(98,082)
(98,082)	45,027	66,265	12,994	38,912	3,507	79,427
37,664	45,027	69,531	12,994	43,778	3,507	\$ 225,514

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2021

	Bryson Meadows Project	Stewart Park Project
Assets		
Cash and Cash Equivalents, Restricted	\$ 19,683	31,902
Interfund Receivables	-	-
Total Assets	\$ 19,683	31,902
Liabilities and Fund Balances		
Developers' Escrow Liability	\$ 19,231	31,144
Total Liabilities	19,231	31,144
Fund Balances:		
Restricted	452	758
Total Fund Balances	452	758
Total Liabilities and Fund Balances	\$ 19,683	31,902

Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Fox Trace Project	Total Capital Projects Funds
114,150	-	1,430	37,521	\$ 204,686
-	1,826	-	-	1,826
114,150	1,826	1,430	37,521	\$ 206,512
111,171	1,810	1,398	36,950	\$ 201,704
111,171	1,810	1,398	36,950	201,704
2,979	16	32	571	4,808
2,979	16	32	571	4,808
114,150	1,826	1,430	37,521	\$ 206,512

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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, 2021

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
REVENUES			
Fines	\$ 17,172	-	\$ 17,172
Grant Revenue	200,232	-	200,232
One Percent Income	149,157	-	149,157
Other Income	21,158	-	21,158
Interest	655	721	1,376
TOTAL REVENUES	388,374	721	389,095
EXPENDITURES			
Current:			
General Government	15,995	-	15,995
Public Safety	142,108	-	142,108
Capital Outlay	789,350	-	789,350
TOTAL EXPENDITURES	947,453	-	947,453
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(559,079)	721	(558,358)
OTHER FINANCING SOURCES (USES)			
Transfers In	454,257	-	454,257
Sale of Capital Assets	4,660	-	4,660
TOTAL OTHER FINANCING SOURCES (USES)	458,917	-	458,917
NET CHANGES IN FUND BALANCES	(100,162)	721	(99,441)
Fund Balances, Beginning of Year, As Previously Reported	142,111	4,087	146,198
Change in Accounting Principle - GASB #84	37,478	-	37,478
Fund Balances, Beginning of Year, As Restated	179,589	4,087	183,676
FUND BALANCES, End of Year	\$ 79,427	4,808	\$ 84,235

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund
REVENUES				
Fines	\$ -	-	-	-
Grant Revenue	-	-	-	-
One Percent Income	-	-	-	-
Other Income	90	93	-	-
Interest	14	23	5	-
TOTAL REVENUES	104	116	5	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	104	116	5	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	104	116	5	-
Fund Balances, Beginning of Year, As Previously Reported	3,826	5,160	1,138	159
Change in Accounting Principle - GASB #84	-	-	-	-
Fund Balances, Beginning of Year, As Restated	3,826	5,160	1,138	159
FUND BALANCES, End of Year	\$ 3,930	5,276	1,143	159

Fire Safety House Fund	Simpsonville Elementary Improvement Fund	Firefighters' 1% Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Enforcing Underage Drinking Laws Fund	Total Special Revenue Funds
-	-	-	17,172	-	-	-	\$ 17,172
-	200,232	-	-	-	-	-	200,232
-	-	149,157	-	-	-	-	149,157
-	-	-	-	2,938	14,537	3,500	21,158
-	167	-	264	36	139	7	655
-	200,399	149,157	17,436	2,974	14,676	3,507	388,374
-	-	-	15,995	-	-	-	15,995
-	-	141,608	-	-	500	-	142,108
-	789,350	-	-	-	-	-	789,350
-	789,350	141,608	15,995	-	500	-	947,453
-	(588,951)	7,549	1,441	2,974	14,176	3,507	(559,079)
-	454,257	-	-	-	-	-	454,257
-	-	-	-	-	4,660	-	4,660
-	454,257	-	-	-	4,660	-	458,917
-	(134,694)	7,549	1,441	2,974	18,836	3,507	(100,162)
296	36,612	-	64,824	10,020	20,076	-	142,111
-	-	37,478	-	-	-	-	37,478
296	36,612	37,478	64,824	-	-	-	179,589
296	(98,082)	45,027	66,265	12,994	38,912	3,507	\$ 79,427

