



CITY OF SIMPSONVILLE,
SOUTH CAROLINA



Annual Comprehensive Financial Report
Year Ended June 30, 2022



CITY OF SIMPSONVILLE, SOUTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022



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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December 7, 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 Annual Comprehensive Financial Report (formerly known as the "Comprehensive Annual Financial Report") of the City of Simpsonville, South Carolina ("City") for the year ended June 30, 2022.

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, 2022, 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, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

Population. The City is located in the Upstate Region of South Carolina and has an estimated population of 24,685. 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 and capital needs. 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

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Simpsonville, South Carolina for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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 Annual Comprehensive 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,



Dianna Gracely
City Administrator



Christine Furino
Finance Director

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

AS OF JUNE 30, 2022

Established

1901

MAYOR

Paul Shewmaker

CITY COUNCIL MEMBERS

Matthew Gooch
Aaron Rupe
Jenn Hulehan
Sherry Roche
Ken Cummings
Lou Hutchings

CITY ADMINISTRATOR

Dianna Gracely

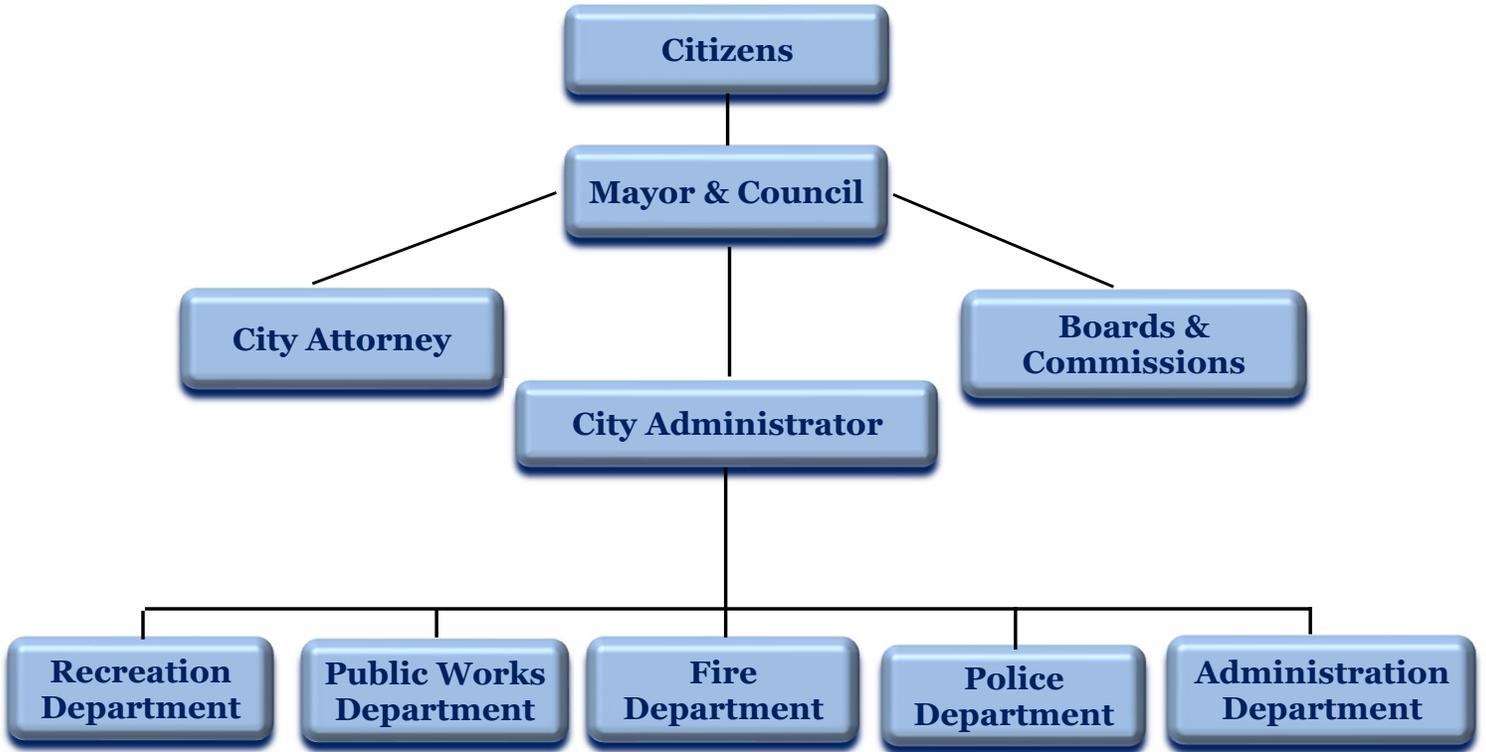
FINANCE DIRECTOR

Christine Furino

CITY ATTORNEY

Daniel R. Hughes

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, 2021

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Simpsonville, South Carolina (the “City”), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* (“*Government Auditing Standards*”), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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
December 7, 2022

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

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, 2022 ("FY 2022" or "2022") compared to year ended June 30, 2021 ("FY 2021" or "2021"). 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 \$77,743,000. Unrestricted net position was approximately \$13,335,000.
- The City's total net position increased by approximately \$13,759,000 compared to the prior year, as revenues of approximately \$37,824,000 exceeded expenses of approximately \$24,064,000.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$52,877,000, an increase of approximately \$3,467,000 over the prior year ending fund balances.
- At the end of the current year, unassigned fund balance for the General Fund was approximately \$18,241,000, which was approximately 92% of total FY 2022 General Fund expenditures.
- The City's capital assets increased by approximately \$8,782,000. The increase in capital assets was primarily due to capital asset additions of approximately \$12,435,000, partially offset by depreciation expense of approximately \$3,653,000.
- The City's total debt decreased by approximately \$1,973,000. This decrease was due to regularly scheduled principal payments of approximately \$1,650,000 and amortization of premiums of approximately \$323,000.

OVERVIEW OF FINANCIAL STATEMENTS

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

Financial Statements

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

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

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

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 five major governmental funds and a number of nonmajor 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, the Simpsonville Municipal Facilities Corporation Fund, the American Rescue Plan Fund, and the Capital Projects Fund. The governmental fund financial statements can be found as listed in the table of contents.

Proprietary Funds – The City maintains one type of proprietary 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.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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			
	Government-Wide Financial Statements	Fund 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, 2022

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, 2022 compared to June 30, 2021.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 60,400,938	51,868,435	6,871,102	6,849,656	67,272,040	\$ 58,718,091
Capital Assets, Net	46,477,175	41,121,012	24,863,555	21,437,850	71,340,730	62,558,862
Total Assets	106,878,113	92,989,447	31,734,657	28,287,506	138,612,770	121,276,953
Deferred Outflows of Resources	3,998,479	3,747,172	80,331	108,377	4,078,810	3,855,549
Liabilities						
Other Liabilities	7,827,298	2,427,420	83,674	86,713	7,910,972	2,514,133
Net Pension Liabilities	14,748,813	16,987,076	397,714	587,111	15,146,527	17,574,187
Long-Term Liabilities	29,727,163	31,231,563	9,078,297	9,530,641	38,805,460	40,762,204
Total Liabilities	52,303,274	50,646,059	9,559,685	10,204,465	61,862,959	60,850,524
Deferred Inflows of Resources	3,020,340	280,822	65,168	17,523	3,085,508	298,345
Net Position						
Net Investment in Capital Assets	43,820,346	37,323,078	15,800,469	11,922,765	59,620,815	49,245,843
Restricted	4,600,462	4,741,261	186,582	187,114	4,787,044	4,928,375
Unrestricted	7,132,170	3,745,399	6,203,084	6,064,016	13,335,254	9,809,415
Total Net Position	\$ 55,552,978	45,809,738	22,190,135	18,173,895	77,743,113	\$ 63,983,633

The City’s total assets increased approximately \$17,336,000 from the prior year. Current and other assets increased approximately \$8,554,000 primarily due to an increase in cash and cash equivalents due to unspent bond proceeds, revenues exceeding expenses, and unearned American Rescue Plan (“ARP”) grants. Capital assets increased approximately \$8,782,000 from the prior year primarily due to capital asset additions exceeding depreciation expense. Total liabilities increased approximately \$1,012,000 from the prior year primarily due to an increase unearned grant revenue of approximately \$5,584,000, partially offset by a decrease in net pension liabilities of approximately \$2,428,000 and regularly scheduled principal payments and premiums of approximately \$1,973,000. The changes in net pension liabilities, deferred outflows of resources, and deferred inflows of resources were primarily due to service costs, contributions, 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 or leases used to acquire those assets was approximately \$59,621,000 at June 30, 2022. 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 \$4,787,000 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 \$13,335,000 is unrestricted.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City’s net position for 2022 compared to 2021.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,645,003	2,173,940	3,849,919	3,630,432	6,494,922	\$ 5,804,372
Operating Grants and Contributions	308,868	359,163	-	-	308,868	359,163
Capital Grants and Contributions	4,341,381	1,419,386	3,232,386	990,950	7,573,767	2,410,336
General Revenues:						
Taxes	22,398,297	20,459,367	-	-	22,398,297	20,459,367
Other	1,029,323	817,423	18,356	18,443	1,047,679	835,866
Total Revenues	<u>30,722,872</u>	<u>25,229,279</u>	<u>7,100,661</u>	<u>4,639,825</u>	<u>37,823,533</u>	<u>29,869,104</u>
Expenses:						
General Government	1,915,631	2,554,241	-	-	1,915,631	2,554,241
Public Safety	13,135,059	13,091,901	-	-	13,135,059	13,091,901
Public Works	2,391,531	3,359,106	-	50,082	2,391,531	3,409,188
Recreation and Parks	3,508,938	2,650,800	-	-	3,508,938	2,650,800
Interest and Other Charges	743,299	939,520	-	-	743,299	939,520
Sewer	-	-	1,419,026	1,524,342	1,419,026	1,524,342
Public Works	-	-	950,569	-	950,569	-
Total Expenses	<u>21,694,458</u>	<u>22,595,568</u>	<u>2,369,595</u>	<u>1,574,424</u>	<u>24,064,053</u>	<u>24,169,992</u>
Change in Net Position Before Transfers	9,028,414	2,633,711	4,731,066	3,065,401	13,759,480	5,699,112
Transfers In (Out)	714,826	158,420	(714,826)	(158,420)	-	-
Change in Net Position	9,743,240	2,792,131	4,016,240	2,906,981	13,759,480	5,699,112
Net Position, Beginning of Year	<u>45,809,738</u>	<u>43,017,607</u>	<u>18,173,895</u>	<u>15,266,914</u>	<u>63,983,633</u>	<u>58,284,521</u>
Net Position, End of Year	<u>\$ 55,552,978</u>	<u>\$ 45,809,738</u>	<u>22,190,135</u>	<u>18,173,895</u>	<u>77,743,113</u>	<u>\$ 63,983,633</u>

Governmental Activities. Governmental activities increased the City’s restated net position by approximately \$9,743,000 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 \$5,494,000 (22%) from the prior year primarily due to an increase in capital grants and contributions of approximately \$2,922,000 (206%) primarily related to a donated fire station and fire truck from Greenville County and an increase in taxes of approximately \$1,939,000 (9%) primarily due to an increase in growth-oriented revenues due to the improving economy and higher assessed values.
- Total governmental activities expenses decreased by approximately \$901,000 (4%) from the prior year primarily due to taking sanitation services in-house and moving them to the Public Works Fund (business-type activity), lower pension expenses, partially offset by higher salaries and benefits.

Business-Type Activities. Net position for business-type activities (sewer and public works) increased by approximately \$4,016,000. 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, 2022

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 \$52,877,000, an increase of approximately \$3,467,000 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 \$18,241,000 (34%) of the total governmental fund balances of approximately \$52,877,000 constitutes unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been set aside/constrained for (1) prepaids (\$1,393,000; nonspendable), (2) public safety (\$166,000; restricted), (3) tourism related expenditures (\$4,458,000; restricted), (4) unspent bond proceeds (\$25,830,000; restricted), (5) municipal court (\$248,000; restricted), (6) capital projects (\$2,518,000; assigned), (7) special revenue (\$8,000; assigned), and (8) cultural arts and other items (\$17,000; 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 \$18,541,000. 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 (\$18,241,000) represents approximately 92% of total General Fund expenditures for the current year.

The fund balance for the General Fund increased by approximately \$598,000 as revenues and other financing sources exceeded expenditures in the current year. Revenues were approximately \$22,971,000, an increase of approximately \$1,931,000 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 \$20,000. While revenues did exceed expenditures by approximately \$1,209,000, transfers to the Simpsonville Elementary Improvement Fund of approximately \$1,189,000 for Arts Center renovations partially offset the increase.

The fund balance for the Simpsonville Municipal Facilities Corporation Fund decreased approximately \$355,000 as expenditures exceeded revenues and other financing sources in the current year. This decrease is primarily due to \$96,000 in investment losses and approximately \$264,000 in capital outlay related to the Municipal Complex. The Simpsonville Municipal Facilities Corporation Fund reported an ending fund balance of \$12,509,000 – all of which is restricted for future capital projects (unspent bond proceeds).

During 2022, the City established the American Rescue Plan Fund, a special revenue fund that the City will use to track their ARP grant. At the end of the current fiscal year, the American Rescue Plan Fund reported an ending fund balance of \$8,000 – all of which is assigned.

During 2022, the City established the Capital Projects Fund. At the end of the current fiscal year, the Capital Projects Fund reported an ending fund balance of \$3,018,000 – which is assigned for future capital projects of approximately \$2,438,000 and nonspendable (prepaids) of approximately \$581,000.

In addition, the fund balances of the other governmental funds increased by approximately \$178,000 from the prior year, primarily due to an increase in fund balance of approximately \$178,000 in the Simpsonville Elementary Improvement Fund primarily due to approximately \$300,000 in grants from Appalachian Regional Commission, transfers in of approximately \$1,189,000, offset by capital outlay related to the Arts Center of approximately \$1,307,000.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE CITY’S FUNDS (CONTINUED)

Net position of the Sewer Enterprise Fund at the end of the year amounted to approximately \$19,758,000. Details on changes in the City’s Sewer Fund were as follows:

- Total sewer operating revenues increased approximately \$161,000 from the prior year. Sewer operating expenses increased approximately \$18,000 from the prior year. The City received approximately \$3,232,000 in capital contributions related to infrastructure donations in the current year. Net position increased approximately \$4,182,000 as a result of revenues exceeding expenses and the capital contributions previously mentioned.

