

**CITY OF FLORENCE, SOUTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**



**PREPARED BY**  
**CITY OF FLORENCE, SOUTH CAROLINA**  
**FINANCE DEPARTMENT**

**INTENTIONALLY LEFT BLANK**

**CITY OF FLORENCE, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2010  
 TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Letter of Transmittal.....	1-7
GFOA Certificate of Achievement.....	8
Organizational Chart.....	9
List of Principal Officials.....	10

**FINANCIAL SECTION**

Independent Auditors' Report .....	11-12
Management's Discussion and Analysis .....	13-23
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets .....	24
Statement of Activities .....	25
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	30
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Hospitality Fee Fund .....	31
Statement of Net Assets – Proprietary Funds .....	32
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	33
Statement of Cash Flows – Proprietary Funds .....	34-35
Statement of Fiduciary Net Assets – Agency Fund .....	36
Notes to Financial Statements .....	37-59
Required Supplementary Information	
Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits.....	60

**CITY OF FLORENCE, SOUTH CAROLINA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2010  
 TABLE OF CONTENTS  
 (Continued)**

Other Financial Information

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds .....	61-62
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds .....	63-64
Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual – Proprietary Funds – Water and Sewer Fund .....	65
Schedule of Revenues, Expenses and Changes in Fund Net Assets – Budget and Actual – Proprietary Funds – Stormwater Utility Fund .....	66
Combining Statement of Assets and Liabilities – Agency Funds .....	67
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	68

Supplemental Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	69-80
Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual – Proprietary Fund – Water and Sewer Fund .....	81-87
Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual – Proprietary Fund – Stormwater Utility Fund .....	88-89
Schedule of Fines, Assessments and Surcharges – Special Revenue Fund – Victim’s Rights Funds .....	90

**STATISTICAL SECTION**

Net Assets by Component .....	91
Changes in Net Assets .....	92-93
Governmental Activities Tax and Fee Revenues by Source – Accrual Basis.....	94
Fund Balances of Governmental Funds .....	95
Changes in Fund Balance of Governmental Funds .....	96
Changes in Net Assets of Enterprise Funds .....	97
Governmental Activities Tax and Fee Revenues by Source – Modified Accrual Basis .....	98
Assessed Value and Estimated Actual Value of Taxable Property .....	99
Direct and Overlapping Governments .....	100
Principal Property Taxpayers .....	101
Property Tax Levies and Collections .....	102
Ratios of Outstanding Debt by Type .....	103
Ratios of General Bonded Debt Outstanding .....	104
Direct and Overlapping Governmental Activities Debt .....	105

Legal Debt Margin Information .....	106
Revenue Bond Coverage – Combined Utility System Bonds .....	107
Demographic and Economic Statistics .....	108
Principal Employers in the City of Florence .....	109
Principal Water Users in Service Area .....	110
Principal Sewer Users in Service Area .....	111
Number of Utility Customers – By Service and Category .....	112
Utilities Sold by Type of Customer.....	113
Water Rates .....	114
Sewer Rates .....	115
Full-Time Equivalent City Government Employees by Function .....	116
Operating Indicators by Function .....	117
Capital Asset Statistics by Function .....	118
Miscellaneous Statistics .....	119

**SINGLE AUDIT SECTION**

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	120-121
Schedule of Expenditures of Federal Awards .....	122
Notes to Schedule of Expenditures of Federal Awards.....	123
Schedule of Findings and Questioned Costs .....	124-125
Summary Schedule of Prior Audit Findings .....	126
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	127-128

**INTENTIONALLY LEFT BLANK**

## **INTRODUCTORY SECTION**

**INTENTIONALLY LEFT BLANK**



**CITY OF  
FLORENCE**  
• S C •



FINANCE DIRECTOR  
CITY-COUNTY COMPLEX BB  
180 N. IRBY STREET  
FLORENCE, SC  
29501-3456  
TEL (843) 665-3162  
FAX (843) 665-3111

November 22, 2010

Honorable Mayor, Members of City Council, City Manager,  
and Citizens of the City of Florence, South Carolina:

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Florence (City) for the fiscal year ended June 30, 2010.

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 WebsterRogers LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement presentation, 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Florence was part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the federal awards section of this report.

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

*A CITY OF  
CHARACTER*

The City's financial statements include government-wide financial statements as well as fund-by-fund financial information. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this report includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. This report provides in the MD&A financial highlights and an interpretation of the financial reports through trend analysis and by explaining changes, fluctuations, and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

## **Profile of the Government**

The City, chartered in 1890, is located in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of the seven counties known as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 20 square miles and serves a population in excess of 30,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation which occurs periodically when deemed appropriate by governing council.

The City of Florence operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government's manager, municipal judge, and city attorney. The government's manager is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the directors of various departments. The Council is elected through a partisan election process. Council members serve four-year staggered terms with three council members elected every two years. The mayor is elected to serve a four-year term. The mayor and three members of council are elected at large. The remaining three members of Council are elected by district.

The City provides a full range of services including: police and fire protection; the construction and maintenance of streets and other infrastructure; sanitation services; parks, recreational, athletic, and leisure activities and events; planning and zoning services; water production and distribution services; wastewater collection and treatment services; and storm water collection services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests to begin developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 30 as part of the basic financial statements for the governmental funds.

## **Local economy**

The City of Florence is located at the economic and cultural heart of the Pee Dee region situated between the Piedmont and Coastal sections of South Carolina. The City is the economic center of the Pee Dee region and serves the northeastern portion of the state as a major thoroughfare and service community. Florence's location makes it especially desirable for development and expansion. As a significant transportation connector, with Interstate 95 and Interstate 20 intersecting at the city limits, Florence is among the top commercial, industrial, medical, and service centers in the state. In addition to the two major interstate highways, Florence is accessible to an expanding regional airport, numerous trucking terminals, and both Amtrak and CSX Transportation railway services.

Florence County is home to many domestic and international businesses and ranks as one of the strongest internationally diverse economies in the state. The investments in the Florence area of companies such as Roche Carolina, Honda, Nan Ya Plastics, Johnson Controls, QVC, and Monster.com have contributed significantly to overall capital investments and job creation in the area. In addition to these companies, the H.J. Heinz Co. will create approximately 350 jobs at a new 225,000 square foot facility with an initial investment of \$105 million on 49 acres in the Pee Dee Touchstone Energy Commerce City industrial park in Florence County.

The healthcare industry in Florence continues to be one of the best in the nation, and the growth in area healthcare continues. Florence boasts two major hospital systems—McLeod Regional Medical System and Carolinas Hospital System. Additionally, Florence has a variety of vision and dental clinics and other medical support services. Florence leads the region as a center for health care excellence with numerous medical, eye care, and dental practices also located in the City.

The City of Florence is home to a multitude of shopping and dining venues offering an assortment of shopping malls, superstores, regional and national retail and restaurant establishments, and locally owned retail stores. Magnolia Mall, Magnolia Commons, The Plaza at Magnolia, Florence Mall, and numerous other miscellaneous shops and stores throughout the city attract shoppers from all of Florence County as well as surrounding counties in the Pee Dee Region. Of the total retail sales in the seven Pee Dee counties, more than half comes from Florence County.

The Florence City County Civic Center, a joint capital venture between the City and County of Florence, was opened in 1993. This multi-functional facility complements the recreational, cultural, and tourism related activities provided in Florence. The Civic Center has, since its opening, provided local residents and tourists alike a location to gather for such diverse entertainment events as indoor football games, concerts, circuses, rodeos, and a variety of other assorted shows.

Downtown revitalization serves as a key element in the local economy and growth of Florence. A Downtown Master Redevelopment plan was presented to the public in 2001 as a strategic process for transforming downtown Florence into the cultural and economic heart of the Pee Dee it once was. The focus of the master plan was the role of the downtown as the heart of the city utilizing economic, physical, and management strategies of implementation. As part of the master plan implementation process, a 501(c)(3) tax-exempt charitable corporation, the Florence Downtown Development Corporation, was formed. City staff works closely with the Downtown Development Corporation, the Florence Downtown Merchants Association, and others involved with the revitalization effort in support of a long-term commitment to renovate, renew, and restore the economic and cultural vitality and vibrancy of downtown Florence. In 2005, City Council adopted an ordinance that created an overlay district for downtown redevelopment, established design guidelines in the overlay district, and created powers and rules of procedure for a Downtown Design Review Board. On December 18, 2006, City Council adopted an ordinance creating a Tax Increment Financing (TIF) district incorporating the overlay district for downtown redevelopment as adopted by Council in 2005. Anticipated proceeds resulting from the development of a tax increment financing district will be used for public improvements in support of such projects as a business incubator, improved traffic circulation and pedestrian access, parks and greenspace, and increased access to public transportation. These improvements will complement private investment, provide access to businesses, and facilitate employment opportunities.

Proximity to the Grand Strand and the intersection of two major interstate highways in the area have contributed to the growing attraction of accommodation and hospitality industries to Florence. Numerous hotels and restaurants, many of which are national chains, have located near the Florence Civic Center and Magnolia Mall as well as along the intersection of Interstate 95 and U.S. Highway 52.

Florence is fortunate to have a very diverse economy, and economic expansion continues in both the City and County of Florence. Florence has been recognized nationally as a prime destination for business and industry because of its accessibility and the availability of land suitable for industrial and commercial development.

## **Long Term Financial Planning**

In 2009, City Council adopted a Resolution committing to the issuance of a general obligation bond to fund a variety of capital improvements and equipment and to impose up to four (4) mills for debt service on the bond beginning in FY 2010-11. This commitment was made as part of City Council's assessment of essential long-term capital projects and initiatives specifically related to the City's general governmental operations. A number of capital improvement projects were approved by City Council in April 2010 to be funded with proceeds of the bond issue, including the construction of a fifth fire station/training center, purchase of four (4) new fire trucks, purchase and construction of ISO-related fire equipment and facilities, purchase of two sanitation trucks, construction of downtown parking and related underground utilities and streetscapes, and several improvements in the City's park system.

The City's combined water and wastewater system continues to face fiscal challenges related to increasing operational costs and capital improvement needs, including the construction of a new wastewater treatment facility. In response to these challenges, the City performed a comprehensive study of the operating, capital, and long-term debt service requirements to determine revenue sufficiency for these needs. The analysis revealed that rates for the combined water and wastewater system should be revised to meet current and future financial requirements of the system. Based on the recommendations of a comprehensive ten-year rate study completed in January 2010, City Council approved in March 2010 an ordinance incorporating the recommended rates. This ordinance revised and updated the City's water and wastewater rate schedules through fiscal year 2020.

## **Relevant Financial Policies**

The Finance Department is responsible for providing comprehensive financial management, management analysis, and support services to City management and departments in an effort to promote fiscal accountability, enhance public services, maximize revenue collections, contain costs, and ensure accurate performance reporting consistent with governmental standards and regulations. Policies and procedures are developed and maintained by the Finance Department to facilitate the accomplishment of these goals and to ensure adherence to best practices in financial management and accounting.

## **Major Initiatives**

***Wastewater Management Facility*** – In 2006, based on alternatives presented in a regional Water and Sewer System Master Plan, City Council determined that the City's wastewater treatment functions should be completely redesigned and rebuilt at the existing site located off National Cemetery Road. The preliminary engineering report (PER) for the new facility, prepared by the engineering team of CDM, Inc., BP Barber & Associates, and Davis & Brown, Inc., was presented to City Council in January 2008. The report included an implementation schedule and cost estimates for redevelopment of the plant at the current site. A contract was then negotiated with CDM for design engineering and has since been completed. Construction for the project has been divided into two contracts. Bids for Contract 1, a project that includes influent pumps, headworks, secondary clarifiers, and effluent disinfection facilities, were received in May 2009. Seaside Utilities of Moncks Corner, SC was selected as the contractor for this project. Contract 1 construction, at an approximate total cost of \$18 million, was begun in August 2009 and is scheduled for completion in early 2012. Bids for Contract 2, a project that includes aeration basins, additional secondary clarifiers, sludge handling facilities, an odor control system, effluent pumping works, and a laboratory and administration building, were received in February 2010. Encore Construction Company of Winter Garden, Florida, was selected as the contractor for this project. Contract 2 construction, at an approximate total cost of \$69 million, was begun in July 2010 and is scheduled for completion in 2013. Together, the facilities to be constructed in Contract 1 and 2 will completely replace the current wastewater treatment plant and will increase the treatment capacity from 15 million gallons per day to 18 million gallons per day.

***Wastewater Management Facility Funding*** – Financing for Contract 1 is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 stimulus funds. On May 4, 2010, the City of Florence issued a total of \$99,000,000 revenue bonds for its water and sewer system. The bonds included \$31,005,000 of refunding bonds and \$67,995,000 million of new-money bonds. The refunding bonds will save the

City's utility system more than \$5.5 million by refinancing bonds originally issued in 1993 and 2000. The proceeds from the new-money borrowing will be used to complete the rehabilitation of the wastewater treatment facility as well as expand treatment capacity at what will now be known as the Florence Regional Wastewater Management Facility. The new money issue was sold as taxable Build America Bonds (BABs) which were a creation of the American Recovery and Reinvestment Act of 2009. This aspect of the stimulus package adopted by Congress was designed to expand the market for state and local government bonds. The "Direct Payment" BABs will pay the City of Florence a federal subsidy by the U.S. Treasury Department in an amount equal to 35% of the total interest payable on the bonds.

***East Florence Stormwater Improvement and Mitigation Project*** – The City has developed this innovative stormwater facility to assist in the reduction of stormwater pollutants as prescribed in Phase II of the NPDES permitting program. The scope of this project included the reclamation of approximately 40 acres of wetlands adjacent to Pye Branch between Walnut Street and National Cemetery Road and the construction of at least one retention basin to settle out sediments and pollutants. By providing wetlands re-establishment, stream restoration, and re-establishment of native vegetation, the project should improve the quality of stormwater entering Jeffries Creek from this urban watershed. In addition to the water quality improvements, the project features educational nature trails and quality passive recreational opportunities. The new facility will serve one of the City's oldest and largest urban drainage basins that currently has no retention or other treatment process to improve water quality. Extensive areas of the site have been cleared of undergrowth and non-native vegetation. The site also includes the re-establishment of native plant species, stream and floodplain restoration, and development of stormwater demonstration areas. This area will be used as a wetlands nature park with trails and interactive kiosks to educate the public on the importance of good land and water management practices. Funding for this project, at a cost of approximately \$1,000,000, was provided through grants from the South Carolina Department of Transportation, in-kind labor and equipment, and stormwater utility capital construction funds. This project was completed in December 2009.

***Capital Stormwater Projects*** – Since the implementation of the City's Stormwater Utility and supporting rate structure in 2003, the City has completed numerous projects that were funded through available revenues generated by the Stormwater Enterprise Fund. In FY 2005-06, City Council was presented with over 20 significant stormwater projects, the total size and scope of which required that the City obtain long-term capital financing through a revenue bond issue. In June 2006, City Council adopted a General Bond Ordinance authorizing and providing for the issuance of the Stormwater System Revenue Bonds and a supplemental bond ordinance authorizing financing from BB&T in the amount of \$4,000,000 for fifteen years at an interest rate of 4.18% to fund the projects identified as the most critical major problem areas to be addressed. These projects are scheduled for completion during the fiscal year 2010-11.

***Downtown Redevelopment*** – A multi-partnership endeavor will result in the further establishment of downtown Florence as the cultural and economic center of the Pee Dee region. The Drs. Bruce and Lee Foundation awarded a \$15 million grant for assistance in the construction of a performing arts center and \$10 million grant for the construction of a new facility for the Florence Little Theatre. The new Florence Little Theatre was completed in September 2008 in time to open its 2008-09 season in the new 35,000 square foot facility. The new theatre is located on Dargan Street between Pine and Elm Streets, north of the Drs. Bruce and Lee Foundation Library. The theatre includes a 400-seat auditorium as well as other much needed administrative and operational space. Construction on the performing arts center began in January 2009. The 900-seat multi-purpose facility, located on approximately 4 acres of property, bounded by Dargan, Cheves, and Palmetto Streets, is being built and will be operated by Francis Marion University. The total estimated cost of the facility is in excess of \$30 million. To supplement the grant funding, the performing arts center has received additional funding in the amount of \$12 million from state appropriations and \$3 million from the City of Florence. Several land donations from the City of Florence, Florence County, and McLeod Health provided the necessary site locations for both projects. Construction on the project is anticipated to be completed in 2011. These two projects serve to support and strengthen the City's pursuit of a fully revitalized downtown. As part of the City's downtown revitalization goal, the new little theatre and performing arts center will reflect key elements of identity, architecture and public improvement, all of which are outlined in the City's design guidelines.

***Brownfields Project*** – Since 2003, the City of Florence has worked to assess, obtain, and clean the former Bush Recycling Center property, a brownfield site located in the heart of the City's downtown. Through a combination of EPA Brownfields Assessment and Cleanup Grants, a Drs. Bruce and Lee Foundations land acquisition grant, a low interest Brownfields Cleanup Revolving Fund loan, and matching City funds, the City has, over the last several years, converted this former brownfield into a site that will provide for future use designed to complement

the downtown revitalization and redevelopment effort. To fund the cleanup activities, the City secured a 10-year, one percent interest loan through the SCDHEC Brownfields Cleanup Revolving Loan Fund. Additional funding came from a Brownfields Cleanup Grant, general fund revenues, and in-kind services. Contaminated soil remediation activities commenced at the site in May 2008. Following the soil removal, confirmation soil samples were collected and subsequently reviewed by SCDHEC to confirm that the contaminated soil had been removed to a level that would allow for residential property development, if desired. Total costs associated with the cleanup activities were approximately \$1.49 million. Of this amount, \$240,000 was funded from a \$200,000 Brownfields Cleanup Grant combined with \$40,000 of grant matching funds from the City. The remaining balance was funded with a \$1,025,000 BCRLF loan for ten years with one percent interest and a City match of \$225,000. The BCRLF loan provided for a maximum of \$200,000 loan forgiveness, resulting in a principal repayment amount of \$825,000. This Brownfields cleanup project was completed in the first quarter of FY 2009-10. The City has developed conceptual redevelopment plans for the area which include the former Bush Recycling Center and surrounding properties.

**Tennis Complex** – In 2006, the Florence Tennis Association (FTA) and the City of Florence began discussions regarding the possibility of providing additional tennis courts for Florence residents. Dr. Edward Floyd donated 24 acres of property, located between Highway 52 (Lucas Street) and North Cashua Drive, for this project. In addition, the Nucor Corporation donated three acres of land off North Cashua Drive for a public access road to the complex. In December 2006, the FTA made a request to City Council for assistance with the proposed tennis complex. At that time, City Council approved a feasibility study for the construction and operation of a tennis complex. The City received a \$44,000 grant from the Drs. Bruce and Lee Foundation and contracted with the consulting firm Wood & Partners, Inc. for master plan design services. The tennis complex design and funding mechanisms were presented to City Council in November 2007. At that time, a total funding of \$5 million for the complex was approved. Of this total funding, Florence County will contribute \$522,000 for the construction of a public access road and related utilities, and the Drs. Bruce and Lee Foundation will contribute \$1.5 million in grant funds for the construction of a tennis activity center at the complex. This grant funding will be paid to the City over a three-year period in 2012, 2013, and 2014. In March 2009, City Council adopted a lease-purchase ordinance authorizing financing from BB&T for fifteen years at an interest rate of 3.79% to fund capital projects to include \$4.5 million for the construction of the tennis complex. This amount represents a \$3 million facility cost and \$1.5 million for the tennis activity center (to be repaid by the Drs. Bruce and Lee Foundation over a three-year period). Bids for the public access road and related utilities were received in December 2008, and Goodson Construction Company was selected as the contractor for this portion of the project. Bids for the tennis courts and related site improvements were opened in August 2009, and Kirven Construction Company was selected as the contractor for this component of the project. Bids for the tennis activity center were received in April 2010, and Loveless Commercial Contracting Company was selected as the contractor for this facility. The tennis complex is scheduled to open in the latter part of 2010.

**U.S. Highway 301 Water Transmission Main Extension** – Approximately 7,000 feet of 30-inch water transmission line has been extended along the Highway 301 from East Palmetto Street to the intersection with South Wallace Road. From this point, 1,200 feet of 6-inch diameter connector line was installed along South Wallace Road to connect to the existing system. Also included in the project was the construction of approximately 8,900 feet of 12-inch diameter water line along National Cemetery Road and an interconnection of the existing 30-inch transmission main with an 8-inch water line at the intersection of Old Marion Highway and SC Highway 327. These line extensions serve to improve delivery of water from the surface water plant to the system and eliminate three dead-end lines. The project was awarded to DS Utilities, Inc. of Little Mountain, SC in the amount of \$1,180,352. The work was funded in part by an EPA grant of \$433,700, with the balance paid from the City's water and sewer utility construction fund. Construction on this project was begun in September 2009 and was completed in November 2009.

**Comprehensive Plan Update** – A Comprehensive Plan, in addition to being required by state law, is a necessary and important document to help guide the future growth and economic development of the Florence community. The City's current comprehensive plan was adopted in 1999 under a countywide consolidated planning and zoning operation, managed and administered by Florence County. Effective July 1, 2008, the City of Florence resumed responsibilities for planning and zoning functions within the City of Florence. The Comprehensive Plan must be adopted and updated every ten years. In February 2009, the City of Florence received proposals for updating its Comprehensive Plan and rewriting the City's zoning ordinance. These projects were awarded to the firm of Kendig Keast Collaborative of Sugar Land, Texas. The updated plan will include an identification of key planning issues followed by goals and strategies. It will include chapters devoted to the pattern and character of development and redevelopment; the means of community mobility including streets, sidewalks, trails, and transit;

adequate and affordable housing and neighborhood integrity; strategies for growing and strengthening the economy; an update of the downtown master plan, and an implementation framework and action agenda. The plan will be used to determine how the City may best leverage its assets and thus create a better quality of life for its residents. While the current Comprehensive Plan was adopted as a consolidated countywide plan, the updated plan will be designed with a primary focus on the City of Florence. Therefore, in order to implement a comprehensive plan with a City focus, a new zoning ordinance for the City is also being written. This zoning ordinance will address urban development issues more commonly found within City boundaries. It is estimated that the Comprehensive Plan will be presented to City Council for adoption in December of 2010 and that the zoning ordinance will be presented before City Council in April of 2011.