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	Bryson Meadows Project	Stewart Park Project	Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Fox Trace Project	Total Capital Projects Funds
REVENUES							
Interest	\$ 69	113	402	-	5	132	\$ 721
TOTAL REVENUES	69	113	402	-	5	132	721
EXPENDITURES							
TOTAL EXPENDITURES	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	69	113	402	-	5	132	721
NET CHANGES IN FUND BALANCES	69	113	402	-	5	132	721
FUND BALANCES, Beginning of Year	383	645	2,577	16	27	439	4,087
FUND BALANCES, End of Year	\$ 452	758	2,979	16	32	571	\$ 4,808

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2021

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines	\$ 16,000	16,000	17,172	\$ 1,172
Interest	350	350	264	(86)
TOTAL REVENUES	<u>16,350</u>	<u>16,350</u>	<u>17,436</u>	<u>1,086</u>
EXPENDITURES				
Current:				
General Government	15,860	15,860	15,995	135
TOTAL EXPENDITURES	<u>15,860</u>	<u>15,860</u>	<u>15,995</u>	<u>135</u>
NET CHANGE IN FUND BALANCE	490	490	1,441	951
FUND BALANCES, Beginning of Year	64,824	64,824	64,824	-
FUND BALANCES, End of Year	<u><u>\$ 65,314</u></u>	<u><u>65,314</u></u>	<u><u>66,265</u></u>	<u><u>\$ 951</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, 2021

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			\$ 284,411	\$ 284,411
Court fines and assessments remitted to State Treasurer			(155,253)	(155,253)
Total Court Fines and Assessments retained			129,158	129,158
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			3,462	3,462
Assessments retained			13,710	13,710
Total Surcharges and Assessments retained for victim services			\$ 17,172	\$ 17,172

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 64,824		\$ 64,824
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	13,710		13,710
Victim Service Surcharges Retained by City/County Treasurer	3,462		3,462
Interest Earned	264		264
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)	\$ 82,260		\$ 82,260
Expenditures for Victim Service Program:	Municipal	County	Total
Salaries and Benefits	\$ 12,718		\$ 12,718
Operating Expenditures	3,277		3,277
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)	\$ 15,995		\$ 15,995
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	\$ 66,265		\$ 66,265

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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>	101
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i>	108
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>	112
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>	117
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>	119

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

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015 *	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 37,323,078
Restricted	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	4,741,261
Unrestricted	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	3,745,399
Total Governmental Activities Net Position	\$ 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	\$ 45,809,738
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 11,922,765
Restricted	-	-	-	-	-	-	186,384	186,786	186,272	187,114
Unrestricted	635,732	1,507,127	1,510,437	422,006	777,098	524,907	203,778	1,112,639	3,220,029	6,064,016
Total Business-Type Activities Net Position	\$ 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	\$ 18,173,895
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 49,245,843
Restricted	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	4,928,375
Unrestricted	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	9,809,415
Total Primary Government Net Position	\$ 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	\$ 63,983,633