Net position of the Public Works Fund at the end of the year was approximately \$2,433,000. Details on changes in the City’s Public Works Fund were as follows:

- Total operating revenues increased by approximately \$58,000 from the prior year. Operating expenses increased approximately \$900,000 due to this being the first full year of the City providing sanitation services. The City also transferred approximately \$715,000 to the General Fund to cover costs associated with road improvements. Net position decreased approximately \$166,000 as a result of expenses and transfers out exceeding revenues.

General Fund Budgetary Highlights: General Fund revenues exceeded budgeted revenues by approximately \$3,409,000 for the year ended June 30, 2022. This was primarily due to property taxes, MASC telecommunications and insurance taxes, and licenses, permits, and fees exceeding budget by approximately \$821,000, \$658,000, and \$1,394,000, respectively. General Fund expenditures were under budget by approximately \$593,000 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 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City’s capital assets as of June 30, 2022 and June 30, 2021, amounted to approximately \$71,341,000 and \$62,559,000 (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, 2022 and 2021 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 7,220,458	7,220,458	-	-	7,220,458	\$ 7,220,458
Construction in Progress	3,345,192	949,001	10,484,046	10,136,528	13,829,238	11,085,529
Buildings and Improvements	26,228,838	22,800,957	-	-	26,228,838	22,800,957
Machinery and Equipment	5,619,173	5,314,822	2,250,816	1,404,386	7,869,989	6,719,208
Infrastructure	29,442,854	28,458,277	20,356,173	17,123,788	49,799,027	45,582,065
Vehicles	12,733,199	12,297,835	842,598	842,624	13,575,797	13,140,459
Capital Assets	84,589,714	77,041,350	33,933,633	29,507,326	118,523,347	106,548,676
Accumulated Depreciation	38,112,539	35,920,338	9,070,078	8,069,476	47,182,617	43,989,814
Capital Assets, Net	\$ 46,477,175	41,121,012	24,863,555	21,437,850	71,340,730	\$ 62,558,862

CITY OF SIMPSONVILLE, SOUTH CAROLINA

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

The total increase in the City’s capital assets for the current year was approximately \$8,782,000. Major capital asset events during the current year included the following:

- Capital asset additions of approximately \$8,009,000 for governmental activities which consisted primarily of the following:
 - Additions to construction in progress of approximately \$2,396,000 related to improvements at the Simpsonville Arts Center, the Municipal Complex, and the Streetscape project.
 - Purchases of various machinery and equipment of approximately \$364,000.
 - Purchases/additions of various vehicles (including a fire truck donated by Greenville County) of approximately \$837,000.
 - Building and improvement additions (including a fire station donated by Greenville County) of approximately \$3,428,000.
 - Infrastructure additions of approximately \$985,000.
- Capital asset additions of approximately \$4,426,000 for business-type activities which consisted primarily of the following:
 - Additions to construction in progress of approximately \$348,000 related to the sewer rehabilitation project.
 - Infrastructure additions of approximately \$3,232,000 donated by developers.
 - Purchases of various equipment and vehicles of approximately \$846,000.
- Depreciation expense of approximately \$2,653,000 for governmental activities and approximately \$1,000,000 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, 2022 and June 30, 2021, the City had total outstanding debt of approximately \$38,348,000 and \$40,321,000, respectively. Of the City’s total long-term obligations at June 30, 2022, \$451,000 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, 2022 and 2021 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Debt:						
General Obligation Bonds	\$ 451,000	661,521	-	-	451,000	\$ 661,521
Revenue Bonds	11,300,000	11,300,000	8,370,000	8,775,000	19,670,000	20,075,000
Tax Revenue Bonds	13,225,000	14,155,000	-	-	13,225,000	14,155,000
Financed Purchases	-	104,667	-	-	-	104,667
Premiums on Revenue Bonds	4,309,005	4,585,063	693,086	740,085	5,002,091	5,325,148
Total Debt	\$ 29,285,005	\$ 30,806,251	9,063,086	9,515,085	38,348,091	\$ 40,321,336

The total decrease in the City’s debt for the current year was approximately \$1,973,000. Major 2022 events for the City’s governmental and business-type activities were as follows:

- The City’s governmental activities total debt decreased by approximately \$1,521,000 due to regularly scheduled principal payments and premium amortization.
- The City’s business-type activities total debt decreased by approximately \$452,000 during the current year due to regularly scheduled principal payments and premium amortization.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration (Continued)

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. As of June 30, 2022, the City had approximately \$451,000 of bonded debt subject to the 8% debt limit of approximately \$9,502,000 resulting in an unused legal debt margin of approximately \$9,051,000.

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 23 BUDGET FOR THE CITY

The City's elected officials and staff considered many factors when setting the budget for the year ended June 30, 2023 ("FY 23") 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 \$22,338,000. Economic factors and key budget highlights that were considered in preparing the FY 23 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 23 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.

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, 2022

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 22,152,279	6,651,086	\$ 28,803,365
Cash and Cash Equivalents, Restricted	9,921,084	-	9,921,084
Investments, Restricted	24,871,585	186,582	25,058,167
Property Taxes Receivable, Net	147,583	-	147,583
Accounts Receivable	1,723,765	224,686	1,948,451
Internal Balances	191,835	(191,835)	-
Prepays	1,392,807	583	1,393,390
Capital Assets, Net:			
Non-Depreciable	10,565,650	10,484,046	21,049,696
Depreciable, Net	35,911,525	14,379,509	50,291,034
TOTAL ASSETS	106,878,113	31,734,657	138,612,770
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	3,998,479	80,331	4,078,810
LIABILITIES			
Accounts Payable	538,045	-	538,045
Accrued Salaries and Fringe Benefits	1,039,196	-	1,039,196
Accrued Expenses	62,636	-	62,636
Developers' Escrow Liability	201,705	-	201,705
Accrued Interest Payable	393,627	82,552	476,179
Unearned Revenue	5,592,089	1,122	5,593,211
Non-Current Liabilities:			
Long-Term Obligations - Due Within One Year	1,421,079	422,606	1,843,685
Long-Term Obligations - Due in More Than One Year	28,306,084	8,655,691	36,961,775
Net Pension Liabilities - Due in More Than One Year	14,748,813	397,714	15,146,527
TOTAL LIABILITIES	52,303,274	9,559,685	61,862,959
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	3,020,340	65,168	3,085,508
NET POSITION			
Net Investment in Capital Assets	43,820,346	15,800,469	59,620,815
Restricted For:			
Tourism and Related Costs	4,170,585	-	4,170,585
Debt Service	-	186,582	186,582
Court	247,746	-	247,746
Public Safety	165,593	-	165,593
Cultural Arts	4,042	-	4,042
Other	12,496	-	12,496
Unrestricted	7,132,170	6,203,084	13,335,254
TOTAL NET POSITION	\$ 55,552,978	22,190,135	\$ 77,743,113

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, 2022

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 1,915,631	1,513,182	4,201	334,138	(64,110)	-	\$ (64,110)
Public Safety	13,135,059	417,923	293,867	3,500,390	(8,922,879)	-	(8,922,879)
Public Works	2,391,531	-	800	506,853	(1,883,878)	-	(1,883,878)
Recreation and Parks	3,508,938	713,898	10,000	-	(2,785,040)	-	(2,785,040)
Interest and Other Charges	743,299	-	-	-	(743,299)	-	(743,299)
Total Governmental Activities	<u>21,694,458</u>	<u>2,645,003</u>	<u>308,868</u>	<u>4,341,381</u>	<u>(14,399,206)</u>	<u>-</u>	<u>(14,399,206)</u>
Business-Type Activities:							
Sewer	1,419,026	2,353,903	-	3,232,386	-	4,167,263	4,167,263
Public Works	950,569	1,496,016	-	-	-	545,447	545,447
Total Business-Type Activities	<u>2,369,595</u>	<u>3,849,919</u>	<u>-</u>	<u>3,232,386</u>	<u>-</u>	<u>4,712,710</u>	<u>4,712,710</u>
TOTAL - PRIMARY GOVERNMENT	\$ 24,064,053	6,494,922	308,868	7,573,767	(14,399,206)	4,712,710	(9,686,496)
General Revenues and Transfers:							
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					12,037,860	-	12,037,860
Hospitality and Accommodations Taxes					3,347,691	-	3,347,691
Business Licenses and MASC Taxes					5,390,577	-	5,390,577
Franchise Fees					1,622,169	-	1,622,169
Unrestricted Intergovernmental Revenue					1,043,286	-	1,043,286
Unrestricted Investment Earnings					(146,404)	18,356	(128,048)
Gain on Disposal of Capital Assets					5,197	-	5,197
Miscellaneous					127,244	-	127,244
Transfers In (Out)					714,826	(714,826)	-
Total General Revenues and Transfers					<u>24,142,446</u>	<u>(696,470)</u>	<u>23,445,976</u>
CHANGE IN NET POSITION					9,743,240	4,016,240	13,759,480
NET POSITION, Beginning of Year					<u>45,809,738</u>	<u>18,173,895</u>	<u>63,983,633</u>
NET POSITION, End of Year					<u>55,552,978</u>	<u>22,190,135</u>	<u>\$ 77,743,113</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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND
ASSETS		
Cash and Cash Equivalents	\$ 19,690,345	-
Cash and Cash Equivalents, Restricted	286,535	4,819,914
Investments, Restricted	-	12,751,293
Receivables, Net:		
Taxes	147,583	-
Accounts	1,437,581	286,184
Interfund Receivables	541,140	-
Prepays	13,656	798,500
TOTAL ASSETS	\$ 22,116,840	18,655,891
LIABILITIES		
Accounts Payable	\$ 538,045	-
Accrued Salaries and Fringe Benefits	1,039,196	-
Accrued Expenses	52,637	-
Interfund Payables	1,847,516	117,082
Developers' Escrow Liability	-	-
Unearned Revenue	7,950	-
TOTAL LIABILITIES	3,485,344	117,082
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	90,400	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,575,744	117,082
FUND BALANCES		
Nonspendable - Prepays	13,656	798,500
Restricted For:		
Tourism Related Costs	-	4,458,260
Capital Improvements (Primarily Unspent Debt Proceeds)	38,789	13,282,049
Court	247,746	-
Public Safety	-	-
Cultural Arts	-	-
Other	-	-
Assigned For:		
Capital Projects	-	-
American Rescue Plan Costs	-	-
Unassigned	18,240,905	-
TOTAL FUND BALANCES	18,541,096	18,538,809
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,116,840	18,655,891

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

SIMPSONVILLE MUNICIPAL FACILITIES CORPORATION FUND	AMERICAN RESCUE PLAN FUND	CAPITAL PROJECTS FUND	NON MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	2,422,150	39,784	\$ 22,152,279
391,586	4,017,466	-	405,583	9,921,084
12,120,292	-	-	-	24,871,585
-	-	-	-	147,583
-	-	-	-	1,723,765
-	1,779,701	1,795,371	52,145	4,168,357
-	-	580,651	-	1,392,807
12,511,878	5,797,167	4,798,172	497,512	\$ 64,377,460
-	-	-	-	\$ 538,045
-	-	-	-	1,039,196
-	-	-	9,999	62,636
3,040	205,304	1,779,701	23,879	3,976,522
-	-	-	201,705	201,705
-	5,584,139	-	-	5,592,089
3,040	5,789,443	1,779,701	235,583	11,410,193
-	-	-	-	90,400
3,040	5,789,443	1,779,701	235,583	11,500,593
-	-	580,651	-	1,392,807
-	-	-	-	4,458,260
12,508,838	-	-	-	25,829,676
-	-	-	-	247,746
-	-	-	165,593	165,593
-	-	-	4,042	4,042
-	-	-	12,496	12,496
-	-	2,437,820	79,798	2,517,618
-	7,724	-	-	7,724
-	-	-	-	18,240,905
12,508,838	7,724	3,018,471	261,929	52,876,867
12,511,878	5,797,167	4,798,172	497,512	\$ 64,377,460

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, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 52,876,867**

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. 90,400

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 \$84,589,714 and the accumulated depreciation was \$38,112,539. 46,477,175

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. (393,627)

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. (13,770,674)

Long-term liabilities, including debt and compensated absences, 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	(29,285,005)
Compensated Absences (Annual Leave)	(442,158)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 55,552,978**

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

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	GENERAL FUND	ACCOMMODATIONS AND HOSPITALITY TAX FUND
REVENUES		
Taxes:		
Local	\$ 12,067,175	-
Hospitality and Accommodations	-	3,136,105
MASC Telecommunications and Insurance	3,443,324	-
Franchise	1,622,169	-
Licenses, Permits, and Fees	3,635,746	-
Grants	42,734	-
Fines and Forfeitures	128,169	-
One Percent Income	-	-
Shared Revenue:		
County	347,256	-
State	809,871	-
Interest	39,949	11,689
Other	834,408	110,050
Gain (Loss) on Investments	-	(122,242)
TOTAL REVENUES	22,970,801	3,135,602
EXPENDITURES		
Current:		
General Government:	2,324,443	38,930
Public Safety	11,388,968	-
Public Works	1,758,044	-
Recreation and Parks	2,205,191	-
Capital Outlay	1,743,925	605,991
Debt Service:		
Principal	315,188	930,000
Interest and Other Fiscal Charges	16,298	351,896
TOTAL EXPENDITURES	19,752,057	1,926,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,218,744	1,208,785
OTHER FINANCING SOURCES (USES)		
Transfers In	714,826	-
Transfers Out	(3,360,447)	(1,188,909)
Insurance Proceeds	20,137	-
Sale of Capital Assets	5,197	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,620,287)	(1,188,909)
NET CHANGES IN FUND BALANCES	598,457	19,876
Fund Balances, Beginning of Year	17,942,639	18,518,933
FUND BALANCES, End of Year	\$ 18,541,096	18,538,809