**Animal Shelter** – The City, in partnership for funding with the Florence Area Humane Society and the Drs. Bruce and Lee Foundation, began the construction of a new animal shelter in December 2009. Bids were received for the construction of this facility in the Spring of 2009, and the contract was awarded to Hanco of South Carolina, Inc. Site preparation and grading, as well as construction of the stormwater system and outfall, were performed by City crews. The cost of this state of the art facility is estimated to be \$1 million and will be located on City property adjacent to the Public Works Department on McCurdy Road. Construction is scheduled for completion in the latter part of 2010.

### **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 Florence for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement award, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report with contents which conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Certificate awarded for fiscal year ended 2009 marks the twelfth consecutive year the award has been received by the City of Florence. We believe that this comprehensive annual financial report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department as well as the City's independent auditors, WebsterRogers LLP. Their assistance provided in the preparation of this report is sincerely appreciated.

In closing, without the guidance, leadership, and support of the City Manager, Mayor, and City Council, preparation of this report would not have been possible.

Respectfully submitted,



Thomas W. Chandler  
Finance Director

**INTENTIONALLY LEFT BLANK**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Florence  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

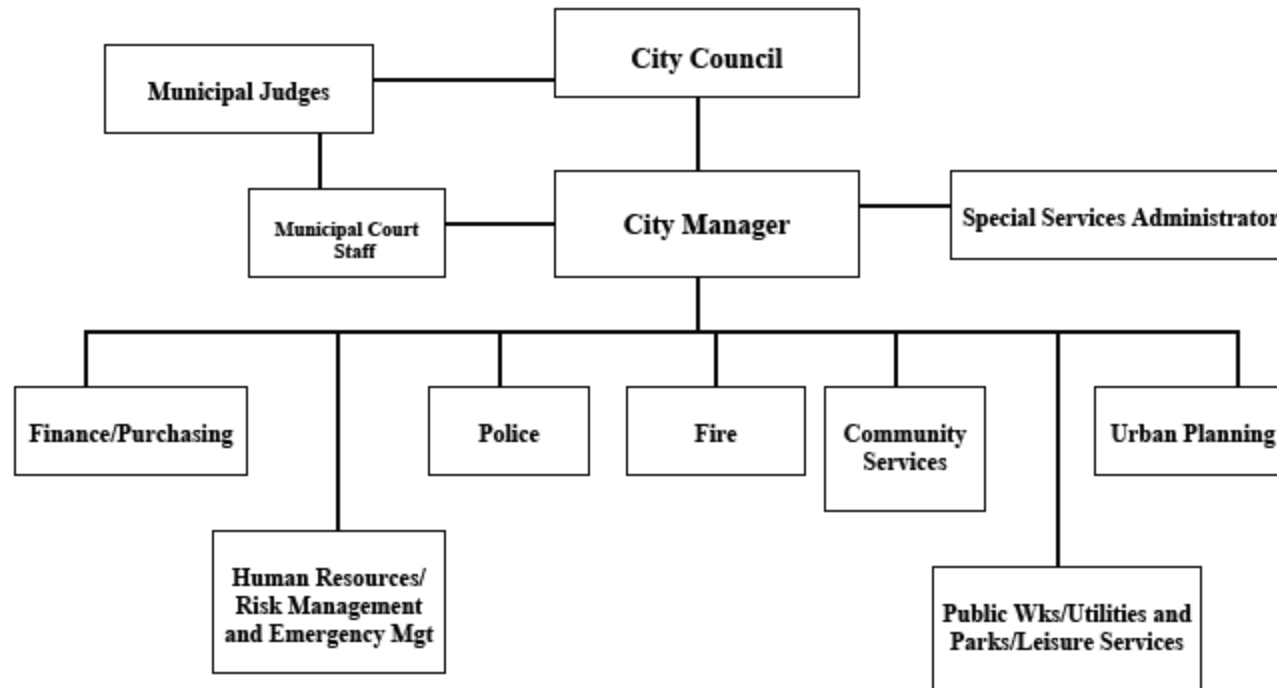
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF FLORENCE  
ORGANIZATIONAL CHART  
FY 2009-10



CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL OFFICIALS  
JUNE 30, 2010

**GOVERNING BODY**

Stephen J. Wukela, Mayor

Billy D. Williams, Mayor Pro Tempore

Edward Robinson

William C. Bradham, Jr.

Frank J. Brand, II

Octavia Williams-Blake

Stephen C. Powers

**ADMINISTRATION**

David N. Williams, City Manager

Thomas W. Chandler, Finance Director

Darene S. Stankus, Human Resources/Risk Management Director

Scotty B. Davis, Community Services Director

Anson E. Shells, Police Chief

Randall S. Osterman, Fire Chief

Andrew H. Griffin, Public Works Director

Phillip M. Lookadoo, Urban Planning and Development Director

Thomas B. J. Shearin, Special Services Administrator

**INTENTIONALLY LEFT BLANK**

## **FINANCIAL SECTION**

**INTENTIONALLY LEFT BLANK**

***Independent Auditors' Report***

To the Honorable Mayor  
and Members of the City Council  
***City of Florence, South Carolina***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the ***City of Florence, South Carolina***, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Florence, South Carolina's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Florence, South Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010, on our consideration of the City of Florence, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 13 through 23 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. The Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits on page 60 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Members**

SC Association of Certified Public Accountants

NC Association of Certified Public Accountants

**Member**

Division for CPA Firms, AICPA.

- 11 -

**RSM McGladrey Network**  
An Independently Owned Member

PO Box 6289 (29502)  
1411 Second Loop Road (29505)  
Florence, SC  
843-665-5900, Fax 843-678-9523  
www.websterrogers.com

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Fines, Assessments, and Surcharges – Special Revenue Fund – Victim's Rights Fund on page 90, listed in the table of contents under Other Financial Information, is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 122, listed in the table of contents under the Single Audit Section, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Florence, South Carolina. The combining and individual fund statements and schedules, the Schedule of Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Webster Rogues LLP*

Florence, South Carolina  
November 22, 2010



## CITY OF FLORENCE, SOUTH CAROLINA Management's Discussion and Analysis

As management of the City of Florence (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follows this section, and our letter of transmittal in the preceding Introductory Section.

### Financial Highlights

The following information highlights the most significant changes to the City's financial position over the last year. Though not intended to be all-inclusive, this information provides a snapshot of the most important changes in the City's financial position over the last year:

- The governmental activities assets of the City of Florence exceeded its liabilities at the close of the most recent fiscal year by \$28,445,067 (*net assets*). Of this amount, \$14,544,052 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$9,218,213 during the fiscal year ended June 30, 2010, with a \$617,020 increase resulting from governmental activities and an \$8,601,193 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported combined ending fund balances of \$16,919,692, a decrease of \$1,262,838 in comparison with the prior year. Approximately 98.58% of this total amount, \$16,679,692, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,510,270 or 36.25% of the total general fund expenditures.
- The City of Florence had \$140.2 million in bonds, notes, and capital leases outstanding versus \$70.8 million last year, an increase of 97.88%.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Florence's finances in a manner similar to statements of a private-sector business.

The *statement of net assets* presents information on all of the City of Florence's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases and decreases in the net assets 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 City's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*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 of the City of Florence include general government, public safety, community services, and parks and leisure services. The business-type activities of the City of Florence include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 24-25 of this report.

**Fund financial statements.** 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 of Florence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements utilize the modified accrual basis of accounting, which focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Hospitality Fund which are considered to be major funds. Data from the other governmental funds is combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-29 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the major funds can be found on pages 30-31.

**Proprietary funds.** The City of Florence maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide statements. The City of Florence uses enterprise funds to account for its water and sewer activities and stormwater operations.

Proprietary funds provide the same types of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the water and sewer activities and for the stormwater operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 36 of this report.

**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 on pages 37-59 of this report.

**Other supplemental information.** In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information*.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pages 61-64.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets exceeded liabilities by \$28,445,067 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (48.8%) reflects its investment in capital assets (e.g. land, building, infrastructure, and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets, \$14,544,052, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Florence is able to report positive balances in two categories of net assets, both for the government as a whole as well as for its separate business-type activities. The same situation held true for the prior fiscal year.

### City of Florence's Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 19,943,709	\$ 21,536,312	\$ 100,758,833	\$ 26,821,286	\$ 120,702,542	\$ 48,357,598
Capital assets	26,259,048	25,259,768	122,933,839	116,383,384	149,192,887	141,643,152
Total assets	46,202,757	46,796,080	223,692,672	143,204,670	269,895,429	190,000,750
Long-term liabilities	14,791,215	15,634,584	129,082,679	57,824,529	143,873,894	73,459,113
Other liabilities	2,966,475	3,333,449	2,058,120	1,429,461	5,024,595	4,762,910
Total liabilities	17,757,690	18,968,033	131,140,799	59,253,990	148,898,489	78,222,023
Net assets:						
Invested in capital assets, net of related debt	13,871,015	17,499,606	63,713,249	63,684,875	77,584,264	81,184,481
Restricted	30,000	30,000	5,075,799	2,473,850	5,105,799	2,503,850
Unrestricted	14,544,052	10,298,441	23,762,825	17,791,955	38,306,877	28,090,396
Total net assets	\$ 28,445,067	\$ 27,828,047	\$ 92,551,873	\$ 83,950,680	\$ 120,996,940	\$ 111,778,727

**Governmental activities.** Governmental activities increased the City of Florence's net assets by \$617,020, thereby accounting for 2.2% increase in the net assets of the City. Key elements of this increase are as follows:

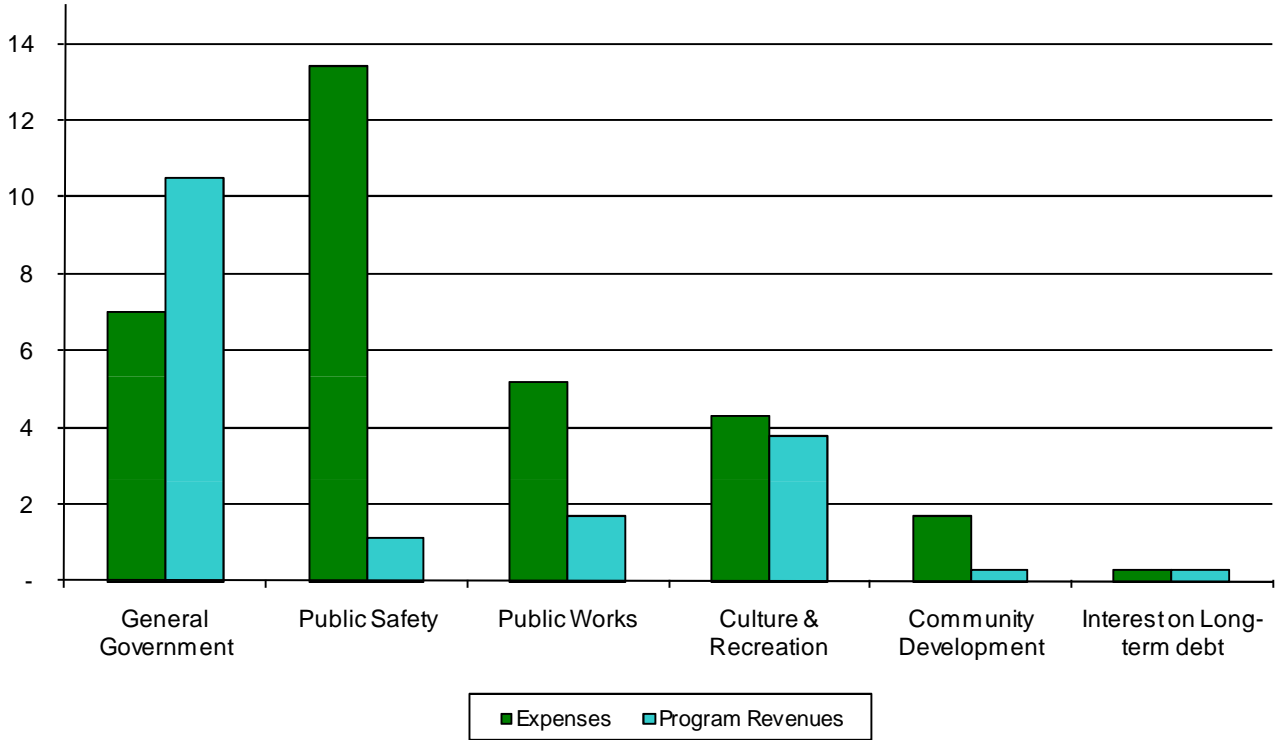
The City did not provide merit raises to its employees and decreased expenditures due to economic conditions.

The City expended \$922,518 more in FY 2009-10 in the lease/purchase of funds for the construction of the tennis complex and improvements to Radio Drive over the prior year. This led to a decrease in net assets in the Hospitality Fund. However, this decrease was less than the increases of the other governmental funds leading to a positive change in the overall net assets.

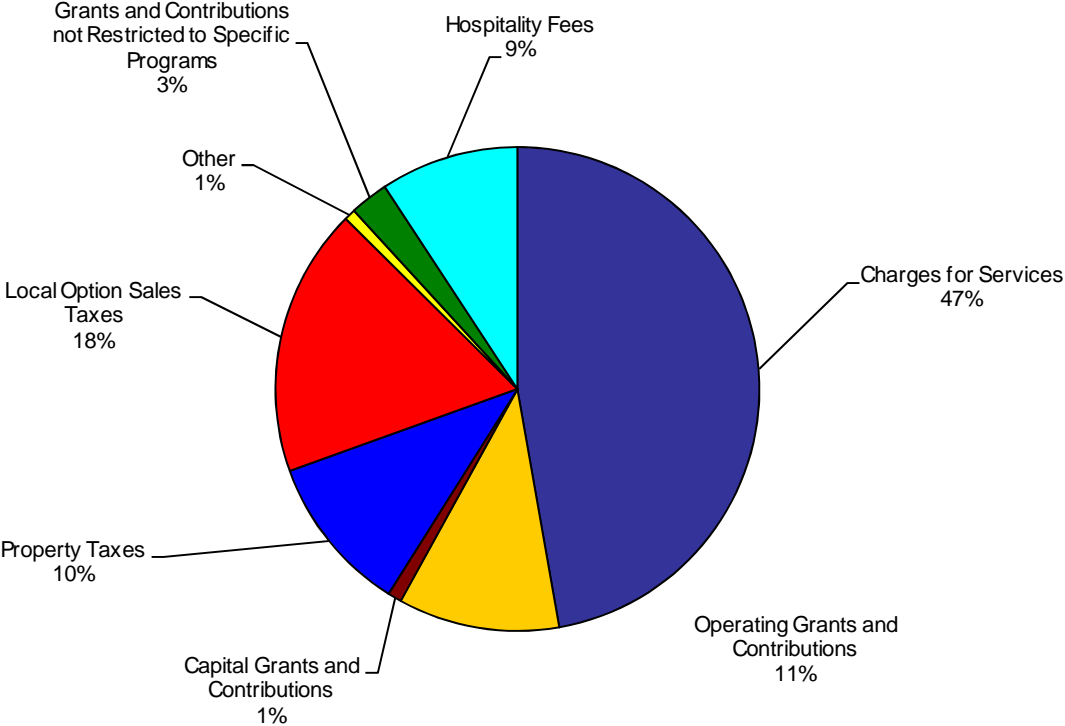
### City of Florence's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,532,169	\$ 13,759,832	\$ 28,850,196	\$ 26,695,672	\$ 43,382,365	\$ 40,455,504
Operating grants and contributions	3,313,840	1,552,503	-	-	3,313,840	1,552,503
Capital grants and contributions	285,763	736,431	574,568	814,663	860,331	1,551,094
General Revenues:						
Property taxes	8,766,376	8,594,436	-	-	8,766,376	8,594,436
Hospitality fees	2,841,585	2,800,739	-	-	2,841,585	2,800,739
Grants and contributions not restricted to specific programs	790,254	942,306	-	-	790,254	942,306
Other	233,808	701,102	1,727,261	1,279,059	1,961,069	1,980,161
Total revenue	<u>30,763,795</u>	<u>29,087,349</u>	<u>31,152,025</u>	<u>28,789,394</u>	<u>61,915,820</u>	<u>57,876,743</u>
Expenses:						
General Government	7,307,747	8,072,110	-	-	7,307,747	8,072,110
Public Safety	13,409,835	13,323,884	-	-	13,409,835	13,323,884
Public Works	5,172,572	4,930,457	-	-	5,172,572	4,930,457
Culture and Recreation	4,318,364	6,765,323	-	-	4,318,364	6,765,323
Community Development	1,697,060	328,207	-	-	1,697,060	328,207
Interest on long-term debt	365,197	273,148	-	-	365,197	273,148
Water and Sewer	-	-	19,267,013	20,480,653	19,267,013	20,480,653
Stormwater	-	-	1,159,819	1,070,200	1,159,819	1,070,200
Total expenses	<u>32,270,775</u>	<u>33,693,129</u>	<u>20,426,832</u>	<u>21,550,853</u>	<u>52,697,607</u>	<u>55,243,982</u>
Increase (decrease) in net assets before transfers	(1,506,980)	(4,605,780)	10,725,193	7,238,541	9,218,213	2,632,761
Transfers	2,124,000	1,637,000	(2,124,000)	(1,637,000)	-	-
Increase (decrease) in net assets	617,020	(2,968,780)	8,601,193	5,601,541	9,218,213	2,632,761
Net assets - beginning	27,828,047	30,796,827	83,950,680	78,349,139	111,778,727	109,145,966
Net assets - ending	<u>\$ 28,445,067</u>	<u>\$ 27,828,047</u>	<u>\$ 92,551,873</u>	<u>\$ 83,950,680</u>	<u>\$ 120,996,940</u>	<u>\$ 111,778,727</u>

**Expenses and Program Revenues - Governmental Activities**



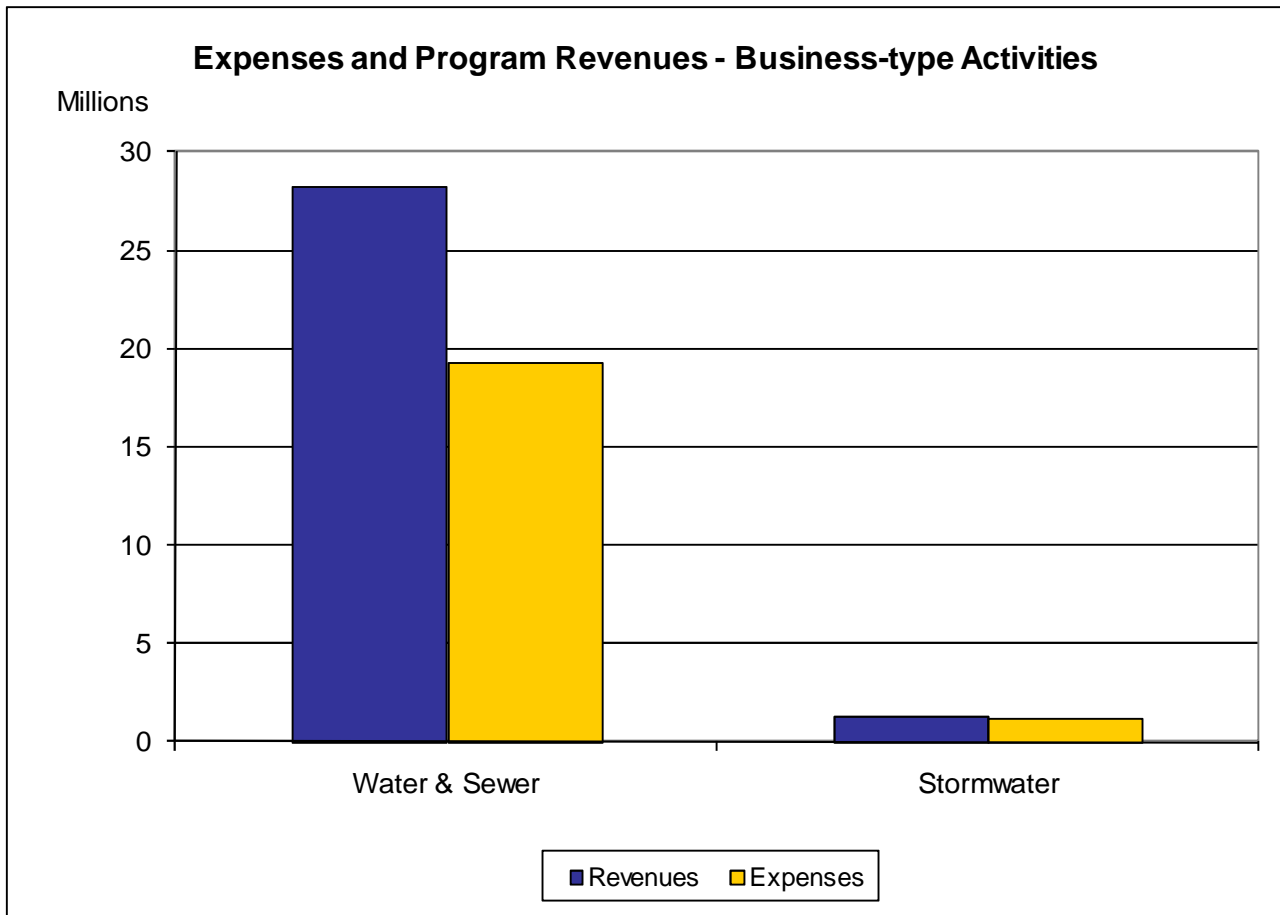
**Revenue by Source - Governmental Activities**