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

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015 *	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 2,554,241
Public Safety	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	13,091,901
Public Works	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	3,359,106
Recreation and Parks	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	2,650,800
Interest and Fiscal Charges	328,780	489,566	328,151	334,404	431,374	198,482	184,162	133,907	129,724	939,520
Total Governmental Activities Expenses	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	22,595,568
Business-Type Activities:										
Sewer	753,428	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036	1,510,394	1,524,342
Public Works									692,284	50,082
Total Business-Type Activities Expenses	753,428	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036	2,202,678	1,574,424
Total Primary Government Expenses	\$ 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	\$ 24,169,992
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 3,236,825	3,077,677	3,366,295	669,777	831,858	743,636	803,535	1,106,806	706,533	\$ 1,379,250
Public Safety	129,275	137,374	166,831	417,364	370,742	385,648	475,329	416,065	309,462	393,711
Public Works	165,504	167,832	168,072	203,702	206,634	174,378	264,384	278,345	5,989	-
Recreation and Parks	196,541	195,874	172,646	479,762	429,671	359,375	383,359	472,337	356,134	400,979
Operating Grants and Contributions	279,253	57,543	45,091	49,191	138,979	187,586	130,201	69,519	189,794	359,163
Capital Grants and Contributions	678,249	100,232	100,211	338,588	1,143,307	3,104,844	208,145	2,611,512	2,611,936	1,419,386
Total Governmental Activities Program Revenues	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	3,952,489
Business-Type Activities:										
Charges for Services	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	3,630,432
Operating Grants and Contributions	-	367	-	-	-	-	-	-	-	-
Capital Grants and Contributions	727	-	713,475	507,850	1,700,210	-	-	-	1,379,531	990,950
Total Business-Type Activities Program Revenues	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	4,621,382
Total Primary Government Program Revenues	\$ 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	\$ 8,573,871
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (18,643,079)
Business-Type Activities	(30,342)	723,033	1,535,122	1,332,249	2,537,815	174,938	279,235	428,354	2,477,592	3,046,958
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (15,596,121)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

Table 2

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015 *	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 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	\$ 11,566,880
Hospitality and Accommodations Tax	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	2,806,249
MASC Telecommunications and Insurance Tax	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	2,769,050
Business Licenses	-	-	-	1,204,963	1,255,961	1,322,763	1,358,682	1,515,570	1,360,614	1,770,287
Franchise Fees	-	-	-	1,445,108	1,414,408	1,419,668	1,499,218	1,558,842	1,550,696	1,546,901
Unrestricted Intergovernmental Revenue	333,489	393,485	395,752	399,222	410,435	414,058	496,024	486,192	506,595	510,906
Unrestricted Investment Earnings	13,740	12,940	8,518	17,845	25,917	32,136	64,165	108,856	109,774	61,442
Gains on Disposal/Sale of Capital Assets	158,462	48,068	68,479	38,218	98,674	119,508	83,848	23,399	11,559	53,971
Miscellaneous Revenues	123,484	137,745	29,927	38,909	14,819	304,297	94,416	188,852	57,284	191,104
Transfers	-	-	-	-	-	-	-	-	-	158,420
Total Governmental Activities	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	21,435,210
Business-Type activities:										
Unrestricted Investment Earnings	2,321	4,702	3,760	3,443	4,730	18,317	91,528	123,755	62,948	18,443
Gain/(Loss) on Disposal/Sale of Capital Assets	-	-	-	-	47,331	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	-	7,255	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	(158,420)
Total Business-Type Activities	2,321	4,702	3,760	3,443	52,061	25,572	91,528	123,755	62,948	(139,977)
Total Primary Government	\$ 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	\$ 21,295,233
Change in Net Position:										
Governmental Activities	\$ 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	\$ 2,792,131
Business-Type Activities	(28,021)	727,735	1,538,882	1,335,692	2,589,876	200,510	370,763	552,109	2,540,540	2,906,981
Total Primary Government	\$ 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	\$ 5,699,112

* 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 192,461	66,303	222,184	383,086	1,074,678	43,482	271,773	190,231	899,352	\$ 14,928
Restricted	62,455	124,815	57,629	398,485	484,453	195,304	233,529	249,562	272,503	243,191
Assigned	3,992	-	-	180,000	-	-	-	-	-	-
Unassigned	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	17,684,520
Total General Fund	\$ 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	\$ 17,942,639
All Other Governmental Funds										
Nonspendable	\$ 81,707	-	-	378	-	-	-	-	-	\$ 6,000
Restricted	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	31,559,035
Committed	163	163	1	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(1,885)	-	(98,082)
Total All Other Governmental Funds	\$ 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	\$ 31,466,953
Total Governmental Funds	\$ 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	\$ 49,409,592