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

SIMPSONVILLE MUNICIPAL FACILITIES CORPORATION FUND	AMERICAN RESCUE PLAN FUND	CAPITAL PROJECTS FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	\$ 12,067,175
-	-	-	-	3,136,105
-	-	-	-	3,443,324
-	-	-	-	1,622,169
-	-	-	-	3,635,746
-	445,000	-	299,768	787,502
-	-	-	19,454	147,623
-	-	-	253,331	253,331
-	-	-	-	347,256
-	-	-	-	809,871
7,431	7,724	3,852	1,082	71,727
-	-	-	18,710	963,168
(95,889)	-	-	-	(218,131)
(88,458)	452,724	3,852	592,345	27,066,866
2,000	-	-	30,330	2,395,703
-	-	-	266,004	11,654,972
-	-	-	-	1,758,044
-	-	-	-	2,205,191
264,489	445,000	-	1,307,226	4,366,631
-	-	-	-	1,245,188
345,828	-	-	-	714,022
612,317	445,000	-	1,603,560	24,339,751
(700,775)	7,724	3,852	(1,011,215)	2,727,115
345,828	-	3,014,619	1,191,847	5,267,120
-	-	-	(2,938)	(4,552,294)
-	-	-	-	20,137
-	-	-	-	5,197
345,828	-	3,014,619	1,188,909	740,160
(354,947)	7,724	3,018,471	177,694	3,467,275
12,863,785	-	-	84,235	49,409,592
12,508,838	7,724	3,018,471	261,929	\$ 52,876,867

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, 2022

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,467,275

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. (29,315)

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. (249,948)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,245,188

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. 276,058

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. (305,335)

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. (16,846)

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 \$8,009,089 (which includes donated capital assets of \$3,659,987) exceeded depreciation expense of \$2,652,926 in the current period. 5,356,163

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 9,743,240

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, 2022

	<u>SEWER FUND</u>	<u>PUBLIC WORKS FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,666,392	984,694	\$ 6,651,086
Investments, Restricted	186,582	-	186,582
Receivables, Net	224,686	-	224,686
Prepays	583	-	583
Total Current Assets	<u>6,078,243</u>	<u>984,694</u>	<u>7,062,937</u>
Noncurrent Assets:			
Capital Assets, Net:			
Non-Depreciable	10,484,046	-	10,484,046
Depreciable, Net	12,878,655	1,500,854	14,379,509
Total Noncurrent Assets	<u>23,362,701</u>	<u>1,500,854</u>	<u>24,863,555</u>
TOTAL ASSETS	<u>29,440,944</u>	<u>2,485,548</u>	<u>31,926,492</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	<u>80,331</u>	<u>-</u>	<u>80,331</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	82,552	-	82,552
Interfund Payables	138,882	52,953	191,835
Unearned Revenue	1,122	-	1,122
Current Portion of Compensated Absences	7,606	-	7,606
Current Portion of Revenue Bond	415,000	-	415,000
Total Current Liabilities	<u>645,162</u>	<u>52,953</u>	<u>698,115</u>
Noncurrent Liabilities:			
Compensated Absences, Less Current Portion	7,605	-	7,605
Net Pension Liability	397,714	-	397,714
Revenue Bond, Less Current Portion	8,648,086	-	8,648,086
Total Noncurrent Liabilities	<u>9,053,405</u>	<u>-</u>	<u>9,053,405</u>
TOTAL LIABILITIES	<u>9,698,567</u>	<u>52,953</u>	<u>9,751,520</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	<u>65,168</u>	<u>-</u>	<u>65,168</u>
NET POSITION			
Net Investment in Capital Assets	14,299,615	1,500,854	15,800,469
Restricted for Debt Service	186,582	-	186,582
Unrestricted	5,271,343	931,741	6,203,084
TOTAL NET POSITION	<u>\$ 19,757,540</u>	<u>2,432,595</u>	<u>\$ 22,190,135</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, 2022

	SEWER FUND	PUBLIC WORKS FUND	TOTAL ENTERPRISE FUNDS
OPERATING REVENUES			
Sewer Maintenance Fees	\$ 2,353,903	-	\$ 2,353,903
Public Works Fees	-	1,496,016	1,496,016
TOTAL OPERATING REVENUES	2,353,903	1,496,016	3,849,919
OPERATING EXPENSES			
Personnel	208,535	284,466	493,001
Contractual Services	700	-	700
Materials and Supplies	8,783	-	8,783
Repair and Maintenance	-	90,883	90,883
Other Operating	200,529	280,590	481,119
Depreciation	705,972	294,630	1,000,602
TOTAL OPERATING EXPENSES	1,124,519	950,569	2,075,088
OPERATING INCOME	1,229,384	545,447	1,774,831
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	14,638	3,718	18,356
Interest Expense	(294,481)	-	(294,481)
Loss on Disposal of Capital Assets	(26)	-	(26)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(279,869)	3,718	(276,151)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	949,515	549,165	1,498,680
Transfers Out	-	(714,826)	(714,826)
Capital Contributions - Infrastructure	3,232,386	-	3,232,386
CHANGE IN NET POSITION	4,181,901	(165,661)	4,016,240
NET POSITION, BEGINNING OF YEAR	15,575,639	2,598,256	18,173,895
NET POSITION, END OF YEAR	\$ 19,757,540	2,432,595	\$ 22,190,135

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, 2022

	SEWER FUND	PUBLIC WORKS FUND	TOTAL ENTERPRISE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 2,343,028	1,496,016	\$ 3,839,044
Cash Paid to Vendors	(210,012)	(371,473)	(581,485)
Payments to Employees	(322,586)	(284,466)	(607,052)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,810,430</u>	<u>840,077</u>	<u>2,650,507</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers to Other Funds	(276,898)	(1,639,864)	(1,916,762)
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(276,898)</u>	<u>(1,639,864)</u>	<u>(1,916,762)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(477,262)	(716,685)	(1,193,947)
Principal Paid on Revenue Bond	(405,000)	-	(405,000)
Interest and Fees Paid on Revenue Bond	(344,519)	-	(344,519)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,226,781)</u>	<u>(716,685)</u>	<u>(1,943,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Investments	532	-	532
Interest Received	14,638	3,718	18,356
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>15,170</u>	<u>3,718</u>	<u>18,888</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	321,921	(1,512,754)	(1,190,833)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,344,471</u>	<u>2,497,448</u>	<u>7,841,919</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,666,392</u>	<u>984,694</u>	<u>\$ 6,651,086</u>
Reconciliation of Operating Income to Net Cash from Operating Activities:			
Operating Income	\$ 1,229,384	545,447	\$ 1,774,831
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities			
Depreciation	705,972	294,630	1,000,602
Change in Accounts Representing Operating Activities:			
Accounts Receivable	(10,875)	-	(10,875)
Accrued Compensated Absences	(345)	-	(345)
Deferred Pension Charges	28,046	-	28,046
Net Pension Liability	(189,397)	-	(189,397)
Deferred Pension Credits	47,645	-	47,645
Net Cash Provided by Operating Activities	<u>\$ 1,810,430</u>	<u>840,077</u>	<u>\$ 2,650,507</u>
Noncash Capital and Related Financing Items:			
Donated Capital Assets	\$ 3,232,386	-	\$ 3,232,386
Loss on Disposal of Capital Assets	\$ (26)	-	\$ (26)

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, 2022

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, 2022

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/sanitation 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, 2022

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, financed purchase expenditures, lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt, financed purchase obligations, and acquisitions under 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 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, 2022

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, and accounts for the City's specific revenue sources that are legally restricted to tourism related expenditures.

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

The *American Rescue Plan Fund, a major fund* and an unbudgeted fund, accounts for the activity related to the American Rescue Plan Act of 2021.

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 major and non major capital projects funds:

The *Capital Projects Fund, a major fund* and a unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for (a) the acquisition, construction, or renovation of major capital facilities, (b) ongoing major improvement projects which usually span more than one year, and (c) major equipment or other capital asset acquisitions which are not financed by another fund.

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:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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)

- (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.
- U.S. securities are generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government (lending money to the federal government for a specified period of time). These debt obligations are backed by the "full faith and credit" of the government, and thus by its ability to raise tax revenues and print currency, U.S. Treasury securities are considered the safest of all investments.

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. *Prepaid Items*

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

4. *Capital Assets*

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

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

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

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

Buildings and Improvements	10 - 50 years
Infrastructure	40 - 50 year
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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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*

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

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt, financed purchases, and 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, financed purchases, and 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 assets 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 assets 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, 2022

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, 2022

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, 2022, approximately \$13,751,000 of the City’s bank balances of approximately \$37,957,000 (with a carrying value of approximately \$37,161,000) were exposed to custodial credit risk as they were uninsured and uncollateralized.

Investments

As of June 30, 2022, the City had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating ^	Fair Value	Weighted Average Maturity	
				< 1 Year	1 - 3 Years
Governmental MMMF	Level 1	AAAm, Aaa-mf, AAAMmf	\$ 1,749,253	1,749,253	\$ -
LGIP	N/A	Unrated	1,027	1,027	-
United States Securities	Level 1	NR	24,871,585	11,613,872	13,257,713
Total			\$ 26,621,865	13,364,152	\$ 13,257,713

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

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

MMMF - Money market mutual fund.

N/A or NR - Not Applicable or Not Required

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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. As of June 30, 2022, approximately \$24,872,000 of the City's investments are exposed to custodial credit risk because the securities are uninsured, unregistered, and are being held by the counterparty's agent but not in the government's name.

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, 2022 were those imposed by the revenue source (i.e. accommodation taxes, hospitality fees, etc.), unspent debt proceeds, 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	\$ 37,160,751
Fair Value of Investments	26,621,865
Total Deposits and Investments	<u>\$ 63,782,616</u>
Statement of Net Position:	
Cash and Cash Equivalents	\$ 28,803,365
Cash and Cash Equivalents, Restricted	9,921,084
Investments, Restricted	25,058,167
Total Cash and Cash Equivalents	<u>\$ 63,782,616</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, 2022

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 2022 real and business personal property taxes (which was for tax year 2021) were levied in October 2021 based on a millage rate of 59.8 mills (a decrease of 3.8 mills from the prior year) for the City and 36.6 mills (a decrease of 0.9 mills from the prior year) for the Fire Service Area, of which 5.2 mills (same as 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 \$118.8 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 \$4,000. The City's net receivables at June 30, 2022 consisted of the following:

Description	General Fund	Accommodations and Hospitality Tax Fund	Sewer Fund	Totals
Property Taxes	\$ 147,583	-	-	\$ 147,583
Utilities	-	-	224,686	224,686
Accommodations Taxes	78,736	38,158	-	116,894
Hospitality Fees	-	247,432	-	247,432
MASC Insurance	505,673	-	-	505,673
Franchise Fees	372,867	-	-	372,867
Aid to Subdivisions	136,831	-	-	136,831
Other	343,474	594	-	344,068
Net Receivables	\$ 1,585,164	286,184	224,686	\$ 2,096,034

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

B. Receivables and Unavailable/Unearned Revenues (Continued)

Unavailable and Unearned Revenues

Governmental funds report as a component of deferred inflows of resources revenues that are not considered to be available to liquidate liabilities (unavailable revenue) of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). As of June 30, 2022, the City’s governmental funds had the following unavailable and unearned revenues:

Description	Fund(s)	Unavailable	Unearned	Total
Property Taxes	General	\$ 90,400	-	\$ 90,400
Grants	American Rescue Plan		5,584,139	5,584,139
Other	General	-	7,950	7,950
Total		<u>\$ 90,400</u>	<u>5,592,089</u>	<u>\$ 5,682,489</u>

C. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2022, 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	\$ 541,140	\$ 1,847,516
Accommodations and Hospitality Tax Fund	-	117,082
Simpsonville Municipal Facilities Corp. Fund	-	3,040
American Rescue Plan Fund	1,779,701	205,304
Capital Projects Fund	1,795,371	1,779,701
Non Major Governmental Funds	52,145	23,879
Sewer Fund	-	138,882
Public Works Fund	-	52,953
Totals	<u>\$ 4,168,357</u>	<u>\$ 4,168,357</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. The payable and receivable between the American Rescue Plan Fund and the Capital Projects Fund is due to the Capital Projects Fund holding funds on behalf of the American Rescue Plan Fund. The payable and receivable between the General Fund and the Capital Projects fund are due to fund being held for future capital needs.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

C. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ 714,826	\$ 3,360,447
Accommodations and Hospitality Tax Fund	-	1,188,909
Simpsonville Municipal Facilities Corp. Fund	345,828	-
Capital Projects Fund	3,014,619	-
Non Major Governmental Funds	1,191,847	2,938
Sewer Fund	-	-
Public Works Fund	-	714,826
Totals	<u>\$ 5,267,120</u>	<u>\$ 5,267,120</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 cover renovation costs of the Arts Center. Transfers from the General Fund to Capital Projects Fund were made for future capital needs. 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.

D. Capital Assets

Capital asset activity for the City’s governmental activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 7,220,458	-	-	-	\$ 7,220,458
Construction In Progress	949,001	2,396,191	-	-	3,345,192
Total Capital Assets, Non-Depreciable	<u>8,169,459</u>	<u>2,396,191</u>	<u>-</u>	<u>-</u>	<u>10,565,650</u>
Capital Assets, Depreciable:					
Buildings and Improvements	22,800,957	3,427,881	-	-	26,228,838
Machinery and Equipment	5,314,822	363,737	59,386	-	5,619,173
Infrastructure	28,458,277	984,577	-	-	29,442,854
Vehicles	12,297,835	836,703	401,339	-	12,733,199
Total Capital Assets, Depreciable	<u>68,871,891</u>	<u>5,612,898</u>	<u>460,725</u>	<u>-</u>	<u>74,024,064</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	9,752,220	653,904	-	-	10,406,124
Machinery and Equipment	3,407,100	382,511	59,386	-	3,730,225
Infrastructure	14,208,317	487,375	-	-	14,695,692
Vehicles	8,552,701	1,129,136	401,339	-	9,280,498
Total Accumulated Depreciation	<u>35,920,338</u>	<u>2,652,926</u>	<u>460,725</u>	<u>-</u>	<u>38,112,539</u>
Total Capital Assets, Depreciable, Net	<u>32,951,553</u>	<u>2,959,972</u>	<u>-</u>	<u>-</u>	<u>35,911,525</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,121,012</u>	<u>5,356,163</u>	<u>-</u>	<u>-</u>	<u>\$ 46,477,175</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

D. Capital Assets (Continued)

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

Functions/Programs	Capital Asset Additions	Depreciation Expense
General Government	\$ 2,671,100	\$ 113,741
Public Safety	4,030,899	1,287,144
Public Works	1,132,945	714,533
Recreation and Parks	174,145	537,508
Total - Governmental Activities	<u>\$ 8,009,089</u>	<u>\$ 2,652,926</u>

During the year ended June 30, 2022, the City received a donated fire station and fire truck from Greenville County for a total of approximately \$3,500,000. 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 \$160,000. This amount is included in Public Works capital asset additions noted above.