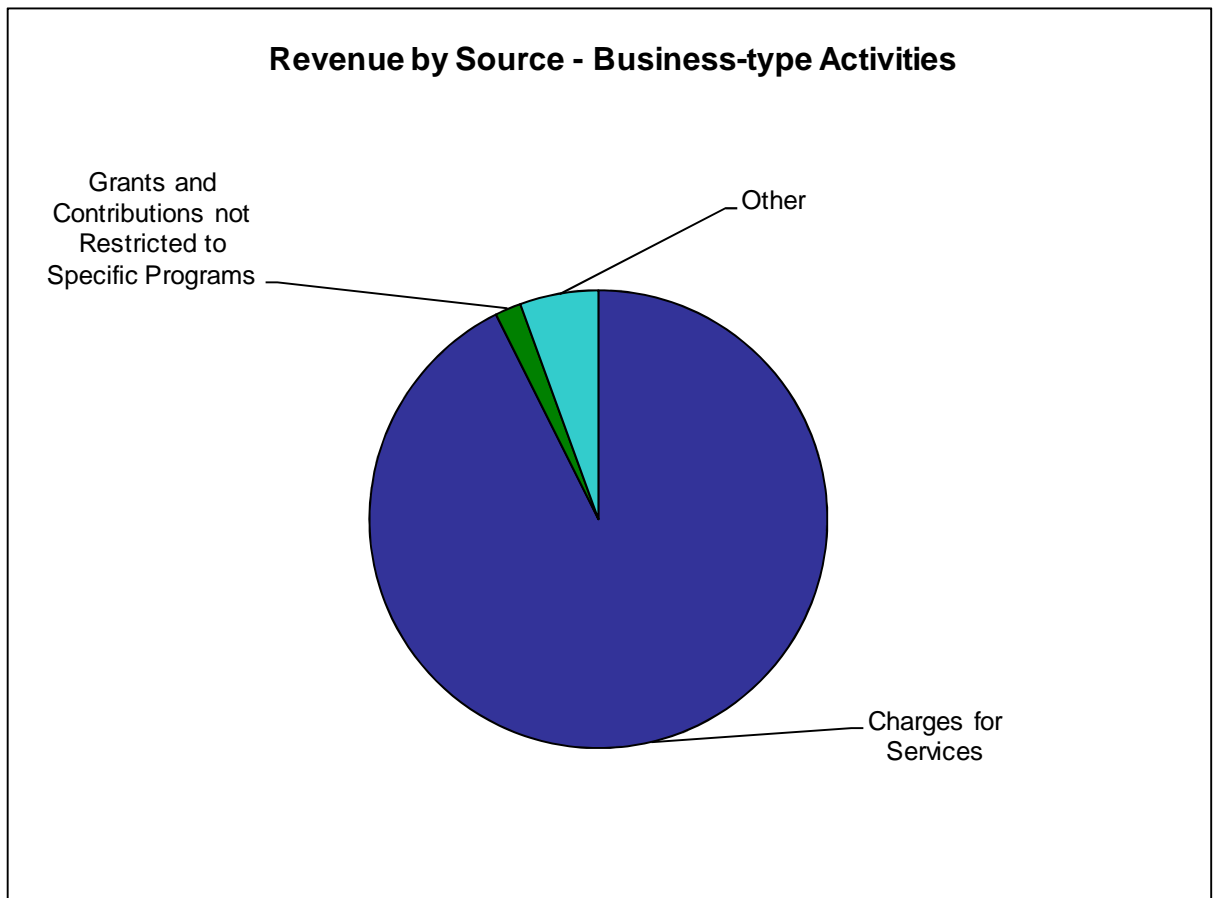


**Business-type activities.** Business-type activities increased the City of Florence's net assets by \$8,601,193 accounting for 91.8% of the total growth in the government's net assets. Key elements of this increase are as follows:

**Capital Water and Sewer Projects** – The City continued to expand its water and sewer infrastructure during the past year. Projects related to this expansion provide new services or upgrade existing services to City residents and customers. The combined cost of these newly completed projects was \$2,074,763. Beginning July 2007, the City implemented a three-year phased increase in water and sewer rates. In FY 2009-10, the City of Florence signed the first of two contracts to begin the construction of the Florence Regional Wastewater Management Facility. Financing for this contract is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed in June 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010, the City of Florence issued \$67,995,000 of new-money bonds to fund the second construction contract for the Wastewater Management Facility. This issue was sold as taxable Build America Bonds (BABs) which were a creation of the American Recovery and Reinvestment Act of 2009. To date, the City has expended \$7,379,607 in engineering costs with \$2,815,343 being spent in FY 2009-10. The City expended \$4,171,765 on the construction of the facility. Additional details regarding the Wastewater Management Facility construction project are provided in the Transmittal Letter.

**Stormwater Improvement Projects** – The City continues to work to improve its storm drainage system through a variety of projects completed this year. The combined cost of these newly completed projects was \$1,587,645. Additional details regarding the City's stormwater improvement construction projects are provided in the Transmittal Letter.





#### Financial Analysis of the Government'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 of Florence's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$16,919,692, a decrease of \$1,262,838 in comparison with the prior year. Approximately 98.58% of this total amount (\$16,679,692) constitutes unreserved fund balance which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$240,000).

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,510,270, while total fund balance was \$9,750,270. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 36.25% of total general fund expenditures, while total fund balance represents 37.17% of that same amount.

The fund balance of the City's general fund increased by \$457,485 during the current fiscal year. While a number of factors contributed to this increase in fund balance, the increase is predominantly attributable to a mid-year budget reduction, a frugal approach in the purchase of capital equipment, the delay of an annual cost of living raise by six months to its employees, and the suspension of all merit increases in FY 2009-10.

The Hospitality Fee Fund has a total fund balance of \$5,278,728, a decrease of \$1,971,480 from the prior year. The most significant factors contributing to this fund balance was the utilization of lease/purchase funds for the construction of the tennis complex and the improvement of Radio Drive. Additionally, the City began repayment of the lease/purchase note for the tennis complex and performing arts center during FY 2009-10.

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

Unrestricted net assets of the water and sewer operations and the storm water operations at the end of the year amounted to \$23,762,825. The total growth in the net assets was \$8,601,193. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Florence's business-type activities.

### **General Fund Budgetary Highlights**

City Council amended the General Fund budget on three separate occasions during the fiscal year 2009-10. As a result of these amendments, the General Fund's final amended budget was \$882,900 greater than the original adopted budget. The following changes were made to the original budget:

- From Unappropriated Surplus was funded by an ordinance adopted on October 12, 2009, in the amount of \$990,100, from undesignated fund balance. Additionally, revenues were increased \$82,800 in Miscellaneous Grants for anticipated EPA Brownfields assessment grant funds. These funds were appropriated as follows:
  - § \$23,000 in Community Services for a vehicle
  - § \$30,000 in Sanitation for landfill services
  - § \$202,000 in Sanitation to replace a sanitation truck
  - § \$10,000 in Parks & Leisure Services to provide for tree and plant replacement at the Veterans Park
  - § \$23,500 in Parks & Leisure Services to provide for the Summer Youth Program
  - § \$15,000 in Parks & Leisure Services for the Southbrook Park playground
  - § \$20,000 in Parks & Leisure Services for equipment and fencing at Freedom Florence
  - § \$6,000 in Park & Leisure Services to replace a mower
  - § \$2,200 in Athletic Programs for marketing and promotions related expenditures
  - § \$14,600 in Athletic Programs for the purchase of a turf top dressing attachment
  - § \$4,000 in Athletic Programs for the replacement of a golf cart
  - § \$6,500 in Athletic Programs for painting at Freedom Florence
  - § \$300,000 in Urban Planning for the development of a comprehensive plan and zoning ordinance rewrite
  - § \$6,700 in Urban Planning for the improvement and replacement of windows at 218 W. Evans St.
  - § \$217,000 to provide for the clearing and demolition of lots and abandoned structures within the city limits
  - § \$17,000 to provide for a portion an emergency generator for the City-County Complex
  - § \$17,700 to provide for DHEC grant-funded trail system improvements
  - § \$82,800 for grant-funded Brownfields assessment expenditures
  - § \$12,900 to provide matching funds for the grant acquisition of land for trail and green space development
  - § \$22,000 for a portion of citywide IT upgrades
  - § \$40,000 for contingency funding for unanticipated General Fund Projects
- By an ordinance adopted on November 9, 2009, appropriations in the General Fund budget for Unappropriated Surplus were increased by \$250,000. Additionally, expenditures for the Animal Shelter Construction Project were increased by \$250,000
- By an ordinance adopted on April 13, 2010, appropriations in the General Fund budgets for Business & Professional License, Franchise Fees, Local Government Fund, Miscellaneous Grants, Interest Earnings, and other revenue categories were reduced by \$440,000. Additionally, in various departments, expenditures were reduced by \$440,000.



## Capital Assets and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$149,192,887 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was 5.08% (a 3.96% increase for governmental activities and a 5.63% increase for business-type activities).

Major capital asset events during the current year include the following:

- Community Services purchased a new vehicle \$22,054
- The Police Department purchased 11 vehicles totaling \$250,007
- The Police Department purchased 24 in-car cameras totaling \$128,682
- The Police Department purchased 8 mobile data terminals totaling \$39,288
- The Fire Department purchased a new HVAC for \$6,400
- The Sanitation Department purchased a sanitation truck for \$201,670
- Parks & Leisure Services purchases a new HVAC for Freedom Florence in the amount of \$6,275
- The Athletics Department purchased a mower for \$14,580
- Wastewater purchased 2 trucks totaling \$35,781
- Wastewater purchased a mower for \$13,635
- Surface Water purchased a backhoe for \$55,436
- Ground Water purchased a truck and a trailer mounted generator totaling \$70,413
- Distribution Operations purchased a truck for \$14,439
- The Water & Sewer Fund's Construction In Process increased by approximately \$6.9 million. The majority of the increase is due to the construction of a new Regional Wastewater Management Facility.
- The General Fund's Construction In Process increased by approximately \$2 million. The majority of this increase is due to the construction of the Tennis Complex.

### City of Florence's Capital Assets (Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 6,296,470	\$ 6,296,470	\$ 1,733,596	\$ 1,733,596	\$ 8,030,066	\$ 8,030,066
Buildings and systems	3,965,533	4,138,210	106,229,715	106,158,134	110,195,248	110,296,344
Infrastructure	8,798,359	9,424,625	-	-	8,798,359	9,424,625
Machinery and equipment	4,075,113	4,497,077	1,370,520	1,298,018	5,445,633	5,795,095
Construction in process	3,123,573	903,387	13,600,008	7,193,636	16,723,581	8,097,023
Totals	<u>\$ 26,259,048</u>	<u>\$ 25,259,769</u>	<u>\$ 122,933,839</u>	<u>\$ 116,383,384</u>	<u>\$ 149,192,887</u>	<u>\$ 141,643,153</u>

Additional information on the City's capital assets can be found in note IV.C. beginning on page 48 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Florence had total bonded debt, notes payable, and capital leases outstanding of \$140,167,608.

**City of Florence's Long-term Debt  
Bonds and Notes Payable**

	Governmental activities		Business-type activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenue Bonds	\$ -	\$ -	\$ 110,240,000	\$ 34,555,000	\$ 110,240,000	\$ 34,555,000
Notes Payable	2,041,438	2,235,000	17,419,575	22,645,511	19,461,013	24,880,511
Capital Leases	10,466,595	11,363,248	-	-	10,466,595	11,363,248
<b>Totals</b>	<b>\$ 12,508,033</b>	<b>\$ 13,598,248</b>	<b>\$ 127,659,575</b>	<b>\$ 57,200,511</b>	<b>\$ 140,167,608</b>	<b>\$ 70,798,759</b>

The City's total debt increased by \$69,388,083 (98.01%) during the current fiscal year.

The City of Florence maintains an "A+" rating from Standards & Poor's and an "Aa2" rating from Moody's for revenue obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8% of its total assessed valuation. The current debt limitation for the City is \$12,198,590. The City of Florence had no outstanding general obligation debt as of June 30, 2010.

Additional information on the City of Florence's long-term debt can be found in note IV.F. beginning on page 51 of this report.

**Economic Factors and Next Year's Budgets and Rates**

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2011 fiscal year:

- Amounts available for appropriation in the general fund are \$27.51 million with a \$280,000 increase from the amount of the original 2010 fiscal year budget of \$27.23 million. The final 2010 budget after amendments was \$28.11 million. The City's budget amendments were reviewed earlier in this report.
- The City did not increase its tax rate in the fiscal year 2010 budget year.
- The Florence area experienced a 1.1% decrease in the unemployment rate from fiscal year 2009.

As for the City's business-type activities, we expect that the 2011 results will also improve based on the following:

- In January 2006, a regional water and sewer master plan was completed and presented to City Council for review. Based on the alternatives outlined in the Master Plan, Council decided that the City's wastewater treatment functions should be redeveloped at the existing site located off National Cemetery Road. City Council authorized staff to enter a contract for the preparation of a preliminary engineering report (PER) for the new facility. A financing plan has been developed to include the implementation of a three-year phased increase in water and sewer rates and a one-time increase in related fees, including service fees, late charges, and reconnection fees. In June 2007, City Council adopted an ordinance implementing the three-year water and sewer rate increase. Other fees, including service fees, late charges, and reconnection fees, were also increased. Water and sewer tap fees were increased by an ordinance adopted by City Council in January 2008. Costs related to the facility will be financed through a low-interest rate, state revolving fund loan, and revenue bonds repaid through these rate and fee increases. Additional revenues to support the project may be provided from agency grants. During FY 2009-10, the City expended \$2,815,484 in engineering costs and a total of \$7,379,607 over the life of the project. The first of two construction contracts for the Florence Regional Wastewater Management Facility project has been signed, and construction began in FY 2009-10. The City expended \$4,171,765 on the construction in FY 2009-10. The Financing for this contract is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010, the City issued approximately \$68 million in new revenue bonds for the second contract for construction of the new facility, with construction on the second contract to begin in FY 2010-11.

In response to the current economic downturn, the City of Florence is continuing its commitment to closely monitor actual revenues against its projected revenues and controlling expenses. In FY 2009-10, the City of Florence reduced revenue estimates and expenditures on two separate occasions.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Florence's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Florence, City-County Complex BB, Florence, South Carolina, 29501.

**INTENTIONALLY LEFT BLANK**

## **BASIC FINANCIAL STATEMENTS**

**INTENTIONALLY LEFT BLANK**

**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,397,767	\$ 4,072,121	\$ 11,469,888
Receivables	3,369,855	4,991,934	8,361,789
Inventories	255,075	482,737	737,812
Investments	5,223,856	15,308,946	20,532,802
Restricted cash and cash equivalents	3,605,965	74,583,834	78,189,799
Unamortized bond issuance costs	80,191	1,319,261	1,399,452
Deposit on equipment	11,000	-	11,000
Capital assets not being depreciated			
Land	6,296,470	1,733,596	8,030,066
Construction in progress	3,123,573	13,600,008	16,723,581
Capital assets net of accumulated depreciation			
Buildings and system	3,965,533	106,229,715	110,195,248
Machinery and equipment	4,075,113	1,370,520	5,445,633
Infrastructure	8,798,359	-	8,798,359
<b>Total Assets</b>	<b>46,202,757</b>	<b>223,692,672</b>	<b>269,895,429</b>
<b>LIABILITIES</b>			
Accounts payable	949,833	1,259,421	2,209,254
Accrued interest payable	110,930	642,029	752,959
Other liabilities	741,496	128,887	870,383
Unearned revenue	1,164,216	-	1,164,216
Customer deposits	-	27,783	27,783
Noncurrent liabilities:			
Due within one year	1,246,252	2,917,409	4,163,661
Due in more than one year	13,544,963	126,165,270	139,710,233
<b>Total liabilities</b>	<b>17,757,690</b>	<b>131,140,799</b>	<b>148,898,489</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	13,871,015	63,713,249	77,584,264
Restricted for debt service	30,000	5,075,799	5,105,799
Unrestricted	14,544,052	23,762,825	38,306,877
<b>Total net assets</b>	<b>\$ 28,445,067</b>	<b>\$ 92,551,873</b>	<b>\$ 120,996,940</b>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental Activities				
General government	\$ 7,307,747	\$ 10,511,637	\$ 274,872	\$ 285,763
Public safety	13,409,835	1,100,995	869,559	-
Public works	5,172,572	1,697,498	-	-
Culture and recreation	4,318,364	916,562	684,027	-
Community development	1,697,060	305,477	1,485,382	-
Interest on long-term debt	365,197	-	-	-
Total governmental activities	<u>32,270,775</u>	<u>14,532,169</u>	<u>3,313,840</u>	<u>285,763</u>
Business-type activities				
Water and sewer	19,267,013	27,616,193	-	574,568
Storm water	1,159,819	1,234,003	-	-
Total business-type activities	<u>20,426,832</u>	<u>28,850,196</u>	<u>-</u>	<u>574,568</u>
Total primary government	<u>\$52,697,607</u>	<u>\$ 43,382,365</u>	<u>\$ 3,313,840</u>	<u>\$ 860,331</u>
		<b>General revenues:</b>		
		Property taxes		
		Hospitality fees		
		Unrestricted intergovernmental		
		Investment earnings		
		Miscellaneous		
		<b>Transfers</b>		
		Total general revenues and transfers		
		Change in net assets		
		Net assets - beginning		

The Notes to Financial Statements are an integral part of these financial statements.



---



---

**Net (Expense) Revenue and Changes in Net Assets**

---

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ 3,764,525 (11,439,281) (3,475,074) (2,717,775) 93,799 (365,197) <u>(14,139,003)</u>	\$ - - - - - - <u>-</u>	\$ 3,764,525 (11,439,281) (3,475,074) (2,717,775) 93,799 (365,197) <u>(14,139,003)</u>
- - <u>-</u>	8,923,748 74,184 <u>8,997,932</u>	8,923,748 74,184 <u>8,997,932</u>
<u>(14,139,003)</u>	<u>8,997,932</u>	<u>(5,141,071)</u>
8,766,376 2,841,585 790,254 45,791 188,017 2,124,000 <u>14,756,023</u> 617,020 <u>27,828,047</u>	- - - 231,755 1,495,506 (2,124,000) <u>(396,739)</u> 8,601,193 <u>83,950,680</u>	8,766,376 2,841,585 790,254 277,546 1,683,523 - <u>14,359,284</u> 9,218,213 <u>111,778,727</u>
<u>\$ 28,445,067</u>	<u>\$ 92,551,873</u>	<u>\$ 120,996,940</u>

**CITY OF FLORENCE, SOUTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General Fund</u>	<u>Hospitality Fee Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,391,497	\$ 1,805,524	\$ 1,200,746	\$ 7,397,767
Receivables:				
Property taxes, less allowance for doubtful accounts	132,261	-	-	132,261
Due from other governmental agencies	2,538,673	-	274,943	2,813,616
Other	2,234	421,743	-	423,977
Due from other funds	114,086	-	-	114,086
Investments	4,530,539	271,202	422,115	5,223,856
Inventories	255,075	-	-	255,075
Restricted cash and cash equivalents	240,000	3,000,682	365,283	3,605,965
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 12,204,365</u>	<u>\$ 5,499,151</u>	<u>\$ 2,263,087</u>	<u>\$ 19,966,603</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 531,600	\$ 220,423	\$ 197,810	\$ 949,833
Due to other funds	-	-	114,086	114,086
Other liabilities	741,496	-	-	741,496
Deferred revenue	77,280	-	-	77,280
Unearned revenue	1,103,719	-	60,497	1,164,216
Total liabilities	<u>2,454,095</u>	<u>220,423</u>	<u>372,393</u>	<u>3,046,911</u>
Fund balances:				
Reserved for:				
Debt service	240,000	-	-	240,000
Unreserved, designated for:				
Subsequent year's expenditures	598,000	133,000	-	731,000
Unreserved, undesignated reported in:				
General fund	8,912,270	-	-	8,912,270
Special revenue funds	-	5,145,728	1,890,694	7,036,422
Total fund balances	<u>9,750,270</u>	<u>5,278,728</u>	<u>1,890,694</u>	<u>16,919,692</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 12,204,365</u>	<u>\$ 5,499,151</u>	<u>\$ 2,263,087</u>	<u>\$ 19,966,603</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

---

<b>Total fund balances of governmental funds</b>	\$ 16,919,692
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, reported at original cost (\$51,360,921) less accumulated depreciation (\$25,101,873).	26,259,048
Funds expended for deposit on capital assets are reported as capital outlay in the fund financial statements.	11,000
Unamortized loan expense used in governmental activities are not financial resources and, therefore, are not reported in the funds.	80,191
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of year end.	77,281
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,902,145)</u>
<b>Total net assets of total governmental activities</b>	<u><u>\$ 28,445,067</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<b>General Fund</b>	<b>Hospitality Fee</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 8,766,376	\$ -	\$ -	\$ 8,766,376
Licenses, permits and fees	10,480,446	2,841,585	-	13,322,031
Intergovernmental	1,893,366	16,137	2,381,787	4,291,290
Charges for services	1,886,952	-	324,881	2,211,833
Fines and forfeitures	784,380	-	-	784,380
Investment earnings	27,940	10,406	7,445	45,791
Miscellaneous	287,509	258,750	489,872	1,036,131
<b>Total revenues</b>	<b>24,126,969</b>	<b>3,126,878</b>	<b>3,203,985</b>	<b>30,457,832</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,294,958	677,121	202,577	7,174,656
Public safety	12,229,590	-	163,382	12,392,972
Public works	4,479,662	-	-	4,479,662
Culture and recreation	2,306,782	930,506	628,355	3,865,643
Community development	-	-	1,697,060	1,697,060
Debt service:				
Principal	442,003	628,012	-	1,070,015
Interest	114,200	277,203	-	391,403
Capital outlay	364,729	2,015,516	393,014	2,773,259
<b>Total expenditures</b>	<b>26,231,924</b>	<b>4,528,358</b>	<b>3,084,388</b>	<b>33,844,670</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,104,955)</b>	<b>(1,401,480)</b>	<b>119,597</b>	<b>(3,386,838)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,812,440	-	250,000	3,062,440
Transfers out	(250,000)	(570,000)	(118,440)	(938,440)
<b>Total other financing sources and uses</b>	<b>2,562,440</b>	<b>(570,000)</b>	<b>131,560</b>	<b>2,124,000</b>
<b>Net change in fund balances</b>	<b>457,485</b>	<b>(1,971,480)</b>	<b>251,157</b>	<b>(1,262,838)</b>
Fund balances - beginning	9,292,785	7,250,208	1,639,537	18,182,530
Fund balances - ending	<b>\$ 9,750,270</b>	<b>\$ 5,278,728</b>	<b>\$ 1,890,694</b>	<b>\$ 16,919,692</b>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

---



---

Net change in fund balances of total governmental funds: \$ (1,262,838)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditure. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded depreciation in the current period. 1,020,233