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes:										
Local	\$ 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	\$ 11,543,240
Hospitality and Accommodations	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	2,644,119
MASC Telecommunications and Insurance	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	2,769,050
Franchise	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	1,747,133
Intergovernmental	1,436,765	825,727	754,433	787,040	768,792	1,140,517	922,031	1,203,904	1,037,680	1,008,167
Fines and Forfeitures	109,591	92,432	133,346	149,617	141,131	140,474	208,676	162,491	106,095	132,359
Licenses, Permits and Fees	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	3,307,335
Interest	13,740	12,940	8,518	17,845	25,917	32,136	17,522	108,856	109,780	61,442
Grants	179,569	55,743	30,979	25,855	122,320	177,132	122,058	60,739	184,697	193,043
Other	825,851	687,686	682,798	733,537	618,245	554,381	891,320	1,008,205	469,259	680,209
Total Revenues	\$ 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	\$ 24,086,097

Expenditures

Current:

General Government	\$ 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	\$ 2,297,799
Public Safety	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	10,915,104
Public Works	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	2,852,711
Parks and Recreation	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	2,084,780
Capital Outlay	725,131	1,505,839	255,717	896,654	2,164,112	1,579,471	1,440,767	1,437,936	2,259,844	2,178,331
Debt Service:										
Principal	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	1,634,492
Payment to Refunded Debt Escrow Agent	-	-	-	-	7,700,990	-	-	-	-	-
Interest and Fiscal Charges	529,077	505,860	329,592	293,224	176,330	168,415	143,802	117,891	96,807	72,216
Bond Issuance Costs	-	70,679	-	-	72,751	-	11,945	-	-	624,753
Total Expenditures	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	22,660,186

Excess of Revenues Over (Under) Expenditures \$ 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 \$ 1,425,911

(Continued)

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses)										
Transfers In	\$ 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	\$ 613,854
Transfers Out	(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)	(455,434)
Issuance of Bonds	-	1,756,162	-	-	1,175,000	-	480,000	-	772,000	13,154,346
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	-	-	-	-	16,885,717
Payment to Refund Debt Escrow Agent	(11,216,842)	-	-	-	-	-	-	-	-	(2,445,469)
Sale of Capital Assets	14,846	56,572	20,607	32,357	71,786	128,667	134,415	23,399	13,357	67,865
Insurance Proceeds	143,616	65,146	47,872	5,861	31,805	292,850	77,341	75,505	33,274	181,681
Total Other Financing Sources (Uses)	716,620	1,877,880	68,479	788,218	9,523,766	421,517	691,756	98,904	1,132,634	28,002,560
Net Change in Fund Balances	\$ 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	\$ 29,428,471
Debt Service as a Percentage of Noncapital Expenditures	14.6%	24.5%	12.7%	12.6%	42.3%	12.1%	12.6%	11.7%	11.1%	11.4%

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

(Modified Accrual Basis of Accounting)

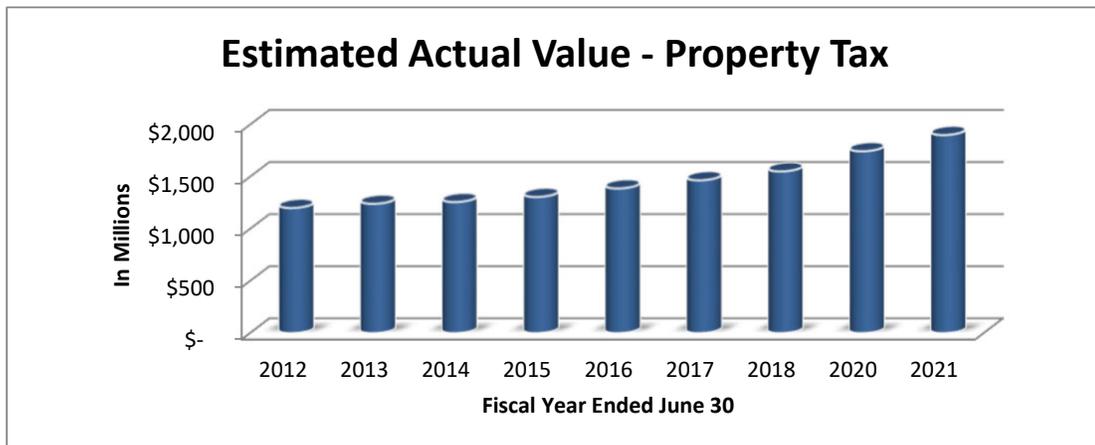
UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Taxes by Source:										
Property Tax	\$ 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	\$ 11,543,240
Hospitality and Accommodations Tax	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	2,644,119
MASC Telecommunications and Insurance Tax	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	2,769,050
Franchise Fees	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	1,747,133
Total Revenues	\$ 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	\$ 18,703,542