Capital asset activity for the City’s business-type activities for the year ended June 30, 2022, was as follows:

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Construction In Progress	\$ 10,136,528	347,518	-	-	\$ 10,484,046
Total Capital Assets, Non-Depreciable	<u>10,136,528</u>	<u>347,518</u>	<u>-</u>	<u>-</u>	<u>10,484,046</u>
Capital Assets, Depreciable:					
Infrastructure	17,123,788	3,232,385	-	-	20,356,173
Equipment	1,404,386	846,430	-	-	2,250,816
Vehicles	842,624	-	26	-	842,598
Total Capital Assets, Depreciable	<u>19,370,798</u>	<u>4,078,815</u>	<u>26</u>	<u>-</u>	<u>23,449,587</u>
Less: Accumulated Depreciation for:					
Infrastructure	7,134,781	555,959	-	-	7,690,740
Equipment	381,250	326,929	-	-	708,179
Vehicles	553,445	117,714	-	-	671,159
Total Accumulated Depreciation	<u>8,069,476</u>	<u>1,000,602</u>	<u>-</u>	<u>-</u>	<u>9,070,078</u>
Total Capital Assets, Depreciable, Net	<u>11,301,322</u>	<u>3,078,213</u>	<u>26</u>	<u>-</u>	<u>14,379,509</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,437,850</u>	<u>3,425,731</u>	<u>26</u>	<u>-</u>	<u>\$ 24,863,555</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	\$ 3,709,648	\$ 705,972
Public Works	716,685	294,630
Total - Business-Type Activities	<u>\$ 4,426,333</u>	<u>\$ 1,000,602</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

D. Capital Assets (Continued)

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 2022, the City received sewer infrastructure donations of approximately \$3,232,000 which are included in the above totals.

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. Financed Purchase (“FP”) 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, and FP obligations nor the interest thereon.

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.

Details on the City’s outstanding debt as of June 30, 2022 are as follows:

	<u>Balance at June 30, 2022</u>
<i>General Obligation Bonds</i>	
\$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.	\$ 451,000
<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, 2023 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>Accommodations and Hospitality Tax Revenue Refunding and Improvement Bonds</i>	
\$14,155,000 Series 2021 Accommodations and Hospitality Tax Revenue Refunding and Improvement Bonds issued in June 2021 (“AHTRRIB – 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.	13,225,000

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

E. Long-Term Obligations (Continued)

	<u>Balance at June 30, 2022</u>
Revenue Bonds	
<p>\$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 1st and October 1st 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.</p>	\$ 8,370,000

Presented below is a summary of changes in long-term obligations for the City’s governmental activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Debt:					
Bonds:					
GORB - Series 2013 - DBP	\$ 67,521	-	67,521	-	\$ -
GOB - Series 2015 - DBP	34,000	-	34,000	-	-
GOB - Series 2019 - DBP	560,000	-	109,000	451,000	110,000
IPRB - Series 2021 - PT	11,300,000	-	-	11,300,000	385,000
AHTRRIB - Series 2021 - PT	14,155,000	-	930,000	13,225,000	705,000
Premium on IPRB - Series 2021	1,854,346	-	88,952	1,765,394	-
Premium on AHTRRIB - Series 2021	2,730,717	-	187,106	2,543,611	-
Total Bonds	30,701,584	-	1,416,579	29,285,005	1,200,000
Financed Purchases:					
FP - 2019 - DBP	104,667	-	104,667	-	-
Total Financed Purchases	104,667	-	104,667	-	-
Total Debt	30,806,251	-	1,521,246	29,285,005	1,200,000
Compensated Absences	425,312	693,780	676,934	442,158	221,079
Total Governmental Activities	\$ 31,231,563	693,780	2,198,180	29,727,163	\$ 1,421,079

Presented below is a summary of changes in long-term obligations for the City’s business-type activities for the year ended June 30, 2022:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Debt:					
Bonds:					
RB - Series 2016 - Publicly Traded	\$ 8,775,000	-	405,000	8,370,000	\$ 415,000
Premium on RB - Series 2016	740,085	-	46,999	693,086	-
Total Bonds	9,515,085	-	451,999	9,063,086	415,000
Total Debt	9,515,085	-	451,999	9,063,086	415,000
Compensated Absences	15,556	15,251	15,596	15,211	7,606
Total Business-Type Activities	\$ 9,530,641	15,251	467,595	9,078,297	\$ 422,606

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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, FP 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, 2022:

Year Ended June 30,	Bonds - DBP		Bonds - Publicly Traded		Total
	Principal	Interest	Principal	Interest	
Governmental Activities:					
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	-	-	1,270,000	813,794	2,083,794
2028-2032	-	-	7,280,000	3,126,720	10,406,720
2033-2037	-	-	7,695,000	1,441,220	9,136,220
2038-2042	-	-	3,690,000	321,853	4,011,853
Totals	\$ 451,000	22,209	24,525,000	9,438,263	\$ 34,436,472

Year Ended June 30,	Bonds - Publicly Traded		Total
	Principal	Interest	
Business-Type Activities			
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	480,000	264,113	744,113
2028-2032	2,730,000	999,663	3,729,663
2033-2037	3,390,000	343,413	3,733,413
Totals	\$ 8,370,000	2,825,438	\$ 11,195,438

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, 2022.

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, 2022.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

E. Long-Term Obligations (Continued)

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, 2022, the City had approximately \$451,000 of general obligation debt. The City's 8% legal debt limit was approximately \$9,502,000 and the unused legal debt margin was approximately \$9,051,000 at June 30, 2022.

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, 2022, the City made premium payments totaling approximately \$390,000. 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, 2021, totaled approximately \$14,371,000. 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, 2022, the City made premium payments totaling approximately \$218,000. 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, 2021, totaled approximately \$57,773,000. 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 pension 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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 an Annual Comprehensive Financial Report (formerly known as the “Comprehensive Annual Financial Report”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The Annual Comprehensive 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 Annual Comprehensive Financial Report of the state.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement 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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Benefits

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

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

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

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.

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 year are as follows:

	SCRS Rates	PORS Rates
	2022	2022
Employer Contribution Rate: ^		
Retirement	16.41%	18.84%
Incidental Death Benefit	0.15%	0.20%
Accidental Death Contributions	0.00%	0.20%
	<u>16.56%</u>	<u>19.24%</u>
Employee Contribution Rate ^	<u>9.00%</u>	<u>9.75%</u>

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

The actual and required contributions to the SCRS and PORS were approximately \$552,000 and \$1,144,000, respectively, for the year ended June 30, 2022 and include the nonemployer contributions noted below.

Nonemployer Contributions

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, 2022. 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, 2022 were approximately \$27,000 and \$42,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City’s governmental fund financial statements.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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.

The June 30, 2021 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, 2020. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the systems. In FY 2021, the PEBA Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021 (measurement date) for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)	3.5% to 10.5% (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 2020 Public Retirees of South Carolina Mortality table (“2020 PRSC”), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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 2021 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 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 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
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	12.0%		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Rate of Return	<u>100.0%</u>		<u>5.18%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.43%</u></u>

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, 2021 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	\$ 55,131,579,363	33,490,305,970	\$ 21,641,273,393	60.7%
PORS	\$ 8,684,586,488	6,111,672,064	\$ 2,572,914,424	70.4%

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.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

At June 30, 2022, the City reported liabilities of approximately \$5,813,000 and \$9,334,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2021, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2020 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, 2021 measurement date, the City's SCRS proportion was 0.026860 percent, which was an increase of 0.000718 from its proportion measured as of June 30, 2020. At the June 30, 2021 measurement date, the City's PORS proportion was 0.362766 percent, which was an increase of 0.034249 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of approximately \$498,000 and \$1,336,000 for the SCRS and PORS, respectively. At June 30, 2022, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 99,015	\$ 7,845
Change in Assumptions	318,177	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	844,395
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	231,471	100,239
Employer Contributions Subsequent to the Measurement Date	525,417	-
Total SCRS	<u>1,174,080</u>	<u>952,479</u>
PORS		
Differences Between Expected and Actual Experience	317,523	29,068
Change in Assumptions	665,721	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,092,565
Changes in Proportion and Differences Between the Employer's		
Contributions and Proportionate Share of Contributions	819,174	11,396
Employer Contributions Subsequent to the Measurement Date	1,102,312	-
Total PORS	<u>2,904,730</u>	<u>2,133,029</u>
Total SCRS and PORS	<u>\$ 4,078,810</u>	<u>\$ 3,085,508</u>

Approximately \$525,000 and \$1,102,000 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, 2023. 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:

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

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

Year Ended June 30,	SCRS	PORS	Total
2023	\$ 64,727	188,176	\$ 252,903
2024	(18,456)	136,613	118,157
2025	(34,125)	53,914	19,789
2026	(315,962)	(709,314)	(1,025,276)
Total	<u>\$ (303,816)</u>	<u>(330,611)</u>	<u>\$ (634,427)</u>

Discount Rate

The discount rate used to measure the TPL was 7.00 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 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability of the SCRS	\$ 7,614,130	5,812,865	\$ 4,315,642
City’s proportionate share of the net pension liability of the PORS	13,541,950	9,333,662	5,886,430
Total	<u>\$ 21,156,080</u>	<u>15,146,527</u>	<u>\$ 10,202,072</u>

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued Annual Comprehensive Financial Report containing financial statements and required supplementary information for the SCRS and PORS. The Annual Comprehensive 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 \$406,000 to the PEBA as of June 30, 2022, representing required employer and employee contributions for the months of May and June 2022 for the SCRS and PORS. These amounts are included in Accrued Salaries and Fringe Benefits on the financial statements and were paid in July and August 2022, respectively.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Plans – Reconciliation to the Financial Statements

The City’s pension plans are reflected in the financial statements as follows:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
SCRS	\$ 5,812,865	1,174,080	952,479	\$ 497,586
PORS	9,333,662	2,904,730	2,133,029	1,335,571
Total - all Plans	<u>\$ 15,146,527</u>	<u>4,078,810</u>	<u>3,085,508</u>	<u>\$ 1,833,157</u>

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 \$1,611,000. 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 \$77,000 for the year ended June 30, 2022. 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, 2022.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

IV. OTHER INFORMATION (CONTINUED)

E. Contingent Liabilities and Commitments (Continued)

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 36.6 mills of which 5.2 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 \$4,780,000 in tax revenues related to the FSA during the year ended June 30, 2022.

Construction Contracts

The City began a Sewer Rehabilitation Project in March 2016 and has recognized approximately \$10,484,000 as of June 30, 2022 (in construction in progress). The City’s remaining commitment for this project is approximately \$1,271,000 as of June 30, 2022.

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 CoTransCo 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, the City will pay CoTransCo the amounts that exceed GLDTC’s stipulated \$1,000,000 for that year. CoTransCo has capped its fees at \$2,000,000. GLDTC has paid \$110,000 in fiscal year 2022 toward this commitment.

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, 2022, the City had made reimbursement payments of approximately \$134,000 inception to date under this contract. The City paid out approximately \$68,000 under this agreement in fiscal year 2022.

F. Subsequent Event

In October 2022, the City received the second and final allocation of the American Rescue Plan Act (“ARPA”) funding of approximately \$6,029,000.

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, 2022

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Local	\$ 11,245,979	11,245,979	12,067,175	\$ 821,196
MASC Telecommunications and Insurance	2,785,000	2,785,000	3,443,324	658,324
Franchise	1,598,500	1,598,500	1,622,169	23,669
Licenses, Permits, and Fees	2,241,598	2,241,598	3,635,746	1,394,148
Grants	32,427	32,427	42,734	10,307
Fines	100,000	100,000	128,169	28,169
Shared Revenue:				
County	347,711	347,711	347,256	(455)
State	610,000	610,000	809,871	199,871
Interest	60,000	60,000	39,949	(20,051)
Other	540,050	540,050	834,408	294,358
TOTAL REVENUES	19,561,265	19,561,265	22,970,801	3,409,536
EXPENDITURES				
Current:				
General Government				
Mayor and City Council	120,515	120,515	126,789	(6,274)
City Administration	2,327,125	2,327,125	2,197,654	129,471
Public Safety	-	-	-	-
Police Department	5,282,305	5,282,305	5,018,800	263,505
Fire Department	6,612,929	6,612,929	6,370,168	242,761
Public Works	1,898,301	1,898,301	1,758,044	140,257
Recreation and Parks	2,347,707	2,347,707	2,205,191	142,516
Capital Outlay	1,065,968	1,065,968	1,743,925	(677,957)
Debt Service:				
Principal	315,521	315,521	315,188	333
Interest	374,950	374,950	16,298	358,652
TOTAL EXPENDITURES	20,345,321	20,345,321	19,752,057	593,264
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(784,056)	(784,056)	3,218,744	4,002,800
Transfers In	784,056	784,056	714,826	(69,230)
Transfers Out	-	-	(3,360,447)	(3,360,447)
Insurance Proceeds	-	-	20,137	20,137
Sale of Capital Assets	-	-	5,197	5,197
TOTAL OTHER FINANCING SOURCES (USES)	784,056	784,056	(2,620,287)	(3,404,343)
NET CHANGE IN FUND BALANCE	-	-	598,457	598,457
FUND BALANCES, Beginning of Year	17,942,639	17,942,639	17,942,639	-
FUND BALANCES, End of Year	\$ 17,942,639	17,942,639	18,541,096	\$ 598,457

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

Note: During fiscal year 2022, City Council approved a transfer policy whereby the City will transfer to the Capital Projects Funds each year 75% of any increase in fund balances for a given year. This transfer out amount was approximately \$3,015,000 for fiscal years 2021 and 2022.