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (9,949)

Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net assets. This is the amount by which proceeds exceed repayments. 1,090,215

Governmental funds report debt issuance cost as an expenditure. However, in the statement of activities, this cost is allocated over the life of the debt and reported as amortization expense. There were no debt issuance costs in the current year. This amount represents amortization of debt issuance costs. (6,630)

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 governmental funds. (214,011)

Change in net assets of governmental activities \$ 617,020

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 8,719,000	\$ 8,762,000	\$8,766,376	\$ 4,376
Licenses, permits and fees	10,780,000	10,570,000	10,480,446	(89,554)
Intergovernmental	1,828,900	1,882,400	1,893,366	10,966
Charges for services	1,845,000	1,885,500	1,886,952	1,452
Fines and forfeitures	805,100	783,500	784,380	880
Investment earnings	150,000	20,000	27,940	7,940
Miscellaneous	278,000	289,000	287,509	(1,491)
Total revenues	<u>24,406,000</u>	<u>24,192,400</u>	<u>24,126,969</u>	<u>(65,431)</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,435,020	6,758,350	6,294,958	(463,392)
Public safety	12,746,720	12,374,760	12,229,590	(145,170)
Public works	4,637,160	4,486,870	4,479,662	(7,208)
Culture and recreation	2,600,000	2,397,470	2,306,782	(90,688)
Debt Service:				
Principal	87,000	450,000	442,003	(7,997)
Interest	-	114,000	114,200	200
Capital Outlay	724,100	482,050	364,729	(117,321)
Total expenditures	<u>27,230,000</u>	<u>27,063,500</u>	<u>26,231,924</u>	<u>(831,576)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,824,000)</u>	<u>(2,871,100)</u>	<u>(2,104,955)</u>	<u>766,145</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,824,000	2,758,585	2,812,440	53,855
Transfers out	-	(250,000)	(250,000)	-
Total other financing sources and uses	<u>2,824,000</u>	<u>2,508,585</u>	<u>2,562,440</u>	<u>53,855</u>
Net change in fund balances	-	(362,515)	457,485	820,000
Fund balances - beginning	<u>9,292,785</u>	<u>9,292,785</u>	<u>9,292,785</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 9,292,785</u></u>	<u><u>\$ 8,930,270</u></u>	<u><u>\$9,750,270</u></u>	<u><u>\$ 820,000</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**HOSPITALITY FEE FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, permits and fees	\$2,855,000	\$ 2,855,000	\$ 2,841,585	\$ (13,415)
Intergovernmental	-	-	16,137	16,137
Investment earnings	17,000	17,000	10,406	(6,594)
Miscellaneous	-	-	258,750	258,750
Unappropriated surplus	-	273,200	-	(273,200)
Total revenues	<u>2,872,000</u>	<u>3,145,200</u>	<u>3,126,878</u>	<u>(18,322)</u>
<b>EXPENDITURES</b>				
Current:				
General government	625,000	650,000	677,121	27,121
Culture and recreation	771,785	756,285	930,506	174,221
Debt Service:				
Principal	507,127	628,012	628,012	-
Interest	398,088	277,203	277,203	-
Capital Outlay	-	263,700	2,015,516	1,751,816
Total expenditures	<u>2,302,000</u>	<u>2,575,200</u>	<u>4,528,358</u>	<u>1,953,158</u>
Excess (deficiency) of revenues over expenditures	<u>570,000</u>	<u>570,000</u>	<u>(1,401,480)</u>	<u>(1,971,480)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(570,000)</u>	<u>(570,000)</u>	<u>(570,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(570,000)</u>	<u>(570,000)</u>	<u>(570,000)</u>	<u>-</u>
Net change in fund balances	-	-	(1,971,480)	(1,971,480)
Fund balance at beginning of year	<u>7,250,208</u>	<u>7,250,208</u>	<u>7,250,208</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u><u>\$7,250,208</u></u>	<u><u>\$ 7,250,208</u></u>	<u><u>\$ 5,278,728</u></u>	<u><u>\$ (1,971,480)</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,671,969	\$ 400,152	\$ 4,072,121
Accounts receivable, net	4,166,803	123,423	4,290,226
Other receivables	701,708	-	701,708
Investments	14,892,322	416,624	15,308,946
Due from other funds	-	134,224	134,224
Inventories	482,737	-	482,737
<b>Total current assets</b>	<b>23,915,539</b>	<b>1,074,423</b>	<b>24,989,962</b>
Non-current assets:			
Restricted cash and cash equivalents	74,314,866	268,968	74,583,834
Unamortized bond issue costs	1,303,829	15,432	1,319,261
Capital assets			
Land	1,328,088	405,508	1,733,596
Buildings and system	151,931,818	6,251,187	158,183,005
Construction in progress	13,325,065	274,943	13,600,008
Machinery and equipment	6,705,957	634,035	7,339,992
Less accumulated depreciation	(55,008,040)	(2,914,722)	(57,922,762)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>118,282,888</b>	<b>4,650,951</b>	<b>122,933,839</b>
<b>Total non-current assets</b>	<b>193,901,583</b>	<b>4,935,351</b>	<b>198,836,934</b>
<b>Total assets</b>	<b>217,817,122</b>	<b>6,009,774</b>	<b>223,826,896</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,179,412	80,009	1,259,421
Accrued interest	631,122	10,907	642,029
Other liabilities	118,935	9,952	128,887
Customer deposits	27,783	-	27,783
Due to other funds	134,224	-	134,224
Compensated absences - current	30,000	3,000	33,000
Notes payable - current	1,269,409	-	1,269,409
Revenue bonds payable - current	1,385,000	230,000	1,615,000
<b>Total current liabilities</b>	<b>4,775,885</b>	<b>333,868</b>	<b>5,109,753</b>
Non-current liabilities:			
Accrued compensated absences	532,193	57,829	590,022
Notes payable	16,150,166	-	16,150,166
Revenue bonds payable	105,695,000	2,930,000	108,625,000
Unamortized bond premium	800,082	-	800,082
<b>Total non-current liabilities</b>	<b>123,177,441</b>	<b>2,987,829</b>	<b>126,165,270</b>
<b>Total liabilities</b>	<b>127,953,326</b>	<b>3,321,697</b>	<b>131,275,023</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	62,222,298	1,490,951	63,713,249
Restricted for debt service	5,075,799	-	5,075,799
Unrestricted	22,565,699	1,197,126	23,762,825
<b>Total net assets</b>	<b>\$ 89,863,796</b>	<b>\$ 2,688,077</b>	<b>\$ 92,551,873</b>

The Notes to Financial Statements are an integral part of these financial statements.



**CITY OF FLORENCE, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water &amp; Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>OPERATING REVENUES</b>			
Current use charge	\$ 27,233,504	\$ -	\$ 27,233,504
Miscellaneous	1,357,636	137,870	1,495,506
Water and sewer tap fees	382,689	-	382,689
Stormwater service fees	-	1,234,003	1,234,003
Total operating revenues	<u>28,973,829</u>	<u>1,371,873</u>	<u>30,345,702</u>
<b>OPERATING EXPENSES</b>			
Personnel	3,876,188	330,848	4,207,036
Employee benefits	1,333,875	115,232	1,449,107
Purchased services	3,993,127	147,497	4,140,624
Supplies and materials	1,538,127	75,405	1,613,532
Other operating expenses	1,345,860	24,599	1,370,459
Depreciation and amortization	4,555,289	325,629	4,880,918
Total operating expenses	<u>16,642,466</u>	<u>1,019,210</u>	<u>17,661,676</u>
<b>OPERATING INCOME (LOSS)</b>	<u>12,331,363</u>	<u>352,663</u>	<u>12,684,026</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	225,539	6,216	231,755
Gain on disposal of assets	15,384	-	15,384
Interest expense	(2,639,931)	(140,609)	(2,780,540)
Total non-operating revenue (expenses)	<u>(2,399,008)</u>	<u>(134,393)</u>	<u>(2,533,401)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	9,932,355	218,270	10,150,625
<b>CAPITAL CONTRIBUTIONS</b>	<u>574,568</u>	<u>-</u>	<u>574,568</u>
<b>INCOME BEFORE TRANSFERS</b>	<u>10,506,923</u>	<u>218,270</u>	<u>10,725,193</u>
<b>TRANSFERS</b>			
Transfers out	(1,909,940)	(214,060)	(2,124,000)
Total transfers	<u>(1,909,940)</u>	<u>(214,060)</u>	<u>(2,124,000)</u>
<b>CHANGE IN NET ASSETS</b>	8,596,983	4,210	8,601,193
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>81,266,813</u>	<u>2,683,867</u>	<u>83,950,680</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 89,863,796</u>	<u>\$ 2,688,077</u>	<u>\$ 92,551,873</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund</b>	<b>Non-Major Fund</b>	<b>Total</b>
	<b>Water &amp; Sewer Fund</b>	<b>Stormwater Utility Fund</b>	
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 27,134,787	\$1,211,856	\$ 28,346,643
Payments to employees for services	(3,857,728)	(331,714)	(4,189,442)
Payments to suppliers for goods and services	(8,141,768)	(449,039)	(8,590,807)
Other receipts	1,357,636	137,870	1,495,506
Net cash provided (used) by operating activities	<u>16,492,927</u>	<u>568,973</u>	<u>17,061,900</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers out	<u>(1,909,940)</u>	<u>(214,060)</u>	<u>(2,124,000)</u>
Net cash provided (used) by noncapital financing activities	<u>(1,909,940)</u>	<u>(214,060)</u>	<u>(2,124,000)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(9,746,514)	(783,928)	(10,530,442)
Principal payments on revenue bonds and notes	(2,790,092)	(225,000)	(3,015,092)
Proceeds from issuance of bonds and notes	73,474,154	-	73,474,154
Payment of bond issue costs	(567,535)	-	(567,535)
Interest on bonds and notes	<u>(2,628,352)</u>	<u>(141,493)</u>	<u>(2,769,845)</u>
Net cash provided (used) by capital and related financing activities	<u>57,741,661</u>	<u>(1,150,421)</u>	<u>56,591,240</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments	3,799,932	-	3,799,932
Purchase of investments	(3,646,954)	(8,134)	(3,655,088)
Investment income	<u>213,287</u>	<u>6,652</u>	<u>219,939</u>
Net cash provided (used) by investing activities	<u>366,265</u>	<u>(1,482)</u>	<u>364,783</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	72,690,913	(796,990)	71,893,923
<b>Cash and cash equivalents at beginning of year</b>	<u>5,295,922</u>	<u>1,466,110</u>	<u>6,762,032</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 77,986,835</u>	<u>\$ 669,120</u>	<u>\$ 78,655,955</u>
<b>Reconciliation to Statement of Net Assets:</b>			
Cash and cash equivalent - current	\$ 3,671,969	\$ 400,152	\$ 4,072,121
Restricted cash and cash equivalent - noncurrent	<u>74,314,866</u>	<u>268,968</u>	<u>74,583,834</u>
Total cash and cash equivalents	<u>\$ 77,986,835</u>	<u>\$ 669,120</u>	<u>\$ 78,655,955</u>

(Continued)

**CITY OF FLORENCE, SOUTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Major Fund Water &amp; Sewer Fund</b>	<b>Non-Major Fund Stormwater Utility Fund</b>	<b>Total</b>
<b>Reconciliation of operating income to cash flow provided by operating activities:</b>			
Operating income	\$ 12,331,363	\$ 352,663	\$ 12,684,026
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,303,783	324,226	4,628,009
Amortization	251,506	1,403	252,909
Changes in operating assets and liabilities			
(Increase) decrease in receivables	(1,178,052)	(22,147)	(1,200,199)
(Increase) decrease in inventories	80,185	-	80,185
Increase (decrease) in accounts payable	702,044	(86,306)	615,738
Increase (decrease) in accrued expenses	2,329	875	3,204
Increase (decrease) in compensated absences	747	(1,741)	(994)
Increase (decrease) in customer deposits	(978)	-	(978)
Cash flow from operating activities	<u>\$ 16,492,927</u>	<u>\$ 568,973</u>	<u>\$ 17,061,900</u>
<b>Noncash investing, capital and financing activities:</b>			
Net increase in the fair value of investments	<u>\$ 12,252</u>	<u>\$ -</u>	<u>\$ 12,252</u>
Contribution of capital asset	<u>\$ 574,568</u>	<u>\$ -</u>	<u>\$ 574,568</u>
Capitalization of interest	<u>\$ 356,659</u>	<u>\$ -</u>	<u>\$ 356,659</u>
Proceeds from bonds and notes payable	\$ 103,259,582	\$ -	\$103,259,582
Refunding of defeased bonds	(29,785,428)	-	(29,785,428)
Cash proceeds	<u>\$ 73,474,154</u>	<u>\$ -</u>	<u>\$ 73,474,154</u>
Payment on bonds and notes payable	\$ (32,575,520)	\$ -	\$ (32,575,520)
Refunding of bonds from bond proceeds	29,785,428	-	29,785,428
Cash payments	<u>\$ (2,790,092)</u>	<u>\$ -</u>	<u>\$ (2,790,092)</u>

The Notes to Financial Statements are an integral part of these financial statements.

**CITY OF FLORENCE, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
JUNE 30, 2010**

---

**Assets**

Cash and cash equivalents	\$ 226,140
Investments	<u>59,599</u>

<b>Total assets</b>	<b><u><u>\$ 285,739</u></u></b>
---------------------	---------------------------------

**Liabilities**

Due to others	<u>\$ 285,739</u>
---------------	-------------------

<b>Total liabilities</b>	<b><u><u>\$ 285,739</u></u></b>
--------------------------	---------------------------------

The Notes to Financial Statements are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**INTENTIONALLY LEFT BLANK**

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Florence, South Carolina conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standards setting body for governmental accounting and financial reporting. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

Chartered in 1890, the City of Florence operates under a council-manager form of government and provides the following services: public safety, streets, sanitation, culture and recreation, planning and zoning, public improvements, water and sewer, and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification Section 2100 have been considered, and there are no agencies or entities which should be presented with the City.

The City is responsible for appointing the members of the board of the Housing Authority of Florence, but the City's accountability for this organization does not extend beyond making appointments.

The City is a participant with Florence County in a joint venture to operate the Florence City-County Civic Center. Both the City and County contributed \$403,700 as its share of the debt-service of the Civic Center. Any additional funding shortfall is to be paid equally by the City and County. The Civic Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Florence City-County Civic Center can be obtained from the Director at 3300 West Radio Drive, Florence, South Carolina 29501.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the City. 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. 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 accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. Summary of Significant Accounting Policies (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

the fund financial statements. Non-major funds are summarized into a single column. The various fund categories and fund types presented in the financial statements are described below:

**Governmental fund types**

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The funds consist of Hospitality Fee, Housing Partnership, HOME Program, Community Development Block Grant, Park Commission, All American City, Fire, Leisure Service Program, Drug Free Florence, Veteran's Park Development, E-911, Victims Rights, Drug Control, Federal Equitable Sharing, Tobacco/Alcohol Compliance, BJA Grant, Accommodation Tax, NSP Grant, DOJ Grant, Leisure Service Registration, Animal Shelter Development, Employee Assistance, Public Safety Grants, and Boys & Girls Club.

**Proprietary fund types**

Enterprise Funds – 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 earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of Water and Sewer Utilities and Stormwater Utility Funds.

**Fiduciary fund types**

Agency Funds – Agency Funds are used to account for assets held by the City as an agent for individuals and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds consist of Keep Florence Beautiful, Human Relations Council, Florence County Municipal Association, Court Escrow, and Narcotics Holding Funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities which are presented as internal balances and eliminated in the total column. Interfund services provided and used are not eliminated. 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.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Taxpayer-assessed property taxes and other sources of funds are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time or if they are collected within 60 days of year end. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds: *General Fund*. This fund is the City's primary operating fund. It accounts for all financial resources of the general government except those to be accounted for in another fund: *Hospitality Fee Fund*. This fund is used to account for funds received for tourism programs.

The City reports the following major enterprise fund: *Water and Sewer*. This fund is used to account for transactions relating to the operations of the City water and sewer system.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Cash and Investments**

Cash and cash equivalents, as reported in the statement of cash flows, includes checking accounts, money market accounts, and certificates of deposits. The City is authorized to invest in obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool.

All investments are reported at fair value. The fair value of U.S. Government securities is based on sales prices or bid-and-asked quotations on national securities exchanges or in the over-the-counter market. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

**2. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax and accounts receivable are shown net of an allowance for uncollectibles.

**3. Inventory**

Inventory is valued at cost, which approximates market, using the average cost method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Inventory in the General Fund consists of supplies held for consumption and in the Enterprise Fund, supplies held for consumption or items held for resale.

**4. Restricted Assets**

Certain proceeds of the City's Governmental Fund and Enterprise Fund capital lease and revenue bond debt are classified as restricted assets on the statement of net assets because they represent unspent proceeds of capital debt and represent debt service reserve funds.

**5. Capital Assets**

**Governmental Funds**

Capital outlays are recorded as expenditures on the governmental fund financial statements and as assets on the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 for equipment and site improvements, \$15,000 for buildings and building improvements, and \$50,000 for infrastructure is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively to 1980.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Management estimates historical cost when necessary. Donated assets are valued at their fair value on the date donated.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**5. Capital Assets (Continued)**

**Proprietary Fund Types**

Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on management estimates net of accumulated depreciation. Donated capital assets are recorded at their fair value at the date of receipt. Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated, and a gain or loss is recognized.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives:

Buildings and system	3-60 years
Machinery and equipment	3-20 years
Infrastructure	10-30 years

Interest costs are capitalized as a part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The City capitalized \$356,659 in interest costs on construction projects during the year ended June 30, 2010.

**6. Deferred and Unearned Revenues**

Deferred revenues in the General Fund represent delinquent property taxes receivable expected to be collected later than sixty days after the end of the fiscal year and local option sales taxes collected in the current year, but used to reduce property taxes in the subsequent year. Unearned revenues in the Special Revenue Fund represent money received in advance for a project or grant in which the expenditure will be made in a subsequent year.

**7. Property Taxes**

City of Florence millage rates are set each year by the City Council as part of the annual budgeting process. Following a public hearing and two readings of a budget ordinance, the City's annual budget is adopted and millage rate set to become effective on July 1.

Assessed values are established by the Florence County Tax Assessor and the South Carolina Department of Revenue and were approximately \$152.5 million for the 2009 tax year. The City's operating property tax rate for fiscal year 2010 was 54.9 mills. Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

All property taxes, with the exception of vehicle taxes, are mailed in October of each year and are levied on the assessed value established as of the prior January 1. These property taxes are due and payable by January 15 of each year. A 3% penalty is assessed on unpaid taxes on January 16. On February 2, unpaid taxes are assessed an additional 7% for a total of 10%. On March 17, unpaid taxes are assessed an additional 5% for a total of 15%, and additional collection costs are added. Unpaid delinquent property taxes for real property and mobile homes may be subject to collection through a public property sale by Florence County.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**7. Property Taxes (Continued)**

Vehicle property tax notices are mailed monthly and are due and payable in conjunction with vehicle registration through the Motor Vehicle Division of the South Carolina Department of Transportation. Payment of vehicle property tax is required as a condition of annual vehicle registration with the Motor Vehicle Division of the Department of Transportation.

**8. Compensated Absences**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid to employees upon separation from City's service. Accumulated unpaid vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements.

**9. Long-Term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the straight-line method which approximates the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Net Assets/Fund Equity**

Net assets in government-wide and proprietary financial statements are classified as invested in capital assets, net of related debt, restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulation of other governments, or imposed by law through state statute.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved fund balance in the governmental funds at June 30, 2010, is designated for subsequent year's expenditures as follows:

General Fund - General Government	<u>\$ 598,000</u>
Hospitality Fee Fund - General Government	<u>\$ 133,000</u>

**11. 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Accrued interest payable	\$ (110,930)
Capital leases payable	(10,466,595)
Notes payable	(2,041,438)
Compensated absences	<u>(2,283,182)</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	 <u>\$ (14,902,145)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 2,773,259
Contributed Capital	285,763
Depreciation expense	<u>(2,038,789)</u>
 Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 1,020,233</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The detail of this difference is as follows:

In the statement of activities, only the loss on the disposal of capital assets is reported. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (9,949)</u>
---	-------------------

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**  
(Continued)

Another element of that reconciliation states that “Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net assets.” The detail of this difference is as follows:

Payment of long-term debt principal	<u>\$ 1,090,215</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,090,215</u>

Another element of that reconciliation states that “Governmental funds report debt issuance cost as expenditures. However, in the statement of activities, this cost is allocated over the term of the debt and reported as amortization expense.” The detail of this difference is as follows:

Amortization expense	<u>\$ (6,630)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (6,630)</u>

Another element of that reconciliation states that “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 governmental funds.” The details of this difference are as follows:

Compensated absences - current year	\$ (2,283,182)
Compensated absences - prior year	2,036,335
Accrued interest - current year accrual	(110,930)
Accrued interest - prior year accrual	<u>143,766</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (214,011)</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Hospitality Fee Fund, and Enterprise Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Legal budgets are adopted only for the General Fund, Hospitality Fee Fund, and Enterprise Funds. Thus, the budgetary financial statements included in this report do not include non-budgeted Special Revenue Funds or Agency Funds.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

2. The City Council approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (general government, capital outlay, etc.).
3. Unused appropriations for all the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the original amounts and the final authorized amounts as revised during the year. The City made a mid-year budget reduction.

There are a number of limitations and restrictions contained in the various bond indentures in the Enterprise Fund. The City is in compliance with all significant limitations and restrictions.

The City participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

**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's policy requires deposits to be secured by collateral, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC). Deposits of the City of \$17,331,640 at June 30, 2010, are insured or collateralized with securities held by the pledging financial institutions' trust department in the name of the City. \$16,831,640 of the deposits at June 30, 2010, are collateralized with securities held by the pledging financial institutions' trust department in the name of the City.

Restricted cash of \$3,605,965 at June 30, 2010, in the Governmental Funds includes \$3,800,682 of unspent proceeds of capital leases and notes payable to be used for the purchase and construction of capital assets and \$240,000 to be used for debt service. Restricted cash of \$74,583,834 in the Enterprise Fund includes \$63,813,987 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

During February 2007, the City awarded its cash management contract to Wachovia Bank for the next five years.