**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					
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%
2021	\$ 42,619,850	50,206,440	13,627,710	\$ 106,454,000	63.60	\$ 1,900,551,543	5.60%



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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Direct Rates:										
Operating	41.6	41.6	54.9	54.9	56.8	56.8	56.8	56.8	56.8	56.8
Reserve Account	7.4	7.4	-	-	-	-	-	-	-	-
Debt Service	12.7	12.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
	61.7	61.7	61.7	61.7	63.6	63.6	63.6	63.6	63.6	63.6
County Rates:										
Greenville County	47.3	47.3	51.9	51.9	51.9	51.9	51.9	51.9	51.9	48.8
School District Rates:										
Greenville County Schools	162.5	168.6	177.5	182.4	184.9	184.9	191.8	196.9	202.9	194.2
Fire District Rates:										
Simpsonville Fire District	27.5	27.5	26.0	26.0	32.8	32.3	32.1	32.1	37.5	36.6

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

2021				2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy	\$ 1,812,500	1	1.70%	Duke Energy	\$ 1,267,960	1	1.90%
Waterleaf	1,581,960	2	1.49%	Walmart Real Estate	965,800	2	1.45%
3714 Grandview LLC	1,218,990	3	1.15%	Jasmine Cove LLLP	689,960	3	1.04%
Cotton Mill LLC (Orencel)	1,187,020	4	1.12%	Rohman Development Realty I	645,320	4	0.97%
Martin Family Limited Partners	1,172,970	5	1.10%	Centro Bradley Fairview Finance	612,450	5	0.92%
Walmart Real Estate	1,168,900	6	1.10%	Lowe's Home Center	592,860	6	0.89%
Garden District Realty Partner	995,220	7	0.93%	NNN Arbors at Fairview	539,580	7	0.81%
Realty Income Partners	940,930	8	0.88%	Frontier Communication	526,830	8	0.79%
Jasmine Cove	926,200	9	0.87%	McIntosh Properties LLC	494,250	9	0.74%
Chi-W Georgia (CF Smith)	700,620	10	0.66%	HD Development of Maryland Inc	476,080	10	0.72%
Totals	<u>\$ 11,705,310</u>		<u>11.0%</u>	Totals	<u>\$ 6,811,090</u>		<u>10.2%</u>

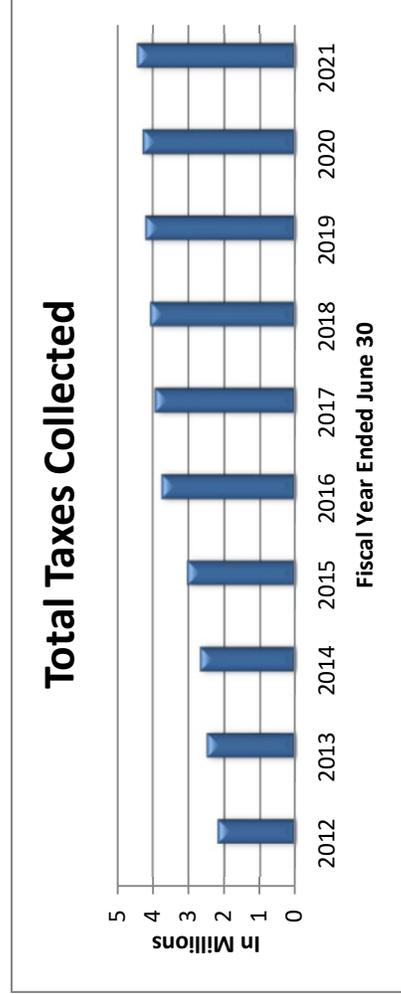
Source: Greenville County Information Systems and Services.