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, 2022

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES				
Hospitality Tax	\$ 2,142,409	2,142,409	2,798,520	\$ 656,111
Accommodations Tax	250,000	250,000	337,585	87,585
Interest	17,500	17,500	11,689	(5,811)
Other Revenue	-	-	110,050	110,050
Gain (Loss) on Investments	-	-	(122,242)	(122,242)
TOTAL REVENUES	2,409,909	2,409,909	3,135,602	725,693
EXPENDITURES				
Current:				
General Government	50,000	50,000	38,930	(11,070)
Capital Outlay	475,000	475,000	605,991	130,991
Debt Service:				
Principal	-	-	930,000	930,000
Interest and Other Fiscal Charges	1,329,405	1,329,405	351,896	(977,509)
TOTAL EXPENDITURES	1,854,405	1,854,405	1,926,817	72,412
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	555,504	555,504	1,208,785	653,281
OTHER FINANCING SOURCES (USES)				
Transfers Out	(555,504)	(555,504)	(1,188,909)	(633,405)
TOTAL OTHER FINANCING SOURCES (USES)	(555,504)	(555,504)	(1,188,909)	(633,405)
NET CHANGE IN FUND BALANCE	-	-	19,876	19,876
FUND BALANCES, Beginning of Year	18,518,933	18,518,933	18,518,933	-
FUND BALANCES, End of Year	\$ 18,518,933	18,518,933	18,538,809	\$ 19,876

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

Note: The amount spent above the revised budget were primarily related to capital projects approved by City Council - but for which the Council elected to not amend the budget.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE BUDGETARY COMPARISON SCHEDULES

YEAR ENDED JUNE 30, 2022

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 NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.02686%	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	\$ 5,812,865	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	\$ 3,036,286	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	191.45%	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	60.75%	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 (a) 7.25% beginning with the year ended June 30, 2021 measurement date and (b) 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 NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 552,491	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	525,417	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	27,074	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 3,336,297	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	16.56%	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 NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability (Asset)	0.36277%	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	\$ 9,333,662	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	\$ 5,454,876	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	171.11%	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	70.37%	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 (a) 7.25% beginning with the year ended June 30, 2021 measurement date and (b) 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 NINE FISCAL YEARS

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,144,424	994,969	905,203	823,511	725,677	591,620	562,779	507,396	\$ 479,981
Contributions in Relation to the Contractually Required Contributions:									
Contributions from the City	1,102,312	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	42,112	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	\$ -
City's Covered Payroll	\$ 5,948,149	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	19.24%	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, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
General Government			
Mayor and City Council:			
Current:			
Salaries	\$ 46,600	46,778	\$ (178)
FICA	3,565	2,951	614
Retirement	5,100	4,769	331
Insurance - Group	37,100	43,143	(6,043)
Insurance - Worker's Compensation	1,200	969	231
Insurance - Liability	2,200	2,148	52
Discretionary Funds	17,850	20,689	(2,839)
Dues, Subscriptions, and Memberships	500	-	500
Office and Printing	5,900	5,011	889
Telephone, Modem, and Fax	500	331	169
Total Mayor and City Council	<u>120,515</u>	<u>126,789</u>	<u>(6,274)</u>
City Administration: General			
Current:			
Salaries	779,555	782,401	(2,846)
Overtime	500	307	193
Extra Duties - Overtime	4,500	4,440	60
FICA	59,636	57,812	1,824
Retirement	121,297	130,012	(8,715)
Insurance - Group	152,500	148,310	4,190
Insurance - Worker's Compensation	4,500	3,629	871
Insurance - Liability	10,000	16,217	(6,217)
Fuel Usage	3,000	3,901	(901)
Tires	2,000	704	1,296
Professional Training	23,750	28,347	(4,597)
Contractual Services - Professional	74,500	72,197	2,303
Dues, Subscriptions, and Memberships	14,975	5,561	9,414
Supplies	14,000	7,260	6,740
Telephone, Fax, Cell and Pagers	10,000	11,383	(1,383)
IT Communications	11,000	7,396	3,604
Computer Software and Support	56,340	64,211	(7,871)
Non-Capital Equipment	3,000	10,140	(7,140)
Utilities	181,000	150,753	30,247
Local Meetings and Meals	7,500	4,687	2,813
Equipment Rent	19,650	16,671	2,979
Bank Fees	-	1,965	(1,965)
Building Inspection Fees	144,000	158,242	(14,242)
Advertising	1,500	767	733
Community Relations	196,536	221,230	(24,694)
Employee Recognition	12,000	6,424	5,576
Memorials and Awards	1,500	1,195	305
Miscellaneous	6,000	3,688	2,312
Postage	4,000	2,453	1,547
Business Service	81,534	-	81,534
Printing	12,600	8,699	3,901
Repairs and Maintenance - Buildings	10,850	10,659	191
Repairs and Maintenance - Equipment	4,700	2,721	1,979
Repairs and Maintenance - Routine	\$ 1,000	1,953	\$ (953)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
General Government (Continued)			
City Administration: General (Continued)			
Current:			
Repairs and Maintenance - Drive Train	\$ 1,500	1,028	\$ 472
Repairs and Maintenance - Vehicle Body Work	1,000	-	1,000
County Stormwater Fees	7,000	5,240	1,760
Contingency	21,000	-	21,000
Total City Administration: General	<u>2,059,923</u>	<u>1,952,603</u>	<u>107,320</u>
City Administration: Court Division			
Current:			
Salaries	152,340	145,347	6,993
Overtime	4,000	349	3,651
FICA	11,616	10,158	1,458
Retirement	23,626	22,404	1,222
Insurance - Group	27,810	27,832	(22)
Insurance - Worker's Compensation	600	484	116
Insurance - Liability	2,300	2,184	116
Professional Training	3,500	5,944	(2,444)
Dues, Subscriptions, and Memberships	500	201	299
Supplies	1,500	1,425	75
Telephone, Fax, Cell and Pagers	1,300	1,020	280
IT Communications	4,600	3,694	906
Computer Software and Support	12,160	11,814	346
Printing	500	91	409
Repairs and Maintenance - Equipment	500	-	500
Postage	3,500	1,528	1,972
Jurors, Bailiffs, and Witnesses	5,000	3,220	1,780
Non-Capital Equipment	500	461	39
Rental Expense	11,100	6,895	4,205
Miscellaneous	250	-	250
Total City Administration: Court Division	<u>267,202</u>	<u>245,051</u>	<u>22,151</u>
Total City Administration	<u>2,327,125</u>	<u>2,197,654</u>	<u>129,471</u>
Total General Government	<u>2,447,640</u>	<u>2,324,443</u>	<u>123,197</u>
Public Safety			
Police Department: Operations			
Current:			
Salaries	2,371,921	2,290,826	81,095
Overtime	47,000	65,280	(18,280)
Extra Duties-Overtime	110,000	108,109	1,891
FICA	179,692	181,994	(2,302)
Retirement	428,443	462,773	(34,330)
Insurance - Group	545,100	520,099	25,001
Insurance - Worker's Compensation	85,000	68,582	16,418
Insurance - Liability	160,000	163,441	(3,441)
Fuel Usage	120,000	150,953	(30,953)
Tires	16,500	13,922	2,578
Professional Training	22,750	14,609	8,141
Dues and Subscriptions	\$ 4,320	1,910	\$ 2,410

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Operations (Continued)			
Current:			
Supplies	\$ 19,500	14,772	\$ 4,728
Telephone, Fax, Cell and Pagers	54,636	49,659	4,977
Computer Software and Support	91,895	74,525	17,370
IT Communications	13,000	11,792	1,208
Utilities	16,000	11,620	4,380
Physical Examinations and Drug/Alcohol Testing	-	125	(125)
Local Meetings and Meals	4,800	1,765	3,035
Leases-Equipment	19,350	16,600	2,750
Advertising	3,500	3,348	152
Non-Capital Equipment	49,120	36,944	12,176
Community Relations	11,350	8,652	2,698
Vehicle License Fees	100	124	(24)
Postage	3,000	1,153	1,847
Uniforms	35,425	40,627	(5,202)
Employee Uniform Allowance	9,750	8,230	1,520
Printing	2,500	1,829	671
Animal Control	5,700	1,150	4,550
Repairs and Maintenance - Buildings	8,000	5,603	2,397
Repairs and Maintenance - Equipment	14,200	12,234	1,966
Repairs and Maintenance - Radios	5,000	120	4,880
Repairs and Maintenance - Drive Train	15,800	-	15,800
Repairs and Maintenance - Routine	36,000	39,129	(3,129)
Repairs and Maintenance - Vehicle Body Work	19,000	12,783	6,217
Tools and Small Equipment	-	11,286	(11,286)
Contingency	10,000	-	10,000
Firearms/Ammunition	24,000	17,892	6,108
Chemicals	500	272	228
Informant Fees	5,000	162	4,838
Housing - Inmate	60,000	60,028	(28)
Housing - Juvenile	10,000	11,842	(1,842)
Radio User Fees	44,000	39,772	4,228
COVID-19 Response Grant	-	93	(93)
Tuition Reimbursements	2,000	-	2,000
Police Services	8,415	3,789	4,626
Vending	1,000	1,060	(60)
Miscellaneous	3,000	2,823	177
Total Police Department: Operations	4,696,267	4,544,301	151,966
Police Department: Dispatch			
Current:			
Salaries	351,744	272,396	79,348
Overtime	47,000	44,062	2,938
Extra Duties-Overtime	3,000	-	3,000
FICA	26,595	23,605	2,990
Retirement	54,093	51,813	2,280
Insurance - Group	77,700	75,434	2,266
Insurance - Workers' Compensation	900	724	176
Insurance - Liability	4,000	3,906	94
Professional Training	7,700	256	7,444
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, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Public Safety (Continued)			
Police Department: Dispatch (Continued)			
Current:			
Supplies - Other	\$ 700	600	\$ 100
Computer Software and Support	1,000	-	1,000
IT Communications	4,500	-	4,500
Repairs and Maintenance - Equipment	1,500	226	1,274
Repairs and Maintenance - Radios	1,000	-	1,000
Uniforms	3,600	1,193	2,407
Total Police Department: Dispatch	<u>586,038</u>	<u>474,499</u>	<u>111,539</u>
Total Police Department	<u>5,282,305</u>	<u>5,018,800</u>	<u>263,505</u>
Fire Department:			
Current:			
Salaries	3,832,474	3,746,673	85,801
Extra Duties - Overtime	20,000	18,926	1,074
FICA	287,064	280,816	6,248
Retirement	684,451	730,565	(46,114)
Insurance - Group	985,350	934,699	50,651
Insurance - Workers' Compensation	100,000	81,854	18,146
Insurance - Liability	83,000	79,259	3,741
Insurance - Claims	-	29,085	(29,085)
Professional Training	58,500	41,496	17,004
Dues, Subscriptions, and Memberships	6,400	5,429	971
Supplies	24,000	19,879	4,121
Supplies - Safety	67,500	16,876	50,624
Landscaping	1,200	876	324
Telephone, Fax, Cell and Pagers	12,500	18,221	(5,721)
Computer Software and Support	26,590	21,279	5,311
IT Communications	19,250	24,387	(5,137)
Utilities	60,000	49,012	10,988
Equipment Rent	14,000	6,210	7,790
Fuel Usage	55,000	69,777	(14,777)
Tires Expenditures	26,000	28,403	(2,403)
Local Meetings and Meals	6,500	2,261	4,239
Community Relations	3,000	2,726	274
Non-Capital Equipment	46,500	14,306	32,194
Postage	250	42	208
Uniforms	41,250	39,060	2,190
Printing	500	-	500
Repairs and Maintenance - Buildings	37,250	22,367	14,883
Repairs and Maintenance - Equipment	44,750	33,217	11,533
Repairs and Maintenance - Radios	3,500	1,789	1,711
Repairs and Maintenance - Drive Train	22,500	9,551	12,949
Repairs and Maintenance - Routine	22,000	25,081	(3,081)
Repairs and Maintenance - Vehicle Body Work	3,000	11,567	(8,567)
Contingency	10,000	1,704	8,296
Chemicals	1,650	118	1,532
Safety Equipment Grant	2,000	2,000	-
Miscellaneous	5,000	657	4,343
Total Fire Department	<u>6,612,929</u>	<u>6,370,168</u>	<u>242,761</u>
Total Public Safety	<u>\$ 11,895,234</u>	<u>11,388,968</u>	<u>\$ 506,266</u>