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and investments (Continued)**

As of June 30, 2010, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less Than 1	1 - 5	
South Carolina Local Government Investment Pool	<u>\$ 20,532,802</u>	<u>\$20,532,802</u>	<u>\$ -</u>	N/A

**Investments**

*Interest Rate Risk*

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than three years.

*Custodial Credit Risk – Investments*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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's investment policy requires that securities be held by a third-party custodian in the name of the City. As a result, as of June 30, 2010, none of the City's investments are exposed to custodial credit risk.

*Concentrations of Credit Risk*

The City places no limit on the amount that the City may be invested in any one issuer or type of investment. Credit quality distribution for securities with credit exposure as a percentage of total investments are as follows. As of June 30, 2010, all of the City's investments were with the South Carolina Local Government Investment Pool which is exempt from risk categorization because third-party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under regulatory oversight. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

*Credit Risk*

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. As of June 30, 2010, none of the City's investments are exposed to credit risk.



**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Receivables**

Receivables as of June 30, 2010, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectable accounts, are as follows:

	<u>General</u>	<u>Hospitality Fee</u>	<u>Non-Major</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>
Accounts	\$ -	\$ -	\$ -	\$ 4,252,251	\$ 125,520
Taxes	171,668	-	-	-	-
Intergovernmental	2,538,673	-	274,943	-	-
Other	<u>2,234</u>	<u>421,743</u>	<u>-</u>	<u>701,708</u>	<u>-</u>
Gross receivables	2,712,575	421,743	274,943	4,953,959	125,520
Less allowance for uncollectibles	<u>(39,407)</u>	<u>-</u>	<u>-</u>	<u>(85,448)</u>	<u>(2,097)</u>
	<u><u>\$ 2,673,168</u></u>	<u><u>\$ 421,743</u></u>	<u><u>\$ 274,943</u></u>	<u><u>\$ 4,868,511</u></u>	<u><u>\$ 123,423</u></u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2010, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 77,280	\$ -
Local option sales tax receivable	<u>-</u>	<u>1,164,216</u>
	<u><u>\$ 77,280</u></u>	<u><u>\$ 1,164,216</u></u>

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital assets**

A summary of the changes in the City's capital assets for governmental activities is as follows:

	Balances June 30, 2009	Increases	Decreases	Transfers	Balances June 30, 2010
Capital assets not being depreciated:					
Land	\$ 6,296,470	\$ -	\$ -	\$ -	\$ 6,296,470
Construction in progress	903,387	2,309,216	-	(89,030)	3,123,573
Total capital assets not being depreciated	<u>7,199,857</u>	<u>2,309,216</u>	<u>-</u>	<u>(89,030)</u>	<u>9,420,043</u>
Capital assets being depreciated:					
Buildings	6,859,130	6,275	-	-	6,865,405
Infrastructure	18,655,112	55,900	-	-	18,711,012
Machinery and equipment	15,948,189	676,632	349,390	89,030	16,364,461
Total capital assets being depreciated	<u>41,462,431</u>	<u>738,807</u>	<u>349,390</u>	<u>89,030</u>	<u>41,940,878</u>
Less accumulated depreciation for:					
Buildings	2,734,253	165,619	-	-	2,899,872
Infrastructure	9,217,154	695,499	-	-	9,912,653
Machinery and equipment	11,451,112	1,177,671	339,435	-	12,289,348
Total accumulated depreciation	<u>23,402,519</u>	<u>2,038,789</u>	<u>339,435</u>	<u>-</u>	<u>25,101,873</u>
Total capital assets being depreciated, net	<u>18,059,912</u>	<u>(1,299,982)</u>	<u>9,955</u>	<u>89,030</u>	<u>16,839,005</u>
Governmental activities capital assets, net	<u>\$ 25,259,769</u>	<u>\$ 1,009,234</u>	<u>\$ 9,955</u>	<u>\$ -</u>	<u>\$ 26,259,048</u>

Included in additions are capital contributions in the amount of \$285,763.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital assets (Continued)**

A summary of the City's capital assets for business-type activities is as follows:

	Balances <u>June 30, 2009</u>	Increases	Decreases	Transfers	Balances <u>June 30, 2010</u>
Capital assets not being depreciated:					
Land	\$ 1,733,596	\$ -	\$ -	\$ -	\$ 1,733,596
Construction in progress	<u>7,193,636</u>	<u>10,068,780</u>	<u>-</u>	<u>(3,662,408)</u>	<u>13,600,008</u>
Total capital assets not being depreciated	<u>8,927,232</u>	<u>10,068,780</u>	<u>-</u>	<u>(3,662,408)</u>	<u>15,333,604</u>
Capital assets being depreciated:					
Buildings and system	153,891,064	629,533	-	3,662,408	158,183,005
Machinery and equipment	<u>7,262,871</u>	<u>507,142</u>	<u>406,775</u>	<u>(23,246)</u>	<u>7,339,992</u>
Total capital assets being depreciated	<u>161,153,935</u>	<u>1,136,675</u>	<u>406,775</u>	<u>3,639,162</u>	<u>165,522,997</u>
Less accumulated depreciation for:					
Buildings and system	47,732,930	4,220,360	-	-	51,953,290
Machinery and equipment	<u>5,964,853</u>	<u>407,649</u>	<u>379,784</u>	<u>(23,246)</u>	<u>5,969,472</u>
Total accumulated depreciation	<u>53,697,783</u>	<u>4,628,009</u>	<u>379,784</u>	<u>(23,246)</u>	<u>57,922,762</u>
Total capital assets being depreciated, net	<u>107,456,152</u>	<u>(3,491,334)</u>	<u>26,991</u>	<u>3,662,408</u>	<u>107,600,235</u>
Business-type activities capital assets, net	<u>\$ 116,383,384</u>	<u>\$ 6,577,446</u>	<u>\$ 26,991</u>	<u>\$ -</u>	<u>\$ 122,933,839</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 123,657
Public safety	845,141
Public works	636,843
Culture and recreation	<u>433,148</u>
Total depreciation - governmental activities	<u>\$ 2,038,789</u>
Business-Type Activities	
Water and sewer	\$ 4,303,783
Stormwater	<u>324,226</u>
Total depreciation - business-type activities	<u>\$ 4,628,009</u>

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund receivables, payables, and transfers**

Interfund receivable and payable balances at June 30, 2010, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 114,086	\$ -
Nonmajor governmental	-	114,086
Stormwater Utility	134,224	-
Water & Sewer	-	134,224
	<u>          </u>	<u>          </u>
Total	<u>\$ 248,310</u>	<u>\$ 248,310</u>

The balances are for reimbursable expenditures and will be paid within 30 days.

Interfund transfers for the year ended June 30, 2010, are as follows:

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Transfer Out			
General fund	\$ -	\$ 250,000	\$ 250,000
Hospitality fee fund	570,000	-	570,000
Nonmajor governmental funds	118,440	-	118,440
Water and sewer enterprise fund	1,909,940	-	1,909,940
Nonmajor enterprise funds	214,060	-	214,060
	<u>          </u>	<u>          </u>	<u>          </u>
Total transfers out	<u>\$ 2,812,440</u>	<u>\$ 250,000</u>	<u>\$ 3,062,440</u>

The transfers consist primarily of \$1,909,940 to General Fund from Water and Sewer Enterprise Fund and \$570,000 to General Fund from Hospitality Fee Fund based on budgetary authorization.

**E. Capital leases**

The City has entered into lease purchase agreements to fund the purchase of vehicles for the police and fire departments, construction of Veterans Memorial Park, improvements to Radio Drive, and the construction of the Tennis Center. The book value of assets acquired under capital leases are as follows:

Machinery & Equipment	\$ 2,225,095
Infrastructure	2,448,959
Less: Accumulated Depreciation	<u>(840,327)</u>
Total	<u>\$ 3,833,727</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Capital leases (Continued)**

The future minimum lease obligations and the net present value of these lease payments at June 30, 2010, were as follows:

Years Ending June 30.

2011	\$ 1,337,057
2012	1,498,328
2013	1,494,714
2014	1,260,274
2015	835,522
2016-2020	4,168,957
2021-2025	2,524,589
	13,119,441
Less amount representing interest	2,652,846
	\$ 10,466,595

**F. Long-term debt**

A summary of the changes in long-term liabilities for the year ended June 30, 2010, is as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<u>Governmental Activities</u>					
Capital leases	\$ 11,363,248	\$ -	\$ 896,653	\$ 10,466,595	\$ 933,952
Notes payable	2,235,000	-	193,562	2,041,438	212,300
Compensated absences	2,036,336	1,235,732	988,886	2,283,182	100,000
	\$ 15,634,584	\$ 1,235,732	\$ 2,079,101	\$ 14,791,215	\$ 1,246,252
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 31,170,000	\$ 99,000,000	\$ 23,090,000	\$ 107,080,000	\$ 1,385,000
Stormwater	3,385,000	-	225,000	3,160,000	230,000
Less deferred amounts					
Bond premium	-	808,320	8,238	800,082	-
Total bonds payable	34,555,000	99,808,320	23,323,238	111,040,082	1,615,000
Notes payable					
Water and sewer	22,645,511	4,259,582	9,485,518	17,419,575	1,269,409
Compensated absences					
Water and sewer	561,446	300,924	300,177	562,193	30,000
Stormwater	62,570	28,134	29,875	60,829	3,000
	\$ 57,824,527	\$ 104,396,960	\$ 33,138,808	\$ 129,082,679	\$ 2,917,409

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term debt (Continued)**

Notes payable in the governmental activities are not general obligations of the City. Repayment is budgeted in the General Fund and Special Revenue Fund. For governmental activities, compensated absences are liquidated by the General Fund, and capital leases are liquidated by the General Fund and Special Revenue Fund.

Notes payable from governmental activities at June 30, 2010, are as follows:

In June 2008, the City borrowed \$1,000,000 on a note guaranteed under Section 108 of the U.S. Department of Housing and Urban Development bearing interest from 2.62% to 5.19%. Interest is paid semi-annually, and principal payments of \$65,000 in 2009 to 2022 and a final payment of \$90,000 in 2023 are paid annually. The proceeds may be spent for the purpose of acquisition and rehabilitation of real property.	\$ 935,000
In July 2008, the City borrowed \$804,800 on a note guaranteed under the South Carolina Brownsfields Cleanup Revolving Loan Fund (BCLRF) bearing a 1% interest rate. Principal and interest payments of \$42,386 are due semi-annually through October October 2019.	766,438
In October 2008, the City entered into an agreement with Batwing, LLC for the reimbursement of certain capital infrastructure improvements associated with the relocation of an existing railroad crossing in the amount of \$200,000. Payments are due November 1 each year for five years in the amount of \$40,000 with zero interest through November 2012 from Hospitality Fee revenues.	120,000
In November 2007, the City borrowed \$300,000 on a note from Pee Dee Electric Cooperative, Inc., bearing 0% interest. Principal payments are variable ranging from \$2,750 to \$2,525 per month plus a service charge of 1% of the unpaid balance for each year of the life of the note. The note matures in 2017. The proceeds may be spent solely to promote rural economic development. The note is collateralized by restricted cash of \$240,000 in the the General Fund.	220,000
	\$ 2,041,438

Governmental activities notes payable debt service to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ 212,300	\$ 47,864	\$ 260,164
2012	213,075	44,960	258,035
2013	213,858	41,817	255,675
2014	174,648	38,485	213,133
2015	175,447	35,042	210,489
2016-2020	767,110	119,865	886,975
2021-2026	285,000	31,222	316,222
	\$ 2,041,438	\$ 359,255	\$ 2,400,693

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term debt (Continued)**

The following table summarizes the City's business-type activities revenue bonds and notes payable:

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2010
Revenue Bonds	Series 2002	\$ 8,360,000	3.80	9/1/2017	\$ 6,680,000
	Series 2003B	2,000,000	3.90	9/1/2018	1,400,000
	Series 2006	4,000,000	4.18	6/2/2021	3,160,000
	Series 2010A	31,005,000	2.00 to 4.00	9/1/2024	31,005,000
	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	67,995,000
					<u>\$ 110,240,000</u>
Notes Payable	August 1991	\$ 1,100,000	4.25	7/1/2012	\$ 136,580
	May 1999	2,767,997	3.50	3/1/2020	1,588,675
	May 2000	6,210,343	3.50	1/1/2032	5,088,949
	May 2000	4,062,403	4.25	6/1/2032	3,422,474
	October 2002	3,821,332	0.00	1/1/2012	764,267
	January 2003	2,517,834	3.75	2/1/2034	2,159,049
	** June 2009	18,868,479	2.81	4/1/2031	4,259,581
					<u>\$ 17,419,575</u>

Business-type activities revenue bond and notes payable debt service requirements to maturity are as follows:

Year Ending June 30	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,615,000	\$ 4,597,221	\$ 1,269,409	\$ 715,842	\$ 2,884,409	\$ 5,313,063
2012	2,865,000	5,416,391	1,647,534	941,600	4,512,534	6,357,991
2013	2,935,000	5,335,522	1,239,596	903,433	4,174,596	6,238,955
2014	3,065,000	5,252,389	1,277,430	865,599	4,342,430	6,117,988
2015	3,190,000	5,166,234	1,316,646	826,383	4,506,646	5,992,617
2016-2020	15,520,000	31,873,555	7,175,293	3,491,595	22,695,293	35,365,150
2021-2025	13,055,000	33,333,528	7,383,985	2,366,028	20,438,985	35,699,556
2026-2030	18,300,000	18,082,986	8,641,889	1,108,125	26,941,889	19,191,111
2031-2035	22,065,000	12,121,780	2,076,691	80,714	24,141,691	12,202,494
2036-2040	27,630,000	4,558,076	-	-	27,630,000	4,558,076
	110,240,000	125,737,682	32,028,473	11,299,319	142,268,473	137,037,001
Less: Amounts currently not drawn	-	-	(14,608,898)	-	(14,608,898)	-
	<u>\$ 110,240,000</u>	<u>\$ 125,737,682</u>	<u>\$ 17,419,575</u>	<u>\$ 11,299,319</u>	<u>\$ 127,659,575</u>	<u>\$ 137,037,001</u>

The City began drawing down on a note payable from the South Carolina Water Quality Revolving Fund Authority in July 2009. The total loan amount available to the City for the upgrade of the City's wastewater treatment plant is \$18,868,479. As of June 30, 2010, the City had drawn only \$4,259,581 of this amount which is included in construction in process and in notes payable.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-term debt (Continued)**

*Defeasance debt*

The City issued \$31,005,000 of revenue refunding bonds to provide resources to pay the principal, interest on, and redemption premium on the refunded bonds which were otherwise scheduled to mature in the years 2011 through 2030.

The net proceeds of \$31,210,259 (after issuance costs of \$469,354) were used to refund various series of bonds with a total principal amount of \$29,785,428, plus fund a debt service reserve on the bond issue of \$1,424,832.

The refunding was undertaken because the City has determined that existing covenants and agreements in the proceedings authorizing the Refunded Bonds hamper and impede the ability of the City to borrow moneys which are required to provide future improvements, enlargements, and extensions of the City's Waterworks and Sewage System. The City further determined that a debt service savings could be achieved by issuing the refunding bonds at a lower interest rate. The reduction in debt service payments over the next 20 years is expected to be approximately \$5.5 million with an economic gain (difference between present values of old and new debt service payments) of approximately \$3.6 million.

**V. OTHER INFORMATION**

**A. Employee benefits**

**1. State retirement plans**

The City is a member of the South Carolina Governmental Retirement System (SCRS) and the South Carolina Police Officers' Retirement System (SCPORS). Both systems are cost-sharing multiple-employer public employee retirement systems and are administered by the South Carolina Retirement Systems. Benefit provisions, contribution rates, and amendment authority are established under the authority of Title 9 of the South Carolina Code of Laws.

Generally, all employees are required to participate and contribute to the SCRS as a condition of employment. The normal cost is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate for retirement is 9.24%. Additionally, as part of the retirement program, the City provides group life insurance to all SCRS participants, and the employer's contribution for group life insurance is .15%. Employees who retire at or after age 65 or with 28 years of credited service are entitled to full retirement benefits, payable for life, with an annual rate equal to 1.82% of average final compensation for each year of credited service. Vested employees are entitled to a deferred annuity commencing at age 60.

Generally, all full-time employees whose principal duties are the preservation of public order, protection, or prevention and control of property destruction by fire are eligible to participate in the SCPORS. The basic pension program is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate for retirement is 10.65%. Additionally, as part of the retirement program, the City provides group life insurance and accidental death to all SCPORS participants, and the employer's contribution for group life and accidental death insurance is .40%. There are no early retirement provisions under SCPORS. A member must have 25 years of service for full retirement or must be age 55 with 5 years of service. Both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14% of average final compensation, for each year of credited service.



**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**A. Employee benefits (Continued)**

**1. State retirement plans (Continued)**

During the year, the City contributed \$899,467 to the SCRS and \$848,533 to the SCPORS. Contributions by employees during the year were \$620,096 to the SCRS and \$499,137 to the SCPORS. The City's covered payroll for the SCRS and SCPORS was \$9,539,939 and \$7,679,035, respectively. Total current year payroll for all employees was \$17,258,020.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Three-Year Trend Information

<u>Year Ended</u>	<u>SCRS</u>		<u>SCPORS</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2008	\$ 805,346	100	\$ 729,313	100
June 30, 2009	895,144	100	810,597	100
June 30, 2010	899,467	100	848,533	100

**2. Deferred compensation plan**

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan is administered by the State of South Carolina Deferred Compensation Commission as agent for the City. The plan is available to all employees and allows them to defer a portion of their salary to future years. Participation is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergencies.

Prior to July 24, 1998, IRC Section 457 plan balances were displayed in an agency fund of the government that had access to the resources regardless of whether the assets are held by the government or an outside third party. However, on July 24, 1998, the State of South Carolina Deferred Compensation Commission established a trust for IRC Section 457 plan assets and income for the exclusive benefit of participants and their beneficiaries. This establishment was required by the Small Business Job Protection Act of 1996.

**B. Postemployment benefits other than pensions**

*Plan description*

The City's defined benefit postemployment healthcare plan (the Plan) provides medical and dental insurance to eligible retirees. As established by Resolution 98-05, adopted by City Council on May 11, 1998, and as amended by Resolution 2008-09, adopted by City Council on July 14, 2008, an employee becomes eligible when the employee qualifies for retirement benefits under the SCRS or PORS and meets a minimum required number of years of service with the City as defined below. Information regarding the SCRS and PORS eligibility may be obtained from the Comprehensive Annual Financial Report of the Plan. The contribution requirements of the City and plan members are established and amended by Council. Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

As of July 1, 2009, the measurement date for the plan year 2010, there were 508 covered participants; 58 members are retirees receiving benefits, and 450 are active participants.

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**B. Postemployment benefits other than pensions (Continued)**

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, P.O. Box 12109, Columbia, South Carolina 29211.

*Funding Policy*

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$411.32 for retirees and \$740.40 for retiree and spouse. The cost of coverage for pre-65 retirees is also implicitly subsidized by the City. Spouses are implicitly subsidized until age 65. All coverage ends at the death of the retiree. The current average monthly premium is approximately \$263.56 for retirees after age 65.

For Retirees Before July 14, 2008

Retirees pay a percentage of the explicit portion of the benefit based on their service at retirement for their own coverage based on the table below. Spouses pay the full premium rate.

Years of Service	Percentage
30+ years	0%
25-29 years	10%
20-24 years	20%
15-19 years	30%

After age 65, retirees pay the total premium cost in excess of a percentage of \$263.56 for their own coverage. The percentage is based on the service criteria listed in the table below. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

Years of Service	Percentage
30+ years	100%
25-29 years	90%
20-24 year	80%
15-19 years	70%

For Retirees After July 14, 2008

Before age 65, retirees who have 25 or more years of service with the City of Florence pay nothing for their own coverage and the full premium for spouse coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay 50% of the total cost (including implicit portion) for their own coverage and the full premium plus 50% of the implicit cost for spouse coverage.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**V. OTHER INFORMATION (CONTINUED)**

**B. Postemployment benefits other than pensions (Continued)**

After age 65, retirees who have 25 or more years of service with the City pay the total premium cost in excess of \$263.56 for their own coverage. Retirees who have a minimum of 20 years of service but less than 25 years of service with the City pay the total premium in excess of \$131.78 (half of \$263.56) for their own coverage. Retirees are expected to pay for all future increases in the cost of this coverage. Spouses pay the full premium rate after age 65.

The City's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is based on a level percent of payroll increasing annually at 3%.

*Annual OPEB Cost and Funded Status and Funding Progress*

For 2010, the annual OPEB cost (expense) of \$795,000 for the Plan was equal to the ARC and was the amount contributed resulting in neither an OPEB asset or obligation. The following table shows the components of the City's annual OPEB cost for 2010.

Normal cost	\$ 210,000
30-year amortization of unfunded accrued liability (UAL)	585,000
Total Annual Required Contribution	<u>\$ 795,000</u>

Contributions included \$474,500 paid by the City to the Plan to pre-fund benefits and \$320,500 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Net OPEB (obligation) asset for 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
6/30/2010	\$ 795,000	100%	\$ -

The City implemented GASB Statement No. 45 in fiscal year 2009. At July 1, 2009, the most recent actuarial valuation date, the plan had assets valued at \$454,700. The actuarial accrued liability for benefits (AAL) was \$8,557,200, with zero Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,102,500. The funded ratio (Actuarial value of plan assets/AAL) was 5.3%. The covered payroll (annual payroll of active employees covered by the plan) was \$15,893,500, and the ratio of the UAAL to the covered payroll was 50.97%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**V. OTHER INFORMATION (CONTINUED)**

**B. Postemployment benefits other than pensions (Continued)**

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 6.5% investment rate of return (net of both administrative and investment related expenses) and healthcare cost trend rates of 8.10% graded to 4.5% over 80 years with a 4% payroll growth rate. The asset valuation method used is market value. South Carolina state law currently restricts the investment of plan assets to certain fixed income investments. The SC ORBET Board intends to pursue a future constitutional amendment to clarify whether the trust may invest in a diversified portfolio including equities. The projected interest rate of 6.5% used to establish the actuarial accrued liability stated in this report is contingent upon a constitutional change that will allow the trust fund to invest in a diversified portfolio including equities beginning in 2015. The Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 28 years.