Note: Percentage is based on the Assessed Value of 2021.

**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
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%
2021	\$ 6,568,862	-	6,568,862	\$ 6,425,459	97.8%	-	\$ 6,425,459	97.8%



Source: Greenville County Information Systems and Services.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Certificates of Participation	Revenue Bonds	Lease Purchases	Capital Leases	Revenue Bonds	Lease Purchases	Bond Anticipation Note	Revenue Bonds	Lease Purchases				
2012	\$ 2,050,000	-	10,872,000	1,365,429	-	170,000	-	-	170,000	-	-	\$ 14,457,429	2.96%	\$ 759
2013	1,699,669	-	10,019,000	1,170,241	-	130,000	-	750,000	130,000	-	-	13,768,910	2.59%	706
2014	1,256,395	-	9,217,000	953,813	-	90,000	-	-	90,000	-	-	11,517,208	2.20%	587
2015	799,132	-	8,390,000	1,480,411	-	45,000	-	-	45,000	-	-	10,714,543	2.06%	532
2016	1,553,513	-	7,216,000	1,541,005	519,400	-	329,943	-	-	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	-	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	-	10,791,082	172,543	-	18,541,064	2.95%	840
2019	867,815	-	4,398,000	393,583	-	10,379,083	94,442	-	10,379,083	94,442	-	16,132,923	2.38%	700
2020	1,154,801	-	3,410,000	239,879	-	9,952,084	-	-	9,952,084	-	-	14,756,764	2.00%	609
2021	\$ 661,521	-	30,040,063	104,667	-	9,515,085	-	-	9,515,085	-	-	\$ 40,321,336	4.60%	\$ 1,510

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
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
2021	\$ 661,521	-	\$ 661,521	0.0%	\$ 25

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, 2021**

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 146,214,608	4.08%	\$ 5,965,556
School District:			
Greenville County School District	612,403,000	4.08%	24,986,042
Subtotal, Overlapping Debt			<u>30,951,598</u>
City of Simpsonville Direct Debt			
General Obligation Bonds	661,521	100%	661,521
Revenue Bonds	30,040,063	100%	30,040,063
Lease Purchases	\$ 104,667	100%	104,667
			<u>30,806,251</u>
Total Direct and Overlapping Debt			<u><u>\$ 61,757,849</u></u>

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

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

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

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 8,516,320
Total Net Debt Applicable to Debt Limit	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	661,521
Legal Debt Margin	\$ 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	\$ 7,854,799
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	38.5%	30.6%	22.5%	13.7%	25.1%	18.2%	18.0%	11.9%	15.2%	7.8%

Legal Debt Margin Calculation for Fiscal Year June 30, 2021

Total Assessed Value	\$ 106,454,000
Debt Limit Percentage	8.0%
Debt Limit 8% of Total Assessed Value	8,516,320
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	661,521
Total Amount of Debt Applicable to Debt Limit	661,521
Legal Debt Margin	\$ 7,854,799

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		
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	
2021	\$ 2,204,490	451,544	1,752,946	405,000	\$ 342,363	2.3	

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
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
2021	23,354	\$ 876,287,879	\$ 32,821	37.8	3.6

Data Sources:

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

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

UNAUDITED

2021				2012			
Employer	Number of Employees	Rank	Percentage	Employer	Number of Employees	Rank	Percentage
Prisma Health - Greenville Memorial	10,013	1	23.47%	Greenville County Schools	10,850	1	24.25%
Greenville County Schools	10,000	2	23.44%	Greenville Hospital System	10,350	2	23.14%
Walmart Stores, Inc.	3,275	3	7.68%	Michelin North America	4,400	3	9.84%
US Government (Greenville County)	4,338	4	10.17%	Bon Secours St. Francis	4,200	4	9.39%
GE Power	3,400	5	7.97%	GE Power	3,200	5	7.15%
Greenville County Gov	2,750	6	6.45%	State of South Carolina	3,036	6	6.79%
State of South Carolina (Gvl Co)	2,622	7	6.15%	Fleur Corp	2,500	7	5.59%
TD Bank - Greenville (#2)	2,261	8	5.30%	Bi-Lo Supermarkets	2,419	8	5.41%
Michelin North America, Inc. (Gvl)	2,025	9	4.75%	Greenville County Gov	1,944	9	4.35%
Duke Energy Corp.	1,979	10	4.64%	US Government	1,835	10	4.10%
Totals	<u>42,663</u>		<u>100.00%</u>	Totals	<u>44,734</u>		<u>100.00%</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

UNAUDITED

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Business Licenses	1,478	1,319	1,421	1,144	1,487	1,349	1,401	1,462	1,281	1,792
Building Permits Issued	417	264	376	653	709	922	782	947	802	985
Building Inspections Conducted	2,069	2,501	3,728	4,707	4,682	7,357	5,787	4,789	5,125	5,004
Public Safety - Police										
Physical Arrests	981	897	991	1,183	956	485	632	618	593	913
Parking and Traffic Violations	2,842	2,238	3,350	2,818	2,925	4,936	3,693	3,076	2,465	2,285
Public Safety - Fire										
Emergency Responses	2,220	2,381	2,434	2,500	2,635	3,101	3,306	2,740	2,564	3,194
Fires Extinguished	106	90	94	94	80	117	84	98	103	112
Inspections	705	968	939	1,022	1,083	1,202	1,228	1,074	1,304	1,128
Public Service										
Potholes Repaired	52	29	20	27	68	73	204	264	170	238
Roads Maintained (in Miles)	68	73	73	73	74	78	80	80	106	106
Parks and Recreation										
Recreational Participants	2,661	2,472	3,266	2,822	2,222	2,064	2,121	2,230	1,540	2,488

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General Government	9	9	10	11	10	11	11	11	11	11
Justice and Legal	3	3	2	2	2	2	2	4	3	3
Public Safety	104	104	106	106	107	107	111	121	113	129
Public Works	23	23	22	22	21	18	19	22	20	26
Parks and Recreation	18	18	19	19	18	19	18	17	17	25
Total	157	157	159	160	158	157	161	175	164	194

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	28	24	25	25	26	26	25	24	28	28
Public Safety - Fire										
Number of Fire Stations	4	4	4	4	4	4	5	5	5	6
Number of Fire Trucks	10	10	10	10	10	12	12	12	12	12
Public Service										
Streets (in Miles)	68	73	101	73	74	100	102	102	106	106
Traffic Signals	22	22	22	22	22	23	22	22	22	22
Parks and Recreation										
Parks Acreage	162	165	165	165	167	171	171	171	171	171
Parks	9	8	8	8	8	9	9	9	9	9
Ball Fields	13	13	13	13	13	13	13	13	13	13
Solid Waste										
Collection/Refuse Trucks	20	22	22	22	22	4	1	1	1	4

Sources: Various City of Simpsonville Departments.

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COMPLIANCE SECTION

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Greene Finney Cauley, 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, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated January 31, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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GREENVILLE, SC 864.232.0653	MAULDIN, SC 864.232.5204	CHARLESTON, SC 843.735.5805	SPARTANBURG, SC 864.232.5204	ANDERSON, SC 864.225.8713	ASHEVILLE, NC 828.771.0847
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OPEN BY APPOINTMENT ONLY

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 Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
January 31, 2022