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works			
Sanitation, Maintenance, and Administration:			
Current:			
Salaries	\$ 652,606	560,880	\$ 91,726
Overtime	15,000	2,448	12,552
FICA	49,274	41,644	7,630
Retirement	100,223	93,684	6,539
Insurance - Group	180,275	152,505	27,770
Insurance - Workers' Compensation	35,000	28,245	6,755
Insurance - Liability	65,000	58,284	6,716
Temporary Employees	41,876	25,557	16,319
Professional Fees	7,000	3,389	3,611
Professional Training	6,500	5,058	1,442
Equipment Rent	31,400	15,598	15,802
Supplies - Cement and Masonry	8,000	4,372	3,628
Supplies - Asphalt and Paving	16,000	16,478	(478)
Supplies - Electric and Lighting	6,000	4,777	1,223
Supplies - Other	8,000	7,751	249
Supplies - Safety	2,500	2,237	263
Chemicals	6,500	3,920	2,580
Landscaping	15,500	14,619	881
Printing	750	725	25
Utilities	20,000	23,358	(3,358)
Dues, Subscriptions, and Memberships	2,500	2,417	83
Telephone, Fax, Cell and Pagers	13,000	12,394	606
Computer Software and Support	14,600	19,906	(5,306)
IT Communications	6,526	9,054	(2,528)
Physical Examinations and Drug/Alcohol Testing	-	118	(118)
Employee Recognition	1,200	1,077	123
Non-Capital Equipment	14,150	9,191	4,959
Postage	500	9	491
Uniforms	12,500	12,748	(248)
Repairs and Maintenance - Buildings	6,000	5,250	750
Repairs and Maintenance - Equipment	10,400	10,331	69
Repairs and Maintenance - Facilities	2,600	2,010	590
Repairs and Maintenance - Street, Buildings, and Parks	8,000	7,093	907
Repairs and Maintenance - Routine	10,400	8,174	2,226
Repairs and Maintenance - Vehicles	46,000	31,529	14,471
Fuel Usage	60,000	75,693	(15,693)
Tires Expenditures	25,000	14,289	10,711
Contractual Sanitation Services	100,000	170,529	(70,529)
Safety Grant Expenditures	2,000	1,566	434
Stormwater R.O.W.	3,000	2,276	724
Contingency	10,000	8,408	1,592
Tipping Fees	-	25,949	(25,949)
Miscellaneous	1,000	-	1,000
Total Sanitation, Maintenance, and Administration	<u>1,616,780</u>	<u>1,495,540</u>	<u>121,240</u>
Fleet Division:			
Current:			
Salaries	142,458	134,442	8,016
Overtime	1,500	643	857
FICA	10,768	10,314	454
Retirement	\$ 21,902	22,272	\$ (370)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Public Works (Continued)			
Fleet Division (Continued):			
Current:			
Insurance - Group	\$ 28,333	24,802	\$ 3,531
Insurance - Workers' Compensation	3,500	2,822	678
Insurance - Liability	2,500	2,340	160
Professional Training	2,000	1,670	330
Utilities	12,000	15,828	(3,828)
Supplies - Other	4,760	5,112	(352)
Supplies - Safety	1,100	792	308
Supplies - Garage Stock	1,300	1,453	(153)
Telephone, Fax, Cell and Pagers	1,400	1,585	(185)
Computer Software and Support	3,950	4,405	(455)
Repairs and Maintenance - Buildings	5,000	2,379	2,621
Repairs and Maintenance - Equipment	2,000	21	1,979
Repairs and Maintenance - Facilities	2,800	3,261	(461)
Uniforms	3,450	1,841	1,609
Equipment Rent	1,500	615	885
Postage	300	-	300
Chemicals	2,000	1,439	561
Oils and Lubricants	16,000	14,437	1,563
Non-Capital Equipment	11,000	10,031	969
Total Fleet Division	<u>281,521</u>	<u>262,504</u>	<u>19,017</u>
Total Public Works	<u>1,898,301</u>	<u>1,758,044</u>	<u>140,257</u>
Recreation and Parks			
Recreation:			
Current:			
Salaries	640,306	603,352	36,954
Overtime	14,000	11,649	2,351
Extra Duties - Overtime	500	-	500
FICA	48,356	45,379	2,977
Retirement	98,356	97,893	463
Insurance - Group	189,100	167,236	21,864
Insurance - Liability	40,000	37,990	2,010
Insurance - Worker's Comp.	16,000	12,911	3,089
Insurance - General	5,434	2,378	3,056
Contractual Services - Recreation	45,000	42,907	2,093
Dues, Subscriptions, and Memberships	1,000	1,528	(528)
Supplies - Cement and Masonry	1,000	1,197	(197)
Supplies - Electric and Lighting	3,500	1,806	1,694
Supplies - Office	2,500	2,905	(405)
Supplies - Other	8,000	6,655	1,345
Supplies - Safety	1,000	825	175
Landscaping	10,000	9,678	322
Telephone, Fax, Cell and Pagers	13,600	9,644	3,956
Computer Software and Support	4,320	3,626	694
IT Communications	3,600	3,729	(129)
Utilities	80,000	63,957	16,043
Advertising	1,000	650	350
Postage	588	460	128
Uniforms	7,000	5,281	1,719
Non-Capital Equipment	6,700	3,965	2,735
Employee Uniform Allowance	\$ 1,200	611	\$ 589

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Recreation (Continued):			
Current:			
Printing	\$ 1,000	368	\$ 632
Repairs and Maintenance - Buildings	33,359	21,583	11,776
Repairs and Maintenance - Equipment	6,049	5,778	271
Repairs and Maintenance - Facilities	17,620	17,512	108
Repairs and Maintenance - Drive Train	5,000	2,375	2,625
Repairs and Maintenance - Routine	1,500	762	738
Repairs and Maintenance - Vehicle Body Work	1,000	284	716
Fuel Usage	25,000	31,521	(6,521)
Tires Expenditures	2,200	781	1,419
Contingency	10,000	10,806	(806)
Grant Fund Expenditures	10,000	9,914	86
PARD Grant Expenditures	5,607	1,961	3,646
Chemicals	7,000	6,291	709
Equipment Rent	5,000	5,558	(558)
Miscellaneous	4,500	2,764	1,736
Total Recreation Department	<u>1,376,895</u>	<u>1,256,470</u>	<u>120,425</u>
Heritage Park:			
Current:			
Salaries	237,000	208,795	28,205
Overtime	3,000	1,766	1,234
FICA	17,901	15,035	2,866
Retirement	36,410	32,254	4,156
Insurance - Group	63,950	67,869	(3,919)
Insurance - Liability	12,000	14,759	(2,759)
Insurance - Worker's Comp.	3,500	2,822	678
Dues, Subscriptions, and Memberships	974	595	379
Supplies - Cement and Masonry	1,500	397	1,103
Supplies - Electric and Lighting	2,500	1,500	1,000
Supplies - Office	2,500	2,408	92
Supplies - Other	7,800	7,182	618
Supplies - Safety	1,000	76	924
Supplies - Recreation	26,180	25,864	316
Landscaping	20,000	19,213	787
Telephone, Fax, Cell and Pagers	10,000	8,821	1,179
Computer Software and Support	4,800	3,864	936
IT Communications	2,385	2,824	(439)
Utilities	158,111	131,721	26,390
Advertising	1,500	656	844
Postage	588	12	576
Bank Fees	6,000	10,037	(4,037)
Non-Capital Equipment	5,200	4,696	504
Employee Uniform Allowance	1,200	390	810
Printing	1,000	361	639
Repairs and Maintenance - Buildings	11,607	11,531	76
Repairs and Maintenance - Equipment	10,000	7,431	2,569
Repairs and Maintenance - Facilities	10,000	9,866	134
Repairs and Maintenance - Drive Train	5,100	686	4,414
Repairs and Maintenance - Routine	1,200	393	807
Repairs and Maintenance - Vehicle Body Work	1,000	-	1,000
Fuel Usage	\$ 7,864	9,884	\$ (2,020)

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	REVISED BUDGET	ACTUAL	VARIANCE
Recreation and Parks (Continued)			
Heritage Park (Continued):			
Current:			
Tires	\$ 2,200	872	\$ 1,328
Train Repairs and Maintenance - Drive Train	7,200	4,803	2,397
Train Repairs and Maintenance - Routine	650	413	237
Train Wheels	8,400	47	8,353
Contingency	7,500	-	7,500
Equipment Rent	6,500	5,298	1,202
Recreation Services	180,000	254,049	(74,049)
Chemicals	15,000	14,503	497
Little League All Stars	1,000	814	186
Cost of Concession Goods Sold	1,500	2,882	(1,382)
Total Heritage Park	903,720	887,389	16,331
Amphitheatre:			
Current:			
Personnel and Events	20,000	19,000	1,000
Insurance - Liability	6,000	6,246	(246)
Telephone, Modem, and Fax	5,500	4,658	842
IT Communications	7,000	6,590	410
Repairs and Maintenance	18,542	18,472	70
Landscaping	750	315	435
Supplies	5,000	4,868	132
Equipment Rental	500	-	500
Electric and Lighting Supplies	2,000	35	1,965
Miscellaneous	1,800	1,148	652
Total Amphitheatre	67,092	61,332	5,760
Total Recreation and Parks	2,347,707	2,205,191	142,516
Total Current Expenditures	18,588,882	17,676,646	912,236
Capital Outlay	1,065,968	1,743,925	(677,957)
Debt Service:			
Principal	315,521	315,188	333
Interest	374,950	16,298	358,652
Total Debt Service	690,471	331,486	358,985
TOTAL GENERAL FUND EXPENDITURES	\$ 20,345,321	19,752,057	\$ 593,264

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 39,784	-	\$ 39,784
Cash and Cash Equivalents, Restricted	200,361	205,222	405,583
Interfund Receivables	50,319	1,826	52,145
Total Assets	\$ 290,464	207,048	\$ 497,512
Liabilities and Fund Balances			
Interfund Payables	\$ 23,879	-	\$ 23,879
Accrued Expenses	9,999	-	9,999
Developers' Escrow Liability	-	201,705	201,705
Total Liabilities	33,878	201,705	235,583
Fund Balances:			
Restricted:			
Public Safety	165,593	-	165,593
Cultural Arts	4,042	-	4,042
Other	7,153	5,343	12,496
Assigned - Capital Projects	79,798	-	79,798
Total Fund Balances	256,586	5,343	261,929
Total Liabilities and Fund Balances	\$ 290,464	207,048	\$ 497,512

CITY OF SIMPSONVILLE, SOUTH CAROLINA

COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2022

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund	Fire Safety House Fund
Assets					
Cash and Cash Equivalents	\$ -	-	-	-	
Cash and Cash Equivalents, Restricted	4,372	5,711	1,231	149	-
Interfund Receivables	-	-	-	10	296
Total Assets	\$ 4,372	5,711	1,231	159	296
Liabilities and Fund Balances					
Interfund Payables	\$ 330	-	85	-	-
Accrued Expenses	-	-	-	-	-
Total Liabilities	330	-	85	-	-
Fund Balances:					
Restricted:					
Public Safety	-	-	-	159	-
Cultural Arts	4,042	-	-	-	-
Other	-	5,711	1,146	-	296
Assigned - Capital Projects	-	-	-	-	-
Total Fund Balances	4,042	5,711	1,146	159	296
Total Liabilities and Fund Balances	\$ 4,372	5,711	1,231	159	296

Simpsonville Elementary Improvement Fund	Firefighters' 1% Fund	Victims' Assistance Fund	Seized Funds Fund	Narcotics Fund	Enforcing Underage Drinking Laws Fund	Total Non Major Special Revenue Funds
39,784	-	-	-	-	-	\$ 39,784
-	33,937	86,623	10,089	51,730	6,519	200,361
50,013	-	-	-	-	-	50,319
89,797	33,937	86,623	10,089	51,730	6,519	\$ 290,464
-	-	18,597	-	4,867	-	\$ 23,879
9,999	-	-	-	-	-	9,999
9,999	-	18,597	-	4,867	-	33,878
-	33,937	68,026	10,089	46,863	6,519	165,593
-	-	-	-	-	-	4,042
-	-	-	-	-	-	7,153
79,798	-	-	-	-	-	79,798
79,798	33,937	68,026	10,089	46,863	6,519	256,586
89,797	33,937	86,623	10,089	51,730	6,519	\$ 290,464

CITY OF SIMPSONVILLE, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NON MAJOR CAPITAL PROJECTS FUNDS**

JUNE 30, 2022

	Bryson Meadows Project	Stewart Park Project
Assets		
Cash and Cash Equivalents, Restricted	\$ 19,735	31,986
Interfund Receivables	-	-
Total Assets	\$ 19,735	31,986
Liabilities and Fund Balances		
Developers' Escrow Liability	\$ 19,232	31,144
Total Liabilities	19,232	31,144
Fund Balances:		
Restricted	503	842
Total Fund Balances	503	842
Total Liabilities and Fund Balances	\$ 19,735	31,986

Knightsbridge Project	Fowler Chase Project	Heritage Pointe Project	Fox Trace Project	Total Non Major Capital Projects Funds
114,448	-	1,434	37,619	\$ 205,222
-	1,826	-	-	1,826
114,448	1,826	1,434	37,619	\$ 207,048
111,170	1,810	1,399	36,950	\$ 201,705
111,170	1,810	1,399	36,950	201,705
3,278	16	35	669	5,343
3,278	16	35	669	5,343
114,448	1,826	1,434	37,619	\$ 207,048

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	Non Major Special Revenue Funds	Non Major Capital Projects Funds	Total Non Major Governmental Funds
REVENUES			
Fines	\$ 19,454	-	\$ 19,454
Grant Revenue	299,768	-	299,768
One Percent Income	253,331	-	253,331
Other Income	18,710	-	18,710
Interest	547	535	1,082
TOTAL REVENUES	591,810	535	592,345
EXPENDITURES			
Current:			
General Government	30,330	-	30,330
Public Safety	266,004	-	266,004
Capital Outlay	1,307,226	-	1,307,226
TOTAL EXPENDITURES	1,603,560	-	1,603,560
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,011,750)	535	(1,011,215)
OTHER FINANCING SOURCES (USES)			
Transfers In	1,191,847	-	1,191,847
Transfers Out	(2,938)	-	(2,938)
TOTAL OTHER FINANCING SOURCES (USES)	1,188,909	-	1,188,909
NET CHANGES IN FUND BALANCES	177,159	535	177,694
Fund Balances, Beginning of Year	79,427	4,808	84,235
FUND BALANCES, End of Year	\$ 256,586	5,343	\$ 261,929

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	Veteran's Monument Fund	Animals of Simpsonville Fund	Economic Development Fund	Fire Prevention Fund
REVENUES				
Fines	\$ -	-	-	-
Grant Revenue	-	-	-	-
One Percent Income	-	-	-	-
Other Income	100	400	-	-
Interest	12	35	3	-
TOTAL REVENUES	112	435	3	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	112	435	3	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	112	435	3	-
FUND BALANCES, Beginning of Year, Restated	3,930	5,276	1,143	159
FUND BALANCES, End of Year	\$ 4,042	5,711	1,146	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 Non Major Special Revenue Funds
-	-	-	19,454	-	-	-	\$ 19,454
-	299,768	-	-	-	-	-	299,768
-	-	253,331	-	-	-	-	253,331
-	8,740	-	-	-	5,970	3,500	18,710
-	121	-	205	33	126	12	547
-	308,629	253,331	19,659	33	6,096	3,512	591,810
-	12,432	-	17,898	-	-	-	30,330
-	-	264,421	-	-	1,083	500	266,004
-	1,307,226	-	-	-	-	-	1,307,226
-	1,319,658	264,421	17,898	-	1,083	500	1,603,560
-	(1,011,029)	(11,090)	1,761	33	5,013	3,012	(1,011,750)
-	1,188,909	-	-	-	2,938	-	1,191,847
-	-	-	-	(2,938)	-	-	(2,938)
-	1,188,909	-	-	(2,938)	2,938	-	1,188,909
-	177,880	(11,090)	1,761	(2,905)	7,951	3,012	177,159
296	(98,082)	45,027	66,265	12,994	38,912	3,507	79,427
296	79,798	33,937	68,026	10,089	46,863	6,519	\$ 256,586