**C. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains its insurance for tort liability, property, automobile fleet, boiler and machinery, and crime with the South Carolina Municipal Insurance and Risk Financing fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both the SCMIRF and SCMIT funds are self-insured pools with other municipalities in South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina. The City pays an annual premium to SCMIRF and SCMIT. The City carries a \$10,000 deductible under the SCMIRF plan and a \$10,000 deductible under the SCMIT plan. Claims below these thresholds are managed by the City. The SCMIRF will reinsure through commercial companies for claims in excess of \$1 million for each insured event. If the City's losses under SCMIT exceed the annual premium, it is assessed an additional amount to fully reimburse the insurer for the losses. If the premium exceeds the losses, the City receives a refund.

**D. Commitments**

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer, and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2010, the outstanding commitments total approximately \$13,416,088.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$403,900 for the year ended June 30, 2010, as its share of the cost of the Civic Center.

**CITY OF FLORENCE, SOUTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

---

**V. OTHER INFORMATION (CONTINUED)**

**E. Contingencies**

The City is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded. The City participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2010, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**F. Subsequent event**

In August 2010, the City of Florence issued a \$5,345,000 General Obligation Bond to finance, over 15 years at an interest cost of 3.16%, certain capital improvements, equipment purchases, and related issuance costs. An additional 3 mills was levied by the City Council for fiscal year 2010-11 to provide debt service funding for this bond. Due to the completion of a countrywide reassessment in 2010 of all real property in Florence County and related property tax calculation requirements of South Carolina law, the City's operating tax millage for fiscal year 2010-11 was reduced by 1.2 mills, from 54.9 mills to 53.7 mills, resulting in a combined operating and debt service millage of 56.7, a net total increase of 1.8 mills.

**INTENTIONALLY LEFT BLANK**

## REQUIRED SUPPLEMENTARY INFORMATION

*The Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits* provides information relating to the City's adoption of GASB Statement No. 45.

**INTENTIONALLY LEFT BLANK**



**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –  
OTHER POSTEMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2010**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
Primary Government						
7/1/2007	\$ -	\$ 9,126,000	\$ 9,126,000	0.0%	\$14,801,000	61.7%
7/1/2009	\$ 454,700	\$ 8,557,200	\$ 8,102,500	6.0%	\$15,893,500	51.0%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ended June 30, 2010</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Net OPEB Liability</b>	<b>Percent Contributed</b>
Primary Government				
2009	\$ 772,000	\$ 772,000	\$ -	100%
2010	\$ 795,000	\$ 795,000	\$ -	100%

**INTENTIONALLY LEFT BLANK**

## **OTHER FINANCIAL INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUND

To account for revenue from grants and other sources that is legally restricted to expenditures for specific purposes.

Housing Partnership – This fund is used to account for the expenditure of Housing Action Partnership Program grant.

HOME Program – This fund is used to account for the expenditure of HOME investment partnerships program grant.

Community Development Block Grant – This fund is used to account for the expenditures of community development block grants and HUD Section 108 loan proceeds.

Park Commission – This fund is used to account for funds received for various tree planting and beautification projects.

All American City – This fund is used to account for funds received for the All American City Competition.

Fire – This fund is used to account for collection of shared insurance premium rebates from the State of South Carolina and expenditures on behalf of City firemen.

Leisure Service Program – This fund is used to account for funds received for recreation programs.

Drug Free Florence – This fund is used to account for funds received to enhance drug enforcement efforts.

Veterans Park Development – This fund is used to account for funds received and expended for the development of monuments, other structural amenities and related special events at the Veterans Park.

E-911 – This fund is used to account for funds received for communication cost for 911 emergency services.

Victims Rights – This fund is used to account for funds received to provide services to victims of crime.

Drug Control – This fund is used to account for funds seized in drug related cases.

Federal Equitable Sharing – This fund is used to account for revenues derived from forfeitures of federally seized assets which are expended to enhance law enforcement.

Tobacco/Alcohol Compliance – This fund is used to account for grant funds for educational programs for tobacco and alcohol compliance.

BJA Grant – This fund is used to account for the expenditures of the Bureau of Justice Assistance Grant Program.

NSP Grant – This fund is used to account for program expenditures of the HUD funded grant, Neighborhood Stabilization Program.

Accommodation Tax – This fund is used to account for funds received from the State to promote tourism in the city.

DOJ Grant – This fund is used to account for program expenditures funded by an ARRA Department of Justice Grant.

## **NONMAJOR GOVERNMENTAL FUNDS**

(Continued)

Leisure Service Registration – This fund is used to account for funds received for athletic programs.

Animal Shelter Development – This fund is used to account for funds received for new animal shelter building.

Employee Assistance – This fund is used to account for funds received to provide financial assistance to employees of the City with a financial emergency.

Public Safety Grants – This fund is used to account for grant funds to reduce crime and improve public safety.

Boys and Girls Club – This fund is used to account for grant funds used to renovate the Boys and Girls Club facilities.

**CITY OF FLORENCE, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Park Commission</u>	<u>All American City</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 284,064	\$ -	\$ 2,298	\$ -
Due from other governments	-	30,000	63,324	-	-
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	365,283	-	-
Total assets	<u>\$ -</u>	<u>\$ 314,064</u>	<u>\$ 428,607</u>	<u>\$ 2,298</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 12,063	\$ -	\$ -
Due to other funds	-	-	63,324	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	75,387	-	-
<b>Fund balances:</b>					
Unreserved	-	314,064	353,220	2,298	-
<b>Total fund balances</b>	<u>-</u>	<u>314,064</u>	<u>353,220</u>	<u>2,298</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 314,064</u>	<u>\$ 428,607</u>	<u>\$ 2,298</u>	<u>\$ -</u>

**Special Revenue Funds**

<u>Fire</u>	<u>Leisure Service Program</u>	<u>Drug Free Florence</u>	<u>Veterans Park Development</u>	<u>E-911</u>	<u>Victims Rights</u>	<u>Drug Control</u>
\$ 86,420	\$ 41,021	\$ 3,955	\$ 21,213	\$ 198,670	\$ 21,323	\$ 86,842
-	-	-	-	-	-	-
-	-	-	-	-	120,230	30,683
-	-	-	-	-	-	-
<u>\$ 86,420</u>	<u>\$ 41,021</u>	<u>\$ 3,955</u>	<u>\$ 21,213</u>	<u>\$ 198,670</u>	<u>\$ 141,553</u>	<u>\$ 117,525</u>
\$ -	\$ 814	\$ -	\$ -	\$ 82,626	\$ -	\$ 73
-	-	-	-	-	-	-
-	33,655	-	21,201	-	-	-
-	34,469	-	21,201	82,626	-	73
<u>86,420</u>	<u>6,552</u>	<u>3,955</u>	<u>12</u>	<u>116,044</u>	<u>141,553</u>	<u>117,452</u>
<u>86,420</u>	<u>6,552</u>	<u>3,955</u>	<u>12</u>	<u>116,044</u>	<u>141,553</u>	<u>117,452</u>
<u>\$ 86,420</u>	<u>\$ 41,021</u>	<u>\$ 3,955</u>	<u>\$ 21,213</u>	<u>\$ 198,670</u>	<u>\$ 141,553</u>	<u>\$ 117,525</u>

**CITY OF FLORENCE, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<b>Federal Equitable Sharing</b>	<b>Tobacco/ Alcohol Compliance</b>	<b>BJA Grant</b>	<b>NSP Grant</b>	<b>Accommodation Tax</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 51,571	\$ 6,584	\$ -	\$ -	\$ 830
Due from other governments	-	-	6,873	6,000	130,225
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 51,571</u>	<u>\$ 6,584</u>	<u>\$ 6,873</u>	<u>\$ 6,000</u>	<u>\$ 131,055</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,000	\$ -	\$ -	\$ 300	\$ 79,092
Due to other funds	-	-	6,873	5,700	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>2,000</u>	<u>-</u>	<u>6,873</u>	<u>6,000</u>	<u>79,092</u>
<b>Fund balances:</b>					
Unreserved	<u>49,571</u>	<u>6,584</u>	<u>-</u>	<u>-</u>	<u>51,963</u>
<b>Total fund balances</b>	<u>49,571</u>	<u>6,584</u>	<u>-</u>	<u>-</u>	<u>51,963</u>
Total liabilities and fund balances	<u>\$ 51,571</u>	<u>\$ 6,584</u>	<u>\$ 6,873</u>	<u>\$ 6,000</u>	<u>\$ 131,055</u>



**Special Revenue Funds**

<b>DOJ Grant</b>	<b>Leisure Service Registration</b>	<b>Animal Shelter Development</b>	<b>Employee Assistance</b>	<b>Public Safety Grants</b>	<b>Boys &amp; Girls Club</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 14,969	\$ 368,669	\$ 3,399	\$ 8,918	\$ -	\$ 1,200,746
38,521	-	-	-	-	-	274,943
-	-	271,202	-	-	-	422,115
-	-	-	-	-	-	365,283
<u>\$ 38,521</u>	<u>\$ 14,969</u>	<u>\$ 639,871</u>	<u>\$ 3,399</u>	<u>\$ 8,918</u>	<u>\$ -</u>	<u>\$ 2,263,087</u>
\$ 332	\$ 7,230	\$ 13,280	\$ -	\$ -	\$ -	\$ 197,810
38,189	-	-	-	-	-	114,086
-	5,641	-	-	-	-	60,497
<u>38,521</u>	<u>12,871</u>	<u>13,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,393</u>
-	2,098	626,591	3,399	8,918	-	1,890,694
-	2,098	626,591	3,399	8,918	-	1,890,694
<u>\$ 38,521</u>	<u>\$ 14,969</u>	<u>\$ 639,871</u>	<u>\$ 3,399</u>	<u>\$ 8,918</u>	<u>\$ -</u>	<u>\$ 2,263,087</u>

**CITY OF FLORENCE, SOUTH CAROLINA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Housing Partnership</b>	<b>HOME Program</b>	<b>Community Development Block Grants</b>	<b>Park Commission</b>	<b>All American City</b>
<b>Revenues</b>					
Intergovernmental	\$ -	\$303,357	\$ 538,949	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	8	360	1,496	3	6
Miscellaneous	2,500	-	-	400	-
Total revenues	<u>2,508</u>	<u>303,717</u>	<u>540,445</u>	<u>403</u>	<u>6</u>
<b>Expenditures</b>					
Current					
General government	-	-	-	297	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	7,584	298,661	507,757	-	4,490
Capital outlay	-	-	25,967	-	-
Total expenditures	<u>7,584</u>	<u>298,661</u>	<u>533,724</u>	<u>297</u>	<u>4,490</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,076)</u>	<u>5,056</u>	<u>6,721</u>	<u>106</u>	<u>(4,484)</u>
<b>Other financing sources (uses)</b>					
Transfers in (out)	-	-	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,076)	5,056	6,721	106	(4,484)
Fund balances at beginning of year	<u>5,076</u>	<u>309,008</u>	<u>346,499</u>	<u>2,192</u>	<u>4,484</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$314,064</u>	<u>\$ 353,220</u>	<u>\$ 2,298</u>	<u>\$ -</u>

**Special Revenue Funds**

<b>Fire</b>	<b>Leisure Service Program</b>	<b>Drug Free Florence</b>	<b>Veterans Park Development</b>	<b>E-911</b>	<b>Victims Rights</b>	<b>Drug Control</b>	<b>Federal Equitable Sharing</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	81,109	-	-	147,847	-	-	-
108	58	8	12	379	1,105	1,191	72
<u>89,461</u>	<u>3,045</u>	<u>3,200</u>	<u>12,747</u>	<u>-</u>	<u>105,979</u>	<u>14,466</u>	<u>7,758</u>
<u>89,569</u>	<u>84,212</u>	<u>3,208</u>	<u>12,759</u>	<u>148,226</u>	<u>107,084</u>	<u>15,657</u>	<u>7,830</u>
-	-	-	12,747	169,090	-	-	-
17,568	-	6,525	-	-	-	65,757	5,226
-	83,835	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	130,946	-	-	-
<u>17,568</u>	<u>83,835</u>	<u>6,525</u>	<u>12,747</u>	<u>300,036</u>	<u>-</u>	<u>65,757</u>	<u>5,226</u>
<u>72,001</u>	<u>377</u>	<u>(3,317)</u>	<u>12</u>	<u>(151,810)</u>	<u>107,084</u>	<u>(50,100)</u>	<u>2,604</u>
-	-	-	-	-	(118,440)	-	-
-	-	-	-	-	(118,440)	-	-
<u>72,001</u>	<u>377</u>	<u>(3,317)</u>	<u>12</u>	<u>(151,810)</u>	<u>(11,356)</u>	<u>(50,100)</u>	<u>2,604</u>
<u>14,419</u>	<u>6,175</u>	<u>7,272</u>	<u>-</u>	<u>267,854</u>	<u>152,909</u>	<u>167,552</u>	<u>46,967</u>
<u>\$ 86,420</u>	<u>\$ 6,552</u>	<u>\$ 3,955</u>	<u>\$ 12</u>	<u>\$ 116,044</u>	<u>\$ 141,553</u>	<u>\$117,452</u>	<u>\$ 49,571</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	<b>Tobacco/ Alcohol Compliance</b>	<b>BJA Grant</b>	<b>NSP Grant</b>	<b>Accommodation Tax</b>	<b>DOJ Grant</b>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ 44,835	\$ 878,568	\$ 371,353	\$ 229,931
Charges for services	-	-	-	-	-
Investment earnings	11	-	-	23	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>11</u>	<u>44,835</u>	<u>878,568</u>	<u>371,376</u>	<u>229,931</u>
<b>Expenditures</b>					
Current					
General government	1,540	-	-	-	-
Public safety	-	23,827	-	-	28,118
Culture and recreation	-	-	-	324,502	-
Community development	-	-	878,568	-	-
Capital outlay	-	21,008	-	-	201,813
Total expenditures	<u>1,540</u>	<u>44,835</u>	<u>878,568</u>	<u>324,502</u>	<u>229,931</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,529)</u>	<u>-</u>	<u>-</u>	<u>46,874</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in (out)	-	-	-	-	-
<b>Total financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,529)	-	-	46,874	-
Fund balances at beginning of year	<u>8,113</u>	<u>-</u>	<u>-</u>	<u>5,089</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,963</u>	<u>\$ -</u>

**Special Revenue Funds**

<b>Leisure Service Registration</b>	<b>Animal Shelter Development</b>	<b>Employee Assistance</b>	<b>Public Safety Grants</b>	<b>Boys &amp; Girls Club</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 14,794	\$ -	\$ 2,381,787
95,925	-	-	-	-	324,881
30	2,559	4	5	7	7,445
-	230,688	19,628	-	-	489,872
<u>95,955</u>	<u>233,247</u>	<u>19,632</u>	<u>14,799</u>	<u>7</u>	<u>3,203,985</u>
-	-	18,903	-	-	202,577
-	-	-	16,361	-	163,382
95,924	119,520	-	-	4,574	628,355
-	-	-	-	-	1,697,060
-	13,280	-	-	-	393,014
<u>95,924</u>	<u>132,800</u>	<u>18,903</u>	<u>16,361</u>	<u>4,574</u>	<u>3,084,388</u>
<u>31</u>	<u>100,447</u>	<u>729</u>	<u>(1,562)</u>	<u>(4,567)</u>	<u>119,597</u>
-	250,000	-	-	-	131,560
-	250,000	-	-	-	131,560
31	350,447	729	(1,562)	(4,567)	251,157
<u>2,067</u>	<u>276,144</u>	<u>2,670</u>	<u>10,480</u>	<u>4,567</u>	<u>1,639,537</u>
<u>\$ 2,098</u>	<u>\$ 626,591</u>	<u>\$ 3,399</u>	<u>\$ 8,918</u>	<u>\$ -</u>	<u>\$ 1,890,694</u>

**INTENTIONALLY LEFT BLANK**

## **ENTERPRISE FUND**

To account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public.

Water and sewer fund – This fund is used to account for transactions relating to the operations of the City water and sewer system.

Stormwater utility fund - This fund is used to account for transactions relating to the operations of the stormwater system.

**INTENTIONALLY LEFT BLANK**



**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**BUDGET AND ACTUAL**  
**PROPRIETARY FUNDS – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Current use charge	\$ 27,710,000	\$ 26,894,000	\$ 27,233,504	\$ 339,504
Miscellaneous	756,000	1,187,000	1,357,636	170,636
Water and sewer tap fees	420,000	377,500	382,689	5,189
Total operating revenues	<u>28,886,000</u>	<u>28,458,500</u>	<u>28,973,829</u>	<u>515,329</u>
<b>OPERATING EXPENSES</b>				
Personnel	4,082,690	3,901,410	3,876,188	(25,222)
Employee benefits	1,487,530	1,372,820	1,333,875	(38,945)
Purchased services	4,388,040	4,424,600	3,993,127	(431,473)
Supplies and materials	1,402,500	1,450,150	1,538,127	87,977
Other operating expenses	1,518,400	1,490,700	1,345,860	(144,840)
Depreciation and amortization	4,600,000	4,600,000	4,555,289	(44,711)
Total operating expenses	<u>17,479,160</u>	<u>17,239,680</u>	<u>16,642,466</u>	<u>(597,214)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>11,406,840</u>	<u>11,218,820</u>	<u>12,331,363</u>	<u>1,112,543</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	200,000	226,000	225,539	(461)
Gain on disposal of assets	-	-	15,384	15,384
Interest expense	(2,670,000)	(2,670,000)	(2,639,931)	30,069
Total non-operating revenue (expenses)	<u>(2,470,000)</u>	<u>(2,444,000)</u>	<u>(2,399,008)</u>	<u>44,992</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	8,936,840	8,774,820	9,932,355	1,157,535
<b>CAPITAL CONTRIBUTIONS</b>	-	-	574,568	574,568
<b>INCOME BEFORE TRANSFER</b>	8,936,840	8,774,820	10,506,923	1,732,103
<b>TRANSFERS</b>				
Transfers out	(8,936,840)	(8,774,820)	(1,909,940)	6,864,880
<b>CHANGE IN NET ASSETS</b>	-	-	8,596,983	8,596,983
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>81,266,813</u>	<u>81,266,813</u>	<u>81,266,813</u>	<u>-</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 81,266,813</u>	<u>\$ 81,266,813</u>	<u>\$ 89,863,796</u>	<u>\$ 8,596,983</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**BUDGET AND ACTUAL**  
**PROPRIETARY FUNDS – STORMWATER UTILITY FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Stormwater service fees	\$ 1,228,000	\$1,227,000	\$ 1,234,003	\$ 7,003
Miscellaneous	7,750	5,000	137,870	132,870
Total operating revenues	<u>1,235,750</u>	<u>1,232,000</u>	<u>1,371,873</u>	<u>139,873</u>
 <b>OPERATING EXPENSES</b>				
Personnel	344,780	332,830	330,848	(1,982)
Employee benefits	128,960	119,480	115,232	(4,248)
Purchased services	114,200	102,400	147,497	45,097
Supplies and materials	15,000	27,400	75,405	48,005
Other operating expenses	64,430	59,900	24,599	(35,301)
Depreciation and amortization	211,320	231,180	325,629	94,449
Total operating expenses	<u>878,690</u>	<u>873,190</u>	<u>1,019,210</u>	<u>146,020</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>357,060</u>	<u>358,810</u>	<u>352,663</u>	<u>(6,147)</u>
 <b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment earnings	2,000	250	6,216	5,966
Interest expense	(145,000)	(145,000)	(140,609)	4,391
Total non-operating revenue (expenses)	<u>(143,000)</u>	<u>(144,750)</u>	<u>(134,393)</u>	<u>10,357</u>
 <b>INCOME (LOSS) BEFORE TRANSFERS</b>	214,060	214,060	218,270	4,210
 <b>TRANSFERS</b>				
Transfers out	<u>(214,060)</u>	<u>(214,060)</u>	<u>(214,060)</u>	<u>-</u>
 <b>CHANGE IN NET ASSETS</b>	-	-	4,210	4,210
<b>TOTAL NET ASSETS - BEGINNING</b>	<u>2,683,867</u>	<u>2,683,867</u>	<u>2,683,867</u>	<u>-</u>
 <b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 2,683,867</u>	<u>\$2,683,867</u>	<u>\$ 2,688,077</u>	<u>\$ 4,210</u>

## **AGENCY FUNDS**

To account for assets held as an agent for individuals and other governments.

Keep Florence Beautiful – This fund is used to account for funds used by the Keep Florence Beautiful committee to support community-wide litter cleanup, beautification, and recycling efforts.

Human Relations Council – This fund is used to account for funds received on behalf of the Human Relations Council to promote cooperative human interaction and communication endeavors.

Florence County Municipal Association – This fund is used to account for funds received from participating municipalities to support local legislative initiatives and issues.

Court Escrow – This fund is used to account for criminal and traffic fines being held on open court cases.

Narcotics Holding Fund – This fund is used to account for drug related funds seized inside the city on open court cases.

**CITY OF FLORENCE, SOUTH CAROLINA  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2010**

	<u>Keep Florence Beautiful</u>	<u>Human Relations Council</u>	<u>Florence Co. Munic. Assoc.</u>	<u>Court Escrow</u>	<u>Narcotics Holding Fund</u>	<u>Totals</u>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 48,850	\$ 177,290	\$ 226,140
Investments	-	-	-	-	59,599	59,599
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,850</u>	<u>\$ 236,889</u>	<u>\$ 285,739</u>
<b>Liabilities</b>						
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,850</u>	<u>\$ 236,889</u>	<u>\$ 285,739</u>
<b>Total liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,850</u>	<u>\$ 236,889</u>	<u>\$ 285,739</u>

**CITY OF FLORENCE, SOUTH CAROLINA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<u>Balance at June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>
<b><u>Keep Florence Beautiful</u></b>				
Assets				
Cash and cash equivalents	\$ 4,173	\$ 1,158	\$ 5,331	\$ -
Liabilities				
Due to others	\$ 4,173	\$ 1,158	\$ 5,331	\$ -
<b><u>Human Relations Council</u></b>				
Assets				
Cash and cash equivalents	\$ 1,954	\$ 1	\$ 1,955	\$ -
Liabilities				
Due to others	\$ 1,954	\$ 1	\$ 1,955	\$ -
<b><u>Florence Co. Munic. Assoc.</u></b>				
Assets				
Cash and cash equivalents	\$ 3,003	\$ -	\$ 3,003	\$ -
Liabilities				
Due to others	\$ 3,003	\$ -	\$ 3,003	\$ -
<b><u>Court Escrow</u></b>				
Assets				
Cash and cash equivalents	\$ 46,967	\$ 48,690	\$ 46,807	\$ 48,850
Liabilities				
Due to others	\$ 46,967	\$ 48,690	\$ 46,807	\$ 48,850
<b><u>Narcotics Holding Fund</u></b>				
Assets				
Cash and cash equivalents	\$ 153,628	\$ 29,020	\$ 5,358	\$ 177,290
Investments	59,084	515	-	59,599
	<u>\$ 212,712</u>	<u>\$ 29,535</u>	<u>\$ 5,358</u>	<u>\$ 236,889</u>
Liabilities				
Due to others	\$ 212,712	\$ 29,535	\$ 5,358	\$ 236,889
<b><u>Total - All Agency Funds</u></b>				
Assets				
Cash and cash equivalents	\$ 209,725	\$ 78,869	\$ 62,454	\$ 226,140
Investments	59,084	515	-	59,599
<b>Total Assets</b>	<u>\$ 268,809</u>	<u>\$ 79,384</u>	<u>\$ 62,454</u>	<u>\$ 285,739</u>
Liabilities				
Due to others	\$ 268,809	\$ 79,384	\$ 62,454	\$ 285,739
<b>Total Liabilities</b>	<u>\$ 268,809</u>	<u>\$ 79,384</u>	<u>\$ 62,454</u>	<u>\$ 285,739</u>

**INTENTIONALLY LEFT BLANK**

## **SUPPLEMENTAL SCHEDULES**

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>Property taxes</b>				
Current	\$ 2,745,000	\$ 3,040,500	\$ 3,042,748	\$ 2,248
Local option sales tax	5,835,000	5,515,000	5,517,527	2,527
Penalties	4,000	4,500	4,826	326
Payments in lieu of taxes	60,000	100,000	100,067	67
Delinquent taxes	75,000	102,000	101,208	(792)
<b>Total Property Taxes</b>	<b>8,719,000</b>	<b>8,762,000</b>	<b>8,766,376</b>	<b>4,376</b>
<b>Licenses and fees</b>				
Business and professional license	7,000,000	6,715,000	6,717,740	2,740
Franchise fees	3,575,000	3,590,000	3,496,188	(93,812)
Prior year business license	205,000	265,000	266,518	1,518
<b>Total Licenses and Fees</b>	<b>10,780,000</b>	<b>10,570,000</b>	<b>10,480,446</b>	<b>(89,554)</b>
<b>Intergovernmental</b>				
State shared revenue	850,000	780,000	790,254	10,254
Governmental reimbursements	200,000	195,000	196,170	1,170
Community development	84,900	67,400	67,485	85
Grants	604,000	750,000	749,457	(543)
Marketing and promotion	90,000	90,000	90,000	-
<b>Total Intergovernmental</b>	<b>1,828,900</b>	<b>1,882,400</b>	<b>1,893,366</b>	<b>10,966</b>
<b>Charges for services</b>				
Refuse - landfill fee	1,250,000	1,295,000	1,295,022	22
Refuse - collection fee	307,000	311,000	311,670	670
Planning and zoning fees	25,000	31,000	31,190	190
Recreation fees	263,000	248,500	249,070	570
<b>Total Charges for Services</b>	<b>1,845,000</b>	<b>1,885,500</b>	<b>1,886,952</b>	<b>1,452</b>
<b>Fines and Forfeitures</b>				
Criminal fines	180,000	169,000	169,298	298
Traffic fines	610,000	602,000	602,192	192
Parking violations fines	13,000	10,500	10,765	265
Animal control fines	2,100	2,000	2,125	125
<b>Total Fines and Forfeitures</b>	<b>805,100</b>	<b>783,500</b>	<b>784,380</b>	<b>880</b>
<b>Miscellaneous</b>				
Investment income	150,000	20,000	27,940	7,940
Miscellaneous	150,000	215,000	213,093	(1,907)
Concessions	128,000	74,000	74,416	416
<b>Total Miscellaneous</b>	<b>428,000</b>	<b>309,000</b>	<b>315,449</b>	<b>6,449</b>
<b>TOTAL REVENUES</b>	<b>24,406,000</b>	<b>24,192,400</b>	<b>24,126,969</b>	<b>(65,431)</b>



**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>General government</b>				
<b>City Council</b>				
Salary and wages	\$ 99,220	\$ 99,880	\$ 99,025	\$ 855
Retirement	9,300	9,380	9,298	82
Health insurance	35,890	34,050	33,955	95
Workers' compensation	11,480	10,880	8,392	2,488
Social security	7,580	7,210	6,677	533
Printing and supplies	6,000	6,500	6,332	168
Postage	150	100	10	90
Membership and dues	20,000	17,500	16,968	532
Travel and conferences	30,000	20,000	11,191	8,809
Telephone expense	100	100	-	100
Telephone related services	1,500	2,500	2,106	394
Professional services	28,000	24,000	22,099	1,901
Special departmental supplies	6,000	6,000	5,928	72
<b>Total City Council</b>	<u>255,220</u>	<u>238,100</u>	<u>221,981</u>	<u>16,119</u>
<b>Legal Services</b>				
Salary and wages	55,090	55,610	55,142	468
Retirement	5,170	5,180	5,155	25
Health insurance	5,270	5,090	5,086	4
Workers' compensation	700	700	497	203
Social security	4,210	4,030	3,802	228
Printing and supplies	1,600	1,600	1,505	95
Postage	250	350	270	80
Membership and dues	800	250	25	225
Travel and conferences	100	800	751	49
Telephone expense	150	400	311	89
Telephone related services	300	450	213	237
Employee training	1,600	950	-	950
Professional services	90,000	88,500	86,724	1,776
Special departmental supplies	700	700	259	441
<b>Total Legal Services</b>	<u>165,940</u>	<u>164,610</u>	<u>159,740</u>	<u>4,870</u>
<b>Justice and Law</b>				
Salary and wages	294,400	332,880	318,170	14,710
Retirement	27,640	30,660	30,420	240
Health insurance	31,290	34,910	34,711	199
Workers' compensation	11,480	9,480	8,392	1,088
Social security	22,520	26,080	25,488	592
Printing and supplies	8,000	9,000	8,940	60
Postage	2,500	3,750	3,280	470
Membership and dues	200	200	90	110

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>General government (Continued)</b>				
<b>Justice and Law (Continued)</b>				
Travel and conferences	\$ 3,000	\$ 2,500	\$ 2,479	\$ 21
Auto operating expenses	6,000	5,000	4,878	122
Telephone expense	1,000	1,000	849	151
Telephone related services	600	1,700	1,591	109
Maintenance and service contracts	5,000	5,500	5,226	274
Machine and equipment repairs	500	250	125	125
Employee training	2,000	2,300	2,176	124
Professional services	8,000	11,000	10,472	528
Special departmental supplies	5,000	13,100	7,217	5,883
<b>Total Justice and Law</b>	<u>429,130</u>	<u>489,310</u>	<u>464,504</u>	<u>24,806</u>
<b>City Manager</b>				
Salary and wages	336,130	334,650	332,744	1,906
Retirement	31,560	31,930	31,788	142
Health insurance	32,170	33,190	32,789	401
Workers' compensation	8,240	6,240	6,030	210
Social security	25,710	23,410	23,122	288
Printing and supplies	4,200	5,200	4,944	256
Postage	2,000	1,500	791	709
Membership and dues	3,800	4,300	4,128	172
Travel and conferences	6,500	6,500	6,411	89
Car allowance	7,200	7,200	7,200	-
Auto operating expenses	600	300	15	285
Telephone expense	2,500	2,550	2,428	122
Telephone related services	2,500	2,250	2,137	113
Maintenance and service contracts	500	950	834	116
Employee training	1,200	1,000	634	366
Professional services	3,000	1,000	464	536
Special departmental supplies	3,500	2,000	1,019	981
Gas and oil	1,500	1,000	930	70
<b>Total City Manager</b>	<u>472,810</u>	<u>465,170</u>	<u>458,408</u>	<u>6,762</u>
<b>Finance</b>				
Salary and wages	476,740	492,470	490,143	2,327
Retirement	44,770	44,550	44,310	240
Health insurance	52,320	50,780	50,670	110
Workers' compensation	18,100	14,100	13,241	859
Social security	36,470	34,960	34,416	544
Printing and supplies	4,500	2,900	2,472	428
Postage	9,000	10,000	9,569	431

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>General government (Continued)</b>				
<b>Finance (Continued)</b>				
Membership and dues	\$ 1,700	\$ 1,700	\$ 1,470	\$ 230
Travel and conferences	2,800	2,800	2,302	498
Auto operating expenses	300	200	127	73
Telephone expense	3,500	3,200	3,102	98
Telephone related services	3,200	2,000	1,979	21
Maintenance and service contracts	6,850	8,000	8,013	(13)
Machine and equipment repairs	100	100	65	35
Public notices	1,200	1,300	1,057	243
Employee training	2,500	2,500	2,436	64
Professional services	500	700	535	165
Special departmental supplies	76,000	75,000	74,908	92
Gas and oil	450	300	241	59
<b>Total Finance</b>	<u>741,000</u>	<u>747,560</u>	<u>741,056</u>	<u>6,504</u>
<b>Personnel</b>				
Salary and wages	264,140	264,190	263,756	434
Retirement	24,800	24,750	24,655	95
Health insurance	31,280	30,190	30,182	8
Workers' compensation	9,860	7,860	7,211	649
Social security	20,210	19,590	18,920	670
Printing and supplies	12,000	16,500	15,986	514
Postage	1,450	1,800	1,761	39
Membership and dues	1,400	800	535	265
Travel and conferences	2,000	1,850	1,794	56
Auto operating expenses	700	200	34	166
Telephone expense	1,000	1,000	931	69
Telephone related services	2,000	1,500	1,295	205
Maintenance and service contracts	3,500	3,500	3,149	351
Machine and equipment repairs	200	-	-	-
Public notices	11,000	2,200	1,066	1,134
Employee training	2,000	-	-	-
Professional services	20,000	35,000	33,856	1,144
Medical expenses	53,000	30,000	29,584	416
Special departmental supplies	7,000	4,700	4,619	81
Gas and oil	800	350	59	291
<b>Total Personnel</b>	<u>468,340</u>	<u>445,980</u>	<u>439,393</u>	<u>6,587</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>General government (Continued)</b>				
<b>Community Service</b>				
Salary and wages	\$ 309,050	\$ 293,790	\$ 293,194	\$ 596
Retirement	29,020	27,720	27,617	103
Health insurance	41,770	38,320	38,122	198
Workers' compensation	13,180	9,980	9,635	345
Social security	23,640	22,480	22,281	199
Printing and supplies	6,000	2,500	2,689	(189)
Postage	1,200	1,200	1,177	23
Membership and dues	1,000	1,000	410	590
Travel and conferences	2,700	2,700	2,110	590
Auto operating expenses	1,200	2,000	1,945	55
Telephone expense	1,200	1,400	1,292	108
Telephone related services	2,700	3,000	2,883	117
Radio maintenance	500	500	-	500
Maintenance and service contracts	2,200	2,800	2,518	282
Uniform and clothing	1,500	500	-	500
Employee training	2,000	1,000	375	625
Professional services	9,000	5,100	5,012	88
Special departmental supplies	5,400	6,100	5,971	129
Gas and oil	9,500	7,500	6,653	847
Capital outlay	-	22,100	22,054	46
<b>Total Community Service</b>	<b>462,760</b>	<b>451,690</b>	<b>445,938</b>	<b>5,752</b>
<b>Urban Planning &amp; Development</b>				
Salary and wages	388,160	316,000	315,782	218
Retirement	36,450	31,590	29,843	1,747
Health insurance	41,940	35,040	33,418	1,622
Workers' compensation	13,180	13,180	9,635	3,545
Social security	29,690	25,470	23,770	1,700
Printing and supplies	10,000	6,500	4,888	1,612
Postage	4,600	4,600	1,350	3,250
Membership and dues	2,800	2,800	670	2,130
Travel and conferences	5,000	3,500	2,094	1,406
Auto operating expenses	900	500	164	336
Electricity	9,000	9,000	8,348	652
Telephone expense	1,000	1,000	715	285
Telephone related services	2,600	2,000	1,780	220
Maintenance and service contracts	11,000	13,500	13,748	(248)
Maintenance and equipment repairs	1,000	1,000	40	960
Building maintenance	8,000	8,100	2,445	5,655
Public notices	9,000	7,000	3,976	3,024

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CONTINUED  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>General government (Continued)</b>				
<b>Urban Planning &amp; Development (Continued)</b>				
Rent payments	\$ 17,100	\$ 17,100	\$ 16,826	\$ 274
Employee training	3,000	3,000	2,872	128
Professional services	10,000	225,000	223,788	1,212
Special departmental supplies	4,000	1,720	2,476	(756)
Gas and oil	4,000	2,500	1,741	759
Water usage	1,200	1,200	926	274
Capital outlay	-	1,500	-	1,500
<b>Total Urban Planning &amp; Development</b>	<u>613,620</u>	<u>732,800</u>	<u>701,295</u>	<u>31,505</u>
<b>Total General Government</b>	<u>3,608,820</u>	<u>3,735,220</u>	<u>3,632,315</u>	<u>102,905</u>
<b>Public Safety</b>				
<b>Police</b>				
Salary and wages	5,479,170	5,400,000	5,395,002	4,998
Retirement	597,630	582,000	580,094	1,906
Health insurance	730,900	632,000	630,228	1,772
Workers' compensation	266,300	195,000	194,758	242
Social security	419,160	399,500	397,812	1,688
Printing and supplies	10,000	9,100	8,699	401
Postage	3,500	3,200	2,622	578
Membership and dues	8,000	5,000	4,825	175
Travel and conferences	7,500	7,767	7,767	-
Auto operating expenses	90,000	81,500	80,984	516
Electricity	15,000	17,900	17,294	606
Telephone expense	10,000	9,000	8,444	556
Telephone related services	28,000	34,663	34,071	592
Radio maintenance	9,000	4,170	3,850	320
Maintenance service contracts	23,000	32,000	31,901	99
Machine and equipment repairs	9,500	7,500	7,392	108
Building and maintenance	3,500	2,800	2,799	1
Uniform and clothing	58,000	45,000	44,331	669
Prisoner housing	210,000	334,500	332,156	2,344
Rent payments	27,000	27,000	27,000	-
Employee training	27,000	7,200	6,908	292
Professional services	15,000	12,250	11,982	268
Pal expenses	10,000	7,600	7,532	68
Medical expenses	250	-	-	-
Rewards	250	-	-	-
Special departmental supplies	55,000	88,000	93,594	(5,594)

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Safety (Continued)</b>				
<b>Police (Continued)</b>				
Gas and oil	\$ 320,000	\$ 255,000	\$ 255,111	\$ (111)
Water usage	2,500	2,800	2,684	116
Grant expenditures	7,000	4,800	4,763	37
Capital outlay	421,500	108,000	100,293	7,707
<b>Total Police</b>	<b>8,863,660</b>	<b>8,315,250</b>	<b>8,294,896</b>	<b>20,354</b>
<b>Fire</b>				
Salary and wages	2,896,840	2,778,540	2,736,875	41,665
Retirement	319,100	319,160	300,861	18,299
Health insurance	368,010	354,130	351,362	2,768
Workers' compensation	118,400	118,400	86,593	31,807
Social security	221,610	218,580	202,772	15,808
Printing and supplies	3,000	1,700	1,066	634
Postage	250	100	53	47
Membership and dues	900	900	489	411
Travel and conferences	2,500	950	942	8
Auto operating expenses	42,000	36,500	34,961	1,539
Electricity	36,000	39,000	34,622	4,378
Telephone expense	11,000	14,000	13,726	274
Telephone related services	11,000	11,500	10,887	613
Heating fuel	27,000	25,000	22,475	2,525
Fire prevention	17,250	11,750	11,719	31
Radio maintenance	6,100	6,000	4,858	1,142
Maintenance service contracts	17,100	18,800	18,297	503
Machine and equipment repairs	9,000	6,000	2,439	3,561
Building and maintenance	14,000	22,500	21,835	665
Uniform and clothing	61,000	58,000	57,851	149
Employee training	20,000	15,500	15,014	486
Professional services	6,500	6,000	5,228	772
Special departmental supplies	36,000	47,500	52,475	(4,975)
Gas and oil	48,000	45,000	36,037	8,963
Water usage	12,000	12,000	11,550	450
Capital outlay	144,500	15,000	11,000	4,000
<b>Total Fire</b>	<b>4,449,060</b>	<b>4,182,510</b>	<b>4,045,987</b>	<b>136,523</b>
<b>Total Public Safety</b>	<b>13,312,720</b>	<b>12,497,760</b>	<b>12,340,883</b>	<b>156,877</b>

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CONTINUED  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Works</b>				
<b>Streets and Beautification</b>				
Salaries and wages	\$ 893,560	\$ 810,680	\$ 805,273	\$ 5,407
Retirement	83,910	75,910	74,903	1,007
Health insurance	155,870	131,440	131,043	397
Workers' compensation	49,300	39,300	36,055	3,245
Social security	68,360	61,090	59,817	1,273
Printing and supplies	200	20	173	(153)
Postage	100	100	14	86
Membership and dues	300	300	150	150
Travel and conferences	500	330	325	5
Auto operating expenses	18,000	30,000	29,720	280
Electricity	14,500	15,500	15,311	189
Telephone related services	1,000	1,000	813	187
Radio maintenance	1,500	1,000	252	748
Maintenance and service contracts	-	1,000	1,067	(67)
Machine and equipment repairs	31,000	32,000	31,306	694
Tree beautification	9,000	9,500	9,021	479
Sign shop supplies	10,000	1,000	9,405	(8,405)
Uniform and clothing	12,500	10,500	13,230	(2,730)
Chemicals	5,000	5,000	4,952	48
Paving materials and supplies	11,000	1,000	8,652	(7,652)
Employee training	500	(30)	(405)	375
Professional services	16,000	22,000	23,445	(1,445)
Special departmental supplies	23,000	17,200	16,783	417
Gas and oil	65,000	60,000	59,927	73
Water usage	11,000	8,000	7,804	196
Capital outlay	18,000	28,200	15,132	13,068
<b>Total Streets and Beautification</b>	<b>1,499,100</b>	<b>1,362,040</b>	<b>1,354,168</b>	<b>7,872</b>
<b>Sanitation</b>				
Salary and wages	795,110	784,350	774,390	9,960
Retirement	74,660	74,140	72,479	1,661
Health insurance	140,480	134,370	133,754	616
Workers' compensation	44,370	33,170	32,449	721
Social security	60,830	58,920	57,731	1,189
Printing and supplies	100	350	232	118
Postage	100	50	30	20
Membership and dues	100	-	-	-
Travel and conferences	100	-	-	-
Auto operating expenses	75,000	91,000	90,632	368

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Public Works (Continued)</b>				
<b>Sanitation (Continued)</b>				
Telephone related services	\$ 250	\$ 350	\$ 200	\$ 150
Radio maintenance	2,500	2,000	754	1,246
Maintenance and service contracts	10,000	13,200	11,981	1,219
Machine and equipment repairs	90,000	75,000	69,041	5,959
Landfill services	1,200,000	1,242,000	1,240,359	1,641
Uniform and clothing	11,000	11,500	13,870	(2,370)
Compost supplies	1,500	-	-	-
Public notices	6,500	7,000	7,247	(247)
Employee training	100	-	-	-
Professional services	300	300	280	20
Special departmental supplies	8,000	8,000	8,031	(31)
Gas and oil	248,000	234,000	183,129	50,871
Capital outlay	85,100	203,000	201,670	1,330
<b>Total Sanitation</b>	<u>2,854,100</u>	<u>2,972,700</u>	<u>2,898,259</u>	<u>74,441</u>
<b>Equipment Maintenance</b>				
Salary and wages	263,870	264,360	263,610	750
Retirement	24,780	24,740	24,633	107
Health insurance	36,540	35,350	35,250	100
Workers' compensation	11,480	8,980	8,392	588
Social security	20,190	19,900	19,464	436
Printing and supplies	100	150	132	18
Auto operating expenses	1,000	1,000	721	279
Telephone related services	100	100	91	9
Heating fuel	6,500	6,500	6,429	71
Radio maintenance	300	200	-	200
Maintenance and service contracts	3,500	3,550	2,028	1,522
Machine and equipment repairs	1,200	1,200	803	397
Uniform and clothing	3,500	4,150	4,996	(846)
Employee training	500	450	-	450
Special departmental supplies	5,500	4,700	8,562	(3,862)
Gas and oil	8,000	8,000	6,647	1,353
Capital outlay	-	8,000	-	8,000
<b>Total Equipment Maintenance</b>	<u>387,060</u>	<u>391,330</u>	<u>381,758</u>	<u>9,572</u>
<b>Total Public Works</b>	<u>4,740,260</u>	<u>4,726,070</u>	<u>4,634,185</u>	<u>91,885</u>