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	<u>Bryson Meadows Project</u>	<u>Stewart Park Project</u>	<u>Knightsbridge Project</u>	<u>Fowler Chase Project</u>	<u>Heritage Pointe Project</u>	<u>Fox Trace Project</u>	<u>Total Non Major Capital Projects Funds</u>
REVENUES							
Interest	\$ 51	84	299	-	3	98	\$ 535
TOTAL REVENUES	<u>51</u>	<u>84</u>	<u>299</u>	<u>-</u>	<u>3</u>	<u>98</u>	<u>535</u>
EXPENDITURES							
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>51</u>	<u>84</u>	<u>299</u>	<u>-</u>	<u>3</u>	<u>98</u>	<u>535</u>
NET CHANGES IN FUND BALANCES	<u>51</u>	<u>84</u>	<u>299</u>	<u>-</u>	<u>3</u>	<u>98</u>	<u>535</u>
FUND BALANCES, Beginning of Year	452	758	2,979	16	32	571	4,808
FUND BALANCES, End of Year	<u>\$ 503</u>	<u>842</u>	<u>3,278</u>	<u>16</u>	<u>35</u>	<u>669</u>	<u>\$ 5,343</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2022

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Fines	\$ 16,000	16,000	19,454	\$ 3,454
Interest	400	400	205	(195)
TOTAL REVENUES	<u>16,400</u>	<u>16,400</u>	<u>19,659</u>	<u>3,259</u>
EXPENDITURES				
Current:				
General Government	15,800	15,800	17,898	2,098
TOTAL EXPENDITURES	<u>15,800</u>	<u>15,800</u>	<u>17,898</u>	<u>2,098</u>
NET CHANGE IN FUND BALANCE	600	600	1,761	1,161
FUND BALANCES, Beginning of Year	<u>66,265</u>	<u>66,265</u>	<u>66,265</u>	<u>-</u>
FUND BALANCES, End of Year	<u><u>\$ 66,865</u></u>	<u><u>66,865</u></u>	<u><u>68,026</u></u>	<u><u>\$ 1,161</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, 2022

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			\$ 317,126	\$ 317,126
Court fines and assessments remitted to State Treasurer			(172,427)	(172,427)
Total Court Fines and Assessments retained			<u>144,699</u>	<u>144,699</u>
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained			4,218	4,218
Assessments retained			15,236	15,236
Total Surcharges and Assessments retained for victim services			<u>\$ 19,454</u>	<u>\$ 19,454</u>

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	\$ 66,265		\$ 66,265
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer			
Victim Service Assessments Retained by City/County Treasurer	15,236		15,236
Victim Service Surcharges Retained by City/County Treasurer	4,218		4,218
Interest Earned	205		205
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)	<u>\$ 85,924</u>		<u>\$ 85,924</u>
Expenditures for Victim Service Program:	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	\$ 15,481		\$ 15,481
Operating Expenditures	2,417		2,417
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)	<u>\$ 17,898</u>		<u>\$ 17,898</u>
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)			
Less: Prior Year Fund Deficit Repayment			
Carryforward Funds – End of Year	<u>\$ 68,026</u>		<u>\$ 68,026</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Simpsonville’s (“City”) annual comprehensive 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>	103
Revenue Capacity Information <i>These schedules contain information to help the reader assess the City’s most significant local revenue source.</i>	110
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>	114
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>	119
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>	121

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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									
	2013	2014	2015 *	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 43,820,346
Restricted	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	4,600,462
Unrestricted	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	7,132,170
Total Governmental Activities Net Position	\$ 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	\$ 55,552,978
Business-Type Activities										
Net Investment in Capital Assets	\$ 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	\$ 15,800,469
Restricted	-	-	-	-	-	186,384	186,786	186,272	187,114	186,582
Unrestricted	1,507,127	1,510,437	422,006	777,098	524,907	203,778	1,112,639	3,220,029	6,064,016	6,203,084
Total Business-Type Activities Net Position	\$ 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	\$ 22,190,135
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 59,620,815
Restricted	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	4,787,044
Unrestricted	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	13,335,254
Total Primary Government Net Position	\$ 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	\$ 77,743,113

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

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2013	2014	2015 *	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 1,915,631
Public Safety	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	13,135,059
Public Works	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	2,391,531
Recreation and Parks	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	3,508,938
Interest and Fiscal Charges	489,566	328,151	334,404	431,374	198,482	184,162	133,907	129,724	939,520	743,299
Total Governmental Activities Expenses	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	21,694,458
Business-Type Activities:										
Sewer	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036	1,510,394	1,524,342	1,419,026
Public Works								692,284	50,082	950,569
Total Business-Type Activities Expenses	743,710	728,934	780,293	820,130	1,531,164	1,668,451	1,583,036	2,202,678	1,574,424	2,369,595
Total Primary Government Expenses	\$ 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	\$ 24,064,053
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 3,077,677	3,366,295	669,777	831,858	743,636	803,535	1,106,806	706,533	1,379,250	\$ 1,513,182
Public Safety	137,374	166,831	417,364	370,742	385,648	475,329	416,065	309,462	393,711	417,923
Public Works	167,832	168,072	203,702	206,634	174,378	264,384	278,345	5,989	-	-
Recreation and Parks	195,874	172,646	479,762	429,671	359,375	383,359	472,337	356,134	400,979	713,898
Operating Grants and Contributions	57,543	45,091	138,979	138,979	187,586	130,201	69,519	189,794	359,163	308,868
Capital Grants and Contributions	100,232	100,211	338,588	1,143,307	3,104,844	208,145	2,611,512	2,611,936	1,419,386	4,341,381
Total Governmental Activities Program Revenues	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	7,295,252
Business-Type Activities:										
Charges for Services	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	3,849,919
Operating Grants and Contributions	367	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	713,475	507,850	1,700,210	-	-	-	1,379,531	990,950	3,232,386
Total Business-Type Activities Program Revenues	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	7,082,305
Total Primary Government Program Revenues	\$ 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	\$ 14,377,557
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (14,399,206)
Business-Type Activities	723,033	1,535,122	1,332,249	2,537,815	1,74,938	279,235	428,354	2,477,592	3,046,958	4,712,710
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (9,686,496)

(Continued)

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2013	2014	2015 *	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax	\$ 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	\$ 12,037,860
Hospitality and Accommodations Tax	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	3,347,691
MASC Telecommunications and Insurance Tax	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	3,443,325
Business Licenses	-	-	1,204,963	1,255,961	1,322,763	1,358,682	1,515,570	1,360,614	1,770,287	1,947,252
Franchise Fees	-	-	1,445,108	1,414,408	1,419,668	1,499,218	1,558,842	1,550,696	1,546,901	1,622,169
Unrestricted Intergovernmental Revenue	393,485	395,752	399,222	410,435	414,058	496,024	486,192	506,595	510,906	1,043,286
Unrestricted Investment Earnings	12,940	8,518	17,845	25,917	32,136	64,165	108,856	109,774	61,442	(146,404)
Gains on Disposal/Sale of Capital Assets	48,068	68,479	38,218	98,674	119,508	83,848	23,399	11,559	53,971	5,197
Miscellaneous Revenues	137,745	29,927	38,909	14,819	304,297	94,416	188,852	57,284	191,104	127,244
Transfers	-	-	-	-	-	-	-	-	158,420	714,826
Total Governmental Activities	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	24,142,446
Business-Type activities:										
Unrestricted Investment Earnings	4,702	3,760	3,443	4,730	18,317	91,528	123,755	62,948	18,443	18,356
Gain/(Loss) on Disposal/Sale of Capital Assets	-	-	-	47,331	-	-	-	-	-	-
Miscellaneous Revenues	-	-	-	-	7,255	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(158,420)	(714,826)
Total Business-Type Activities	4,702	3,760	3,443	52,061	25,572	91,528	123,755	62,948	(139,977)	(696,470)
Total Primary Government	\$ 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	\$ 23,445,976
Change in Net Position:										
Governmental Activities	\$ 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	\$ 9,743,240
Business-Type Activities	727,735	1,538,882	1,335,692	2,589,876	200,510	370,763	552,109	2,540,540	2,906,981	4,016,240
Total Primary Government	\$ 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	\$ 13,759,480

* 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 66,303	222,184	383,086	1,074,678	43,482	271,773	190,231	899,352	14,928	\$ 13,656
Restricted	124,815	57,629	398,485	484,453	195,304	233,529	249,562	272,503	243,191	286,535
Assigned	-	-	180,000	-	-	-	-	-	-	-
Unassigned	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	18,240,905
Total General Fund	\$ 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	\$ 18,541,096
All Other Governmental Funds										
Nonspendable	-	-	378	-	-	-	-	-	6,000	\$ 1,379,151
Restricted	\$ 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	30,431,278
Committed	163	1	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	2,525,342
Unassigned	-	-	-	-	-	-	(1,885)	-	(98,082)	-
Total All Other Governmental Funds	\$ 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	\$ 34,335,771
Total Governmental Funds	\$ 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	\$ 52,876,867

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes:										
Local	\$ 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	\$ 12,067,175
Hospitality and Accommodations	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	3,136,105
MASC Telecommunications and Insurance	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	3,443,324
Franchise	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	1,622,169
Intergovernmental	825,727	754,433	787,040	768,792	1,140,517	922,031	1,203,904	1,037,680	1,008,167	1,157,127
Fines and Forfeitures	92,432	133,346	149,617	141,131	140,474	208,676	162,491	106,095	132,359	147,623
One Percent Income	-	-	-	-	-	-	-	-	149,157	253,331
Licenses, Permits and Fees	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	3,635,746
Interest	12,940	8,518	17,845	25,917	32,136	17,522	108,856	109,780	61,442	71,727
Grants	55,743	30,979	25,855	122,320	177,132	122,058	60,739	184,697	193,043	787,502
Other	687,686	682,798	733,537	618,245	554,381	891,320	1,008,205	469,259	531,052	963,168
Gain (Loss) on Investments	-	-	-	-	-	-	-	-	-	(218,131)
Total Revenues	\$ 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	\$ 27,066,866
Expenditures										
Current:										
General Government	\$ 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	\$ 2,395,703
Public Safety	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	11,654,972
Public Works	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	1,758,044
Parks and Recreation	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	2,205,191
Capital Outlay	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	4,366,631
Debt Service:										
Principal	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	1,245,188
Payment to Refunded Debt Escrow Agent	-	-	-	7,700,990	-	-	-	-	-	-
Interest and Fiscal Charges	505,860	329,592	293,224	176,330	168,415	143,802	117,891	96,807	72,216	714,022
Bond Issuance Costs	70,679	-	-	72,751	-	11,945	-	-	624,753	-
Total Expenditures	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	24,339,751
Excess of Revenues Over (Under) Expenditures	\$ (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	\$ 2,727,115

(Continued)

CITY OF SIMPSONVILLE, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfers In	\$ 2,126,809	1,140,548	1,693,338	2,149,993	1,205,239	1,429,860	541,505	453,927	613,854	\$ 5,267,120
Transfers Out	(2,126,809)	(1,140,548)	(1,693,338)	(2,149,993)	(1,205,239)	(1,429,860)	(541,505)	(453,927)	(455,434)	(4,552,294)
Issuance of Bonds	1,756,162	-	-	1,175,000	-	480,000	-	772,000	13,154,346	-
Issuance of Capital Lease	-	-	-	519,400	-	-	-	-	-	-
Issuance of Financed Purchases	-	-	750,000	509,775	-	-	-	314,003	-	-
Issuance of Refunding Debt	-	-	-	7,216,000	-	-	-	-	16,885,717	-
Payment to Refund Debt Escrow Agent	-	-	-	-	-	-	-	-	(2,445,469)	-
Sale of Capital Assets	56,572	20,607	32,357	71,786	128,667	134,415	23,399	13,357	67,865	5,197
Insurance Proceeds	65,146	47,872	5,861	31,805	292,850	77,341	75,505	33,274	181,681	20,137
Total Other Financing Sources (Uses)	1,877,880	68,479	788,218	9,523,766	421,517	691,756	98,904	1,132,634	28,002,560	740,160
Net Change in Fund Balances	\$ 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	\$ 3,467,275
Debt Service as a Percentage of Noncapital Expenditures	24.0%	12.7%	12.6%	41.9%	12.1%	12.6%	11.7%	11.1%	8.3%	9.8%

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

(Modified Accrual Basis of Accounting)

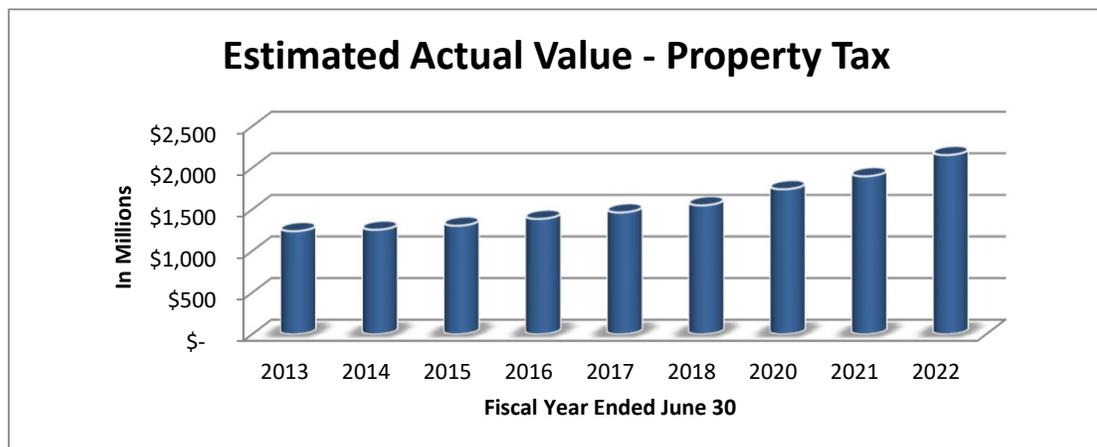
UNAUDITED

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Taxes by Source:										
Property Tax	\$ 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	\$ 12,067,175
Hospitality and Accommodations Tax	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	3,136,105
MASC Telecommunications and Insurance Tax	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	3,443,324
Franchise Fees	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	1,921,937
Total Revenues	\$ 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	\$ 20,568,541

**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					
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%
2022	\$ 50,238,980	53,570,280	14,968,520	\$ 118,777,780	59.80	\$ 2,156,233,649	5.51%



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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Direct Rates:										
Operating	41.6	54.9	54.9	56.8	56.8	56.8	56.8	56.8	56.8	59.8
Reserve Account	7.4	-	-	-	-	-	-	-	-	-
Debt Service	12.7	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	-
	61.7	61.7	61.7	63.6	63.6	63.6	63.6	63.6	63.6	59.8
County Rates:										
Greenville County	47.3	51.9	51.9	51.9	51.9	51.9	51.9	51.9	48.8	48.8
School District Rates:										
Greenville County Schools	168.6	177.5	182.4	184.9	184.9	191.8	196.9	202.9	194.2	198.7
Fire District Rates:										
Simpsonville Fire District	27.5	26.0	26.0	32.8	32.3	32.1	32.1	37.5	36.6	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