**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Culture and Recreation</b>				
<b>Parks and Leisure services</b>				
Salary and wages	\$ 899,300	\$ 845,700	\$ 840,212	\$ 5,488
Retirement	79,200	73,310	72,820	490
Health insurance	145,780	128,340	124,444	3,896
Workers' compensation	45,370	38,070	33,195	4,875
Social security	68,800	64,160	62,412	1,748
Printing and supplies	3,500	3,500	3,139	361
Postage	2,800	1,975	1,333	642
Membership and dues	1,100	970	850	120
Travel and conferences	1,400	100	25	75
Auto operating expenses	8,000	11,100	11,366	(266)
Electricity	75,000	79,100	78,749	351
Telephone expense	3,000	2,600	2,539	61
Telephone related services	1,000	2,500	2,498	2
Radio maintenance	1,000	500	174	326
Maintenance and service contracts	13,000	19,800	20,945	(1,145)
Machine and equipment repairs	8,000	12,300	12,070	230
Building maintenance	25,000	17,500	17,996	(496)
Tree beautification	3,000	13,000	9,679	3,321
Uniform and clothing	4,000	5,000	5,602	(602)
Food and supplies	4,000	5,300	5,209	91
Employee training	1,500	500	-	500
Professional services	19,000	26,000	25,326	674
Special departmental supplies	50,000	48,200	51,820	(3,620)
Gas and oil	32,000	32,000	31,492	508
Water usage	10,000	12,200	12,107	93
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	500	500	-	500
Grant expenditures	5,000	12,000	-	12,000
Capital outlay	40,000	80,250	-	80,250
<b>Total Parks and Leisure services</b>	<b>1,571,250</b>	<b>1,557,475</b>	<b>1,447,002</b>	<b>110,473</b>
<b>Athletic Programs</b>				
Salary and wages	501,700	401,250	397,669	3,581
Retirement	31,150	27,400	26,131	1,269
Health insurance	57,220	50,700	49,390	1,310
Workers' compensation	18,100	18,100	13,241	4,859
Social security	38,380	36,890	30,044	6,846
Printing and supplies	500	500	193	307
Postage	-	125	123	2

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - CONTINUED**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variances</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>  Culture and Recreation (Continued)</b>				
<b>    Athletic Programs (Continued)</b>				
Membership and dues	\$ 1,000	\$ 1,130	\$ 472	\$ 658
Travel and conferences	2,500	700	630	70
Auto operating expenses	2,000	700	1,007	(307)
Electricity	155,000	146,150	122,997	23,153
Telephone expense	2,000	1,500	1,186	314
Telephone related services	700	2,000	1,770	230
Maintenance and service contracts	13,000	12,000	11,048	952
Machine and equipment repairs	7,000	2,700	2,396	304
Building maintenance	11,000	9,500	8,768	732
Uniform and clothing	2,000	4,000	3,867	133
Food and supplies	84,000	50,000	48,796	1,204
Employee training	500	500	450	50
Professional services	15,000	20,000	20,904	(904)
Special departmental supplies	37,000	33,000	28,885	4,115
Gas and oil	9,000	9,000	6,609	2,391
Water usage	26,000	29,300	29,137	163
Marketing and promotion	52,000	54,600	52,519	2,081
Tournaments	2,000	2,000	1,548	452
Upgrade and painting	-	6,500	-	6,500
Capital outlay	15,000	16,000	14,580	1,420
<b>Total Athletic Programs</b>	<b>1,083,750</b>	<b>936,245</b>	<b>874,360</b>	<b>61,885</b>
<b>Total Culture and Recreation</b>	<b>2,655,000</b>	<b>2,493,720</b>	<b>2,321,362</b>	<b>172,358</b>
<b>Non-Departmental</b>				
Employee relations	26,000	22,500	21,743	757
Unemployment compensation	21,000	28,000	27,594	406
OPEB expense	480,500	491,700	491,700	-
Section 105 insurance expense	-	83,000	82,215	785
Property and liability insurance	310,000	344,000	343,384	616
Small claims	80,000	45,000	45,123	(123)
Employee W/C small claims	55,000	70,000	68,475	1,525
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	35,000	35,000	35,000	-
Florence Area Humane Society	50,000	50,000	50,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Lot clearing and demolition	-	128,000	126,975	1,025
City-County Complex operation	244,400	260,400	220,671	39,729
Contingency	248,000	257,730	178,981	78,749
Street lights	680,000	654,000	653,661	339

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CONTINUED  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
<b>Non-Departmental (Continued)</b>				
Brownsfields grant	\$ -	\$ 2,000	\$ 1,560	\$ 440
EPA grants	-	88,300	88,093	207
Lucas St. enhancement	-	8,100	7,671	429
Rail to trail project	-	17,800	265	17,535
Boards and commissions	300	300	300	-
Land grant match	-	12,900	-	12,900
IT Upgrade	-	22,000	5,463	16,537
IT Support Services	106,000	106,000	105,118	882
Levy Park improvements	-	-	59,479	(59,479)
Teen Center expense	200,000	200,000	15,000	185,000
Special projects	260,000	90,000	85,705	4,295
Fire Station #5/Ed Center	-	-	2,800	(2,800)
<b>Total Non-Departmental</b>	<u>2,826,200</u>	<u>3,046,730</u>	<u>2,746,976</u>	<u>299,754</u>
<b>Debt Service</b>				
Principal	87,000	450,000	442,003	7,997
Interest	-	114,000	114,200	(200)
<b>Total Debt Service</b>	<u>87,000</u>	<u>564,000</u>	<u>556,203</u>	<u>7,797</u>
<b>TOTAL EXPENDITURES</b>	<u>27,230,000</u>	<u>27,063,500</u>	<u>26,231,924</u>	<u>831,576</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,824,000)</u>	<u>(2,871,100)</u>	<u>(2,104,955)</u>	<u>766,145</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,824,000	2,758,585	2,812,440	53,855
Transfers out	-	(250,000)	(250,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,824,000</u>	<u>2,508,585</u>	<u>2,562,440</u>	<u>53,855</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	(362,515)	457,485	820,000
Fund balance at beginning of year	9,292,785	9,292,785	9,292,785	-
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 9,292,785</u>	<u>\$ 8,930,270</u>	<u>\$ 9,750,270</u>	<u>\$ 820,000</u>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Water service fees	\$ 14,570,000	\$ 13,907,000	\$ 14,154,199	\$ 247,199
Sewer service fees	12,915,000	12,755,000	13,009,716	254,716
Sewer surcharge	65,000	69,000	69,589	589
Cut on fees	160,000	163,000	163,132	132
Water tap fees	305,000	280,000	284,223	4,223
Sewer tap fees	115,000	97,500	98,466	966
Service charges	281,000	260,000	265,134	5,134
Late fees	360,000	416,000	418,462	2,462
Miscellaneous income	115,000	511,000	510,908	(92)
<b>Total Operating Revenues</b>	<b>28,886,000</b>	<b>28,458,500</b>	<b>28,973,829</b>	<b>515,329</b>
<b>Operating Expenses</b>				
<b>Engineering</b>				
Salary and wages	552,260	558,950	557,287	1,663
Retirement	51,860	51,980	51,766	214
Health insurance	52,410	49,450	49,436	14
Workers' compensation	14,790	11,290	10,816	474
Social security	42,250	40,460	39,825	635
Printing and supplies	2,000	300	2,904	(2,604)
Postage	200	200	109	91
Membership and dues	450	450	375	75
Auto operating expenses	2,500	1,000	1,251	(251)
Electricity	25,000	26,000	25,688	312
Travel and conferences	1,000	600	597	3
Telephone expense	2,500	9,600	9,357	243
Telephone related services	3,200	3,200	3,131	69
Heating fuel	5,500	6,500	6,331	169
Radio maintenance	100	100	-	100
Maintenance and service contracts	6,300	53,000	54,572	(1,572)
Building maintenance	6,500	7,500	7,390	110
Uniforms and Clothing	3,000	3,000	3,558	(558)
Public notices	200	200	-	200
Employees training	3,500	2,000	1,034	966
Professional services	50,000	66,300	61,279	5,021
Special departmental supplies	9,000	11,000	10,333	667
Gas and oil	10,000	7,000	6,130	870
Water usage	10,000	9,000	8,077	923
<b>Total Engineering</b>	<b>854,520</b>	<b>919,080</b>	<b>911,246</b>	<b>7,834</b>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Expenses (Continued)</b>				
<b>Utility Finance</b>				
Salary and wages	\$ 413,840	\$ 413,350	\$ 411,328	\$ 2,022
Retirement	38,860	38,550	38,525	25
Health insurance	67,750	65,370	64,984	386
Workers' compensation	21,340	16,340	15,603	737
Social security	31,660	30,990	30,552	438
Printing and supplies	1,500	1,500	1,389	111
Postage	5,000	5,000	4,395	605
Membership and dues	100	100	80	20
Travel and conferences	1,500	2,000	1,812	188
Auto operating expenses	100	100	48	52
Electricity	16,500	11,000	10,765	235
Telephone expense	3,000	2,100	2,007	93
Telephone related services	1,000	1,000	955	45
Maintenance and service contracts	16,000	30,000	30,456	(456)
Building maintenance	1,500	1,500	903	597
Rent payments	17,000	17,000	16,826	174
Employee training	1,000	500	-	500
Professional services	175,000	160,000	158,628	1,372
Special departmental supplies	20,000	24,500	28,042	(3,542)
Gas and oil	200	200	103	97
Water usage	1,500	1,500	1,390	110
Building and fixed equipment	-	30,000	-	30,000
Office machines	-	3,500	-	3,500
Other equipment	-	14,000	-	14,000
<b>Total Utility Finance</b>	<b>834,350</b>	<b>870,100</b>	<b>818,791</b>	<b>51,309</b>
<b>Wastewater Treatment</b>				
Salary and wages	1,125,340	1,025,290	1,019,051	6,239
Retirement	105,670	97,890	95,125	2,765
Health insurance	156,520	137,930	134,801	3,129
Workers' compensation	49,300	38,000	36,055	1,945
Social security	86,090	78,180	74,704	3,476
Printing and supplies	1,400	900	589	311
Postage	950	1,580	1,450	130
Membership and dues	7,800	1,000	70	930
Travel and conferences	500	600	598	2
Auto operating expenses	12,000	14,600	14,881	(281)
Electricity	1,040,000	901,700	859,930	41,770
Telephone expense	1,100	1,740	1,642	98
Telephone related services	4,000	5,850	5,850	-
Heating fuel	150	-	-	-

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Expenses (Continued)</b>				
<b>Wastewater Treatment (Continued)</b>				
Radio maintenance	\$ 500	\$ 2,600	\$ 1,532	\$ 1,068
Maintenance and service contracts	300	1,760	1,793	(33)
Machine and equipment repairs	278,000	312,390	301,187	11,203
Building maintenance	1,000	1,000	424	576
Landfill services	315,000	350,100	350,055	45
Uniforms and clothing	10,700	10,700	11,912	(1,212)
Compost supplies	15,000	-	-	-
Chemicals	65,000	93,500	89,820	3,680
Lab supplies	14,000	14,300	14,506	(206)
Public notices	500	-	-	-
Employee training	2,000	3,440	2,820	620
Professional services	28,000	30,000	30,020	(20)
Special departmental supplies	50,000	54,400	63,467	(9,067)
Gas and oil	60,000	59,500	59,463	37
Water and usage	35,000	32,000	29,674	2,326
Upgrade and painting	140,000	140,000	-	140,000
<b>Total Wastewater Treatment</b>	<b>3,605,820</b>	<b>3,410,950</b>	<b>3,201,419</b>	<b>209,531</b>
<b>Water Production - Surface Water</b>				
Salary and wages	311,000	312,360	309,626	2,734
Retirement	29,200	29,180	28,936	244
Health insurance	41,770	40,300	40,297	3
Workers' compensation	18,100	16,500	13,241	3,259
Social security	23,790	23,650	23,007	643
Printing and supplies	1,600	1,200	926	274
Postage	200	120	92	28
Membership and dues	750	620	615	5
Travel and conferences	500	-	-	-
Auto operating expenses	2,000	3,430	3,188	242
Electricity	380,000	363,990	363,134	856
Telephone expense	2,500	4,050	3,829	221
Telephone related services	1,000	1,400	1,378	22
Heating fuel	22,000	23,100	22,867	233
Radio maintenance	500	-	-	-
Maintenance and service contracts	5,000	5,000	2,079	2,921
Machine and equipment repairs	43,500	60,500	53,604	6,896
Building maintenance	18,000	33,000	30,500	2,500
Uniforms and clothing	3,500	4,900	5,618	(718)
Chemicals	360,000	225,500	227,699	(2,199)
Lab supplies	37,000	47,000	46,816	184
Public notices	250	50	48	2
Employee training	1,000	1,000	560	440
Professional services	12,000	10,550	8,992	1,558
Special departmental supplies	54,000	56,000	55,640	360

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
<b>Operating Expenses (Continued)</b>				
<b>Water Production - Surface Water (Continued)</b>				
Gas and oil	\$ 6,000	\$ 4,350	\$ 4,315	\$ 35
Water and usage	1,400	2,000	1,411	589
Upgrade and painting	25,000	19,020	-	19,020
<b>Total Water Production - Surface Water</b>	<b>1,401,560</b>	<b>1,288,770</b>	<b>1,248,418</b>	<b>40,352</b>
<b>Water Production - Ground Water</b>				
Salary and wages	273,260	257,110	255,613	1,497
Retirement	25,660	23,860	23,820	40
Health insurance	41,660	38,080	38,079	1
Workers' compensation	13,180	10,180	9,635	545
Social security	20,900	19,140	18,699	441
Printing and supplies	200	150	91	59
Postage	100	160	140	20
Membership and dues	200	250	245	5
Auto operating expenses	4,000	3,500	3,928	(428)
Electricity	826,000	790,130	789,960	170
Telephone expense	7,000	9,530	9,344	186
Telephone related services	15,590	25,530	25,092	438
Heating fuel	150	320	234	86
Radio maintenance	500	330	-	330
Machine and equipment repairs	48,000	44,900	43,781	1,119
Building maintenance	3,000	3,000	2,064	936
Uniforms and clothing	3,300	3,300	3,936	(636)
Chemicals	132,000	159,300	153,921	5,379
Lab supplies	12,000	10,000	7,445	2,555
Employee training	1,000	1,000	635	365
Professional services	51,000	52,100	51,930	170
Well repairs	40,000	168,300	167,244	1,056
Special departmental supplies	84,000	84,000	83,768	232
Gas and oil	25,000	20,000	19,361	639
Water and usage	6,000	6,450	5,978	472
Upgrade and painting	65,000	78,460	-	78,460
<b>Total Water Production - Ground Water</b>	<b>1,698,700</b>	<b>1,809,080</b>	<b>1,714,943</b>	<b>94,137</b>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Expenses (Continued)</b>				
<b>Utility Operations</b>				
Salary and wages	\$ 957,750	\$ 921,040	\$ 916,093	\$ 4,947
Retirement	89,930	88,160	85,807	2,353
Health insurance	166,540	155,290	150,615	4,675
Workers' compensation	52,620	42,620	38,479	4,141
Social security	73,270	72,380	69,033	3,347
Printing and supplies	200	500	173	327
Postage	50	300	111	189
Membership and dues	400	400	210	190
Travel and conferences	500	500	-	500
Auto operating expenses	25,000	27,500	27,419	81
Electricity	11,500	11,500	8,653	2,847
Telephone expense	400	400	82	318
Telephone related services	1,850	3,800	3,683	117
Radio maintenance	700	700	206	494
Maintenance and service contracts	1,000	3,700	1,976	1,724
Machine and equipment repairs	10,000	25,000	14,965	10,035
Building maintenance	1,800	6,800	6,282	518
Traffic lights	-	200	115	85
Uniforms and clothing	15,000	15,400	18,690	(3,290)
Meters, parts and supplies	180,000	330,000	381,682	(51,682)
Pipe fittings and hydrants	240,000	222,000	235,583	(13,583)
Paving materials and supplies	8,000	9,500	8,931	569
Employee training	350	350	-	350
Professional services	9,200	9,200	14,939	(5,739)
Special departmental supplies	11,250	11,250	27,132	(15,882)
Gas and oil	117,000	95,000	80,465	14,535
Machines and equipment	-	41,300	-	41,300
Other equipment	192,000	-	-	-
<b>Total Utility Operations</b>	<b>2,166,310</b>	<b>2,094,790</b>	<b>2,091,324</b>	<b>3,466</b>
<b>Utility Construction</b>				
Salary and wages	449,240	413,310	407,190	6,120
Retirement	42,180	39,910	38,332	1,578
Health insurance	72,820	68,560	67,142	1,418
Workers' compensation	23,040	18,040	16,870	1,170
Social security	34,370	30,540	29,691	849
Postage	50	50	-	50
Printing and supplies	100	100	26	74
Membership and dues	200	200	150	50
Travel and conferences	200	200	-	200
Auto operating expenses	11,000	11,000	10,927	73



**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Expenses (Continued)</b>				
<b>Utility Construction (Continued)</b>				
Telephone expense	\$ 200	\$ 200	\$ 15	\$ 185
Telephone related services	300	300	69	231
Radio maintenance	500	500	110	390
Machine and equipment repairs	14,000	34,000	33,227	773
Uniforms and clothing	4,900	4,900	4,206	694
Pipe Fittings and hydrants	69,000	52,000	60,023	(8,023)
Paving materials and supplies	24,000	30,000	27,371	2,629
Employee training	150	150	-	150
Professional services	7,000	3,000	11,995	(8,995)
Special departmental supplies	11,250	11,250	9,850	1,400
Gas and oil	35,000	38,000	37,982	18
<b>Total Utility Construction</b>	<b>799,500</b>	<b>756,210</b>	<b>755,176</b>	<b>1,034</b>
<b>Non-Departmental</b>				
Depreciation	4,600,000	4,600,000	4,555,289	44,711
Bank charges	25,000	22,500	17,275	5,225
Employee relations	17,000	15,500	8,883	6,617
Unemployment compensation	2,000	11,000	10,239	761
Other post employment benefits	164,500	172,300	172,300	-
Section 105 insurance expense	26,500	26,500	26,092	408
Property and liability insurance	190,000	212,000	211,229	771
Small claims	21,000	23,000	21,058	1,942
Employee W/C small claims	15,000	22,500	19,603	2,897
City-County complex operation	244,400	260,400	220,671	39,729
Contingency	137,000	50,000	-	50,000
IT support services	106,000	106,000	104,543	1,457
IT upgrade	40,000	39,000	4,637	34,363
Special projects	530,000	530,000	529,330	670
<b>Total Non-Departmental</b>	<b>6,118,400</b>	<b>6,090,700</b>	<b>5,901,149</b>	<b>189,551</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>17,479,160</b>	<b>17,239,680</b>	<b>16,642,466</b>	<b>597,214</b>
<b>OPERATING INCOME</b>	<b>11,406,840</b>	<b>11,218,820</b>	<b>12,331,363</b>	<b>1,112,543</b>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – WATER AND SEWER FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	\$ 200,000	\$ 226,000	\$ 225,539	\$ (461)
Gain (loss) on disposal of assets	-	-	15,384	15,384
Interest expense	(2,670,000)	(2,670,000)	(2,639,931)	30,069
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,470,000)</b>	<b>(2,444,000)</b>	<b>(2,399,008)</b>	<b>44,992</b>
<b>INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>8,936,840</b>	<b>8,774,820</b>	<b>9,932,355</b>	<b>1,157,535</b>
Capital contributions	-	-	574,568	574,568
Transfers out	(8,936,840)	(8,774,820)	(1,909,940)	6,864,880
Change in net assets	-	-	8,596,983	8,596,983
Net assets at beginning of year	81,266,813	81,266,813	81,266,813	-
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 81,266,813</b>	<b>\$ 81,266,813</b>	<b>\$ 89,863,796</b>	<b>\$ 8,596,983</b>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL**  
**PROPRIETARY FUND – STORMWATER UTILITY FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Stormwater service fees	\$ 1,228,000	\$ 1,227,000	\$ 1,234,003	\$ 7,003
Miscellaneous income	7,750	5,000	137,870	132,870
<b>Total Operating Revenues</b>	<b>1,235,750</b>	<b>1,232,000</b>	<b>1,371,873</b>	<b>139,873</b>
<b>Operating Expenses</b>				
Salary and wages	344,780	332,830	330,848	1,982
Retirement	32,370	31,250	30,987	263
Health insurance	52,110	47,360	47,359	1
Workers' compensation	18,100	16,100	13,241	2,859
Social security	26,380	24,770	23,645	1,125
Printing and supplies	500	500	43	457
Membership and dues	1,000	500	420	80
Postage	200	200	15	185
Travel and conferences	500	500	130	370
Auto operating expenses	10,000	11,000	9,111	1,889
Electricity	4,000	4,000	3,287	713
Telephone expense	100	100	-	100
Telephone related services	200	800	552	248
Radio maintenance	500	500	55	445
Machine and equipment repairs	16,000	10,000	8,384	1,616
Uniforms and Clothing	5,000	4,500	4,220	280
Pipe fittings and hydrants	8,000	22,000	17,638	4,362
Employees training	1,200	1,200	703	497
Professional services	38,000	36,000	88,640	(52,640)
Special departmental supplies	6,500	4,900	57,724	(52,824)
Gas and oil	32,000	27,000	25,910	1,090
Depreciation	211,320	229,680	324,226	(94,546)
Bank charges	3,500	3,300	3,300	-
Employee relations	1,000	300	267	33
Unemployment compensation	200	200	100	100
Property and liability insurance	5,500	6,100	6,070	30
Other postretirement employee benefits	13,200	13,500	13,500	-
Section 105 insurance expense	-	8,500	7,432	1,068
Amortization of bond issue costs	-	1,500	1,403	97
Small claims	100	100	-	100
Contingency	46,430	34,000	-	34,000
<b>TOTAL OPERATING EXPENSES</b>	<b>878,690</b>	<b>873,190</b>	<b>1,019,210</b>	<b>(146,020)</b>
<b>OPERATING INCOME</b>	<b>357,060</b>	<b>358,810</b>	<b>352,663</b>	<b>(6,147)</b>

**CITY OF FLORENCE, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL (CONTINUED)**  
**PROPRIETARY FUND – STORMWATER UTILITY FUND**  
**YEAR ENDED JUNE 30, 2010**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variances With Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	\$ 2,000	\$ 250	\$ 6,216	\$ 5,966
Interest expense	(145,000)	(145,000)	(140,609)	4,391
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(143,000)</b>	<b>(144,750)</b>	<b>(134,393)</b>	<b>10,357</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>214,060</b>	<b>214,060</b>	<b>218,270</b>	<b>4,210</b>
Transfers out	(214,060)	(214,060)	(214,060)	-
Change in net assets	-	-	4,210	4,210
Net assets at beginning of year	2,683,867	2,683,867	2,683,867	-
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,683,867</b>	<b>\$ 2,683,867</b>	<b>\$ 2,688,077</b>	<b>\$ 4,210</b>

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES  
SPECIAL REVENUE FUND – VICTIM’S RIGHTS FUND  
YEAR ENDED