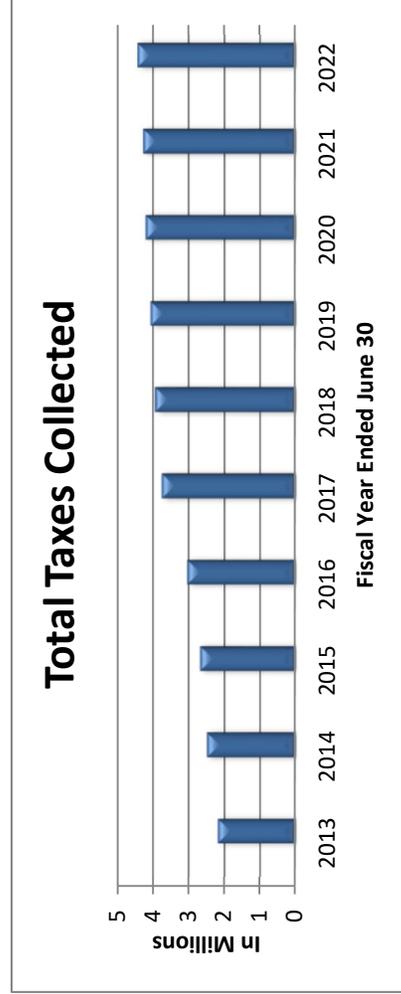
2022				2013			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Waterleaf	\$ 1,609,400	1	1.51%	Duke Energy	\$ 1,169,360	1	1.76%
Simpsonville Apartment Partner	1,218,990	2	1.15%	Walmart Real Estate	965,800	2	1.45%
Cotton Mill LLC (Orencel)	1,187,210	3	1.12%	Rohman Development Realty I	905,130	3	1.36%
Martin Family Limited Partners	1,172,970	4	1.10%	Jasmine Cove LLLP	689,960	4	1.04%
Walmart Real Estate	1,023,710	5	0.96%	Developers Diversified Finance	657,930	5	0.99%
Upstate Garden District Apart	1,320,750	6	1.24%	Centro Bradley Fairview Finance	612,450	6	0.92%
Realty Income Partners	940,930	7	0.88%	Lowes Home Center	592,860	7	0.89%
Jasmine Cove	926,200	8	0.87%	Frontier Communication	555,500	8	0.83%
C F Smith Simpsonville	777,350	9	0.73%	Gresham LLC	547,300	9	0.82%
Pointe Grand Simpsonville	737,540	10	0.69%	NNN Arbors at Fairview	539,580	10	0.81%
Totals	<u>\$ 10,915,050</u>		<u>10.3%</u>		<u>\$ 7,235,870</u>		<u>10.9%</u>

Source: Greenville County Information Systems and Services.
Note: Percentage is based on the Assessed Value of 2022.

**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
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%
2022	\$ 7,000,589	-	7,000,589	\$ 6,901,992	98.6%	-	\$ 6,901,992	98.6%



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	Financed Purchases	Leases	Revenue Bonds	Financed Purchases	Bond Anticipation Note	Total Primary Government				
2013	\$ 1,699,669	-	10,019,000	1,170,241	-	130,000	-	750,000	\$ 13,768,910	2.59%	\$ 706		
2014	1,256,395	-	9,217,000	953,813	-	90,000	-	-	11,517,208	2.20%	587		
2015	799,132	-	8,390,000	1,480,411	-	45,000	-	-	10,714,543	2.06%	532		
2016	1,553,513	-	7,216,000	1,541,005	519,400	-	329,943	-	11,159,861	1.95%	538		
2017	1,192,226	-	6,323,000	1,179,333	360,400	11,198,081	254,376	-	20,507,416	3.37%	962		
2018	1,240,409	-	5,368,000	767,630	201,400	10,791,082	172,543	-	18,541,064	2.95%	840		
2019	867,815	-	4,398,000	393,583	-	10,379,083	94,442	-	16,132,923	2.38%	700		
2020	1,154,801	-	3,410,000	239,879	-	9,952,084	-	-	14,756,764	2.00%	609		
2021	661,521	-	3,040,063	104,667	-	9,515,085	-	-	40,321,336	5.26%	1,727		
2022	\$ 451,000	-	28,834,005	-	-	9,063,086	-	-	\$ 38,348,091	4.88%	\$ 1,553		

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
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%	28
2021	\$ 451,000	-	\$ 451,000	0.0%	\$ 18

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, 2022**

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
County:			
Greenville County	\$ 298,152,473	4.08%	\$ 12,164,621
School District:			
Greenville County School District	543,634,909	4.08%	22,180,304
Subtotal, Overlapping Debt			34,344,925
City of Simpsonville Direct Debt			
General Obligation Bonds	451,000	100%	451,000
Revenue Bonds	\$ 28,834,005	100%	28,834,005
			29,285,005
Total Direct and Overlapping Debt			\$ 63,629,930

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).

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

UNAUDITED

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 9,502,222
Total Net Debt Applicable to Debt Limit	1,699,669	1,256,395	799,132	1,553,513	1,192,226	1,240,409	867,815	1,154,801	661,521	451,000
Legal Debt Margin	\$ 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	\$ 9,051,222
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	30.6%	22.5%	13.7%	25.1%	18.2%	18.0%	11.9%	15.2%	7.8%	4.7%

Legal Debt Margin Calculation for Fiscal Year June 30, 2022

Total Assessed Value	\$ 118,777,780
Debt Limit Percentage	8.0%
Debt Limit 8% of Total Assessed Value	9,502,222
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	451,000
Total Amount of Debt Applicable to Debt Limit	451,000
Legal Debt Margin	\$ 9,051,222

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		
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	380,000	354,063	2.0	
2021	2,204,490	451,544	1,752,946	390,000	356,218	2.3	
2022	\$ 2,368,541	418,547	1,949,994	405,000	\$ 344,519	2.6	

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 financed 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
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	766,501,634	32,821	37.8	3.6
2022	24,685	\$ 785,846,975	\$ 31,835	36.2	4.2

Data Sources:

- 1 Based on 2013 and 2020 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 2013 and 2020, 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

2022				2013			
Employer	Number of Employees	Rank	Percentage	Employer	Number of Employees	Rank	Percentage
Prisma Health	9,875	1	21.16%	Greenville Hospital System	10,925	1	24.34%
Greenville County Schools	9,800	2	21.00%	Greenville County Schools	10,850	2	24.18%
Michelin North America, Inc. (Gvl)	5,000	3	10.71%	Bon Secours St. Francis	4,500	3	10.03%
Bon Secours-St. Francis Health	4,500	4	9.64%	Michelin North America	4,000	4	8.91%
Duke Energy	4,000	5	8.57%	GE Power	3,200	5	7.13%
Greenville County Gov	3,500	6	7.50%	State of South Carolina	3,036	6	6.76%
State of South Carolina	3,000	7	6.43%	Fleur Corp	2,500	7	5.57%
GE Power	2,500	8	5.36%	Bi-Lo Supermarkets	2,089	8	4.65%
Fluor Corp	2,500	9	5.36%	Greenville County Gov	1,944	9	4.33%
SYNNEX Corp	2,000	10	4.28%	US Government	1,835	10	4.09%
Totals	<u>46,675</u>		<u>100.00%</u>	Totals	<u>44,879</u>		<u>100.00%</u>

CITY OF SIMPSONVILLE, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

UNAUDITED

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Business Licenses	1,319	1,421	1,144	1,487	1,349	1,401	1,462	1,281	1,792	1,730
Building Permits Issued	264	376	653	709	922	782	947	802	985	1,003
Building Inspections Conducted	2,501	3,728	4,707	4,682	7,357	5,787	4,789	5,125	5,004	6,246
Public Safety - Police										
Physical Arrests	897	991	1,183	956	485	632	618	593	913	720
Parking and Traffic Violations	2,238	3,350	2,818	2,925	4,936	3,693	3,076	2,465	2,285	2,886
Public Safety - Fire										
Emergency Responses	2,381	2,434	2,500	2,635	3,101	3,306	2,740	2,564	3,194	3,416
Fires Extinguished	90	94	94	80	117	84	98	103	112	120
Inspections	968	939	1,022	1,083	1,202	1,228	1,074	1,304	1,128	1,881
Public Service										
Potholes Repaired	29	20	27	68	73	204	264	170	238	158
Roads Maintained (in Miles)	73	73	73	74	78	80	80	106	106	106
Parks and Recreation										
Recreational Participants	2,472	3,266	2,822	2,222	2,064	2,121	2,230	1,540	2,488	2,845

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
General Government	9	10	11	10	11	11	11	11	11	11
Justice and Legal	3	2	2	2	2	2	4	3	3	3
Public Safety	104	106	106	107	107	111	121	113	129	129
Public Works	23	22	22	21	18	19	22	20	26	25
Parks and Recreation	18	19	19	18	19	18	17	17	25	18
Total	157	159	160	158	157	161	175	164	194	186

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	24	25	25	26	26	25	24	28	28	28
Public Safety - Fire										
Number of Fire Stations	4	4	4	4	4	5	5	5	6	6
Number of Fire Trucks	10	10	10	10	12	12	12	12	12	14
Public Service										
Streets (in Miles)	73	101	73	74	100	102	102	106	106	106
Traffic Signals	22	22	22	22	23	22	22	22	22	22
Parks and Recreation										
Parks Acreage	165	165	165	167	171	171	171	171	171	171
Parks	8	8	8	8	9	9	9	9	9	9
Ball Fields	13	13	13	13	13	13	13	13	13	13
Solid Waste										
Collection/Refuse Trucks	22	22	22	22	4	1	1	1	4	4

Sources: Various City of Simpsonville Departments.

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COMPLIANCE SECTION

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CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Program	Assistance Listing Number	Grant / Contract Number	Expenditures
US DEPARTMENT OF TRANSPORTATION			
Pass Through SC Department of Public Safety: State and Community Highway Safety	20.600	PT-2021-HS-28-21	\$ 25,731
TOTAL US DEPARTMENT OF TRANSPORTATION			25,731
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Program: Community Development Block Grant	14.218	N/A	10,000
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			10,000
US DEPARTMENT OF THE TREASURY			
Direct Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan)	21.027	N/A	445,000
TOTAL US DEPARTMENT OF THE TREASURY			445,000
APPALACHIAN REGIONAL COMMISSION			
Pass Through SC Department of Commerce: Arts Center Renovation	23.001	4-G-19-19580	299,768
TOTAL APPALACHIAN REGIONAL COMMISSION			299,768
GRAND TOTALS			\$ 780,499

Note: There were no expenditures to subrecipients for the year ended June 30, 2022.

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF SIMPSONVILLE, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

A. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of the City of Simpsonville, South Carolina (the “City”) for the year ended June 30, 2022. Expenditures for federal financial assistance awarded directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City’s financial statements.

C. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal award expenditures are reported in the City’s financial statements as expenditures in the General Fund and special revenue funds for all federal programs.

D. MATCHING COSTS

Matching costs, i.e., the non-federal share of certain program costs, are not included in the accompanying Schedule.

E. INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 7, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on 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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

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City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
December 7, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
 INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Simpsonville, South Carolina’s (the “City”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2022. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 7, 2022

CITY OF SIMPSONVILLE, SOUTH CAROLINA

SUMMARY OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2022

There were no audit findings in the prior year.

CITY OF SIMPSONVILLE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ X _____ Yes	_____ None Reported
Noncompliance material to financial statements noted?	_____ X _____ Yes	_____ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516 (Uniform Guidance)?	_____ Yes	_____ X _____ No
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19: Coronavirus State and Local Fiscal Recovery Funds (American Rescue Plan)

Dollar threshold used to distinguish between type A and type B programs:	_____ \$ 750,000 _____
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Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No
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CITY OF SIMPSONVILLE, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

Section II – Current Year Financial Statement Findings

2022-001: RECORDING OF INVESTMENTS

- Condition:** During the current year audit, it was noted that the City inadvertently recorded two investment accounts at cost rather than market value. This was corrected when brought to the City’s attention and resulted in an adjustment of approximately \$218,000.
- Criteria:** The City should have appropriate internal controls in place to ensure that all transactions are properly recorded in accordance with generally accepted accounting principles.
- Context, Cause and Effect:** These were new accounts and the City selected the cost column instead of the market value column in recording these investments.
- Recommendation:** We would encourage the City to make sure appropriate internal controls and reviews are in place to ensure investment balances are recorded correctly prior to the audit.
- Response:** The City agrees with this finding and will adhere to the corrective action plan on page 136 in this audit report.

2022-002: NONCOMPLIANCE WITH LAWS AND REGULATIONS – COLLATERALIZATION OF DEPOSITS

- Condition:** The City’s deposit balances at June 30, 2022 were not properly collateralized and thus were exposed to custodial credit risk.
- Criteria:** State law requires that financial institutions provide collateral for bank deposits for state and local governments to protect local entities against loss in the event of insolvency, liquidation, or for any other cause.
- Context and Effect:** The City was relying on its financial institution to maintain sufficient collateral for its bank deposits. Thus, the City’s bank balances of approximately \$13,751,000 at June 30, 2022 were exposed to custodial credit risk.
- Cause:** Failure of the City’s financial institution to provide collateral.
- Recommendation:** We recommend that the City take the necessary steps to monitor and ensure that its financial institutions maintain adequate collateral for its bank balances.
- Response:** The City agrees with this finding and will adhere to the corrective action plan on page 136 in this audit report.

Section III – Current Year Federal Award Findings and Questioned Costs

None noted



CITY OF SIMPSONVILLE, SOUTH CAROLINA

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

- Finding:** 2022-001
- Contact Person:** Christine Furino, Finance Director, cfurino@simpsonville.com
- Corrective Action:** The City has implemented procedures to ensure that all investments are recorded at market value going forward.
- Proposed Completion Date:** Prior to December 31, 2022
- Finding:** 2022-002
- Contact Person:** Christine Furino, Finance Director, cfurino@simpsonville.com
- Corrective Action:** The City has implemented procedures and checked with their financial institution to ensure that all bank deposits are fully collateralized.
- Proposed Completion Date:** Prior to December 31, 2022

Section III – Federal Award Findings and Questioned Costs

No matters to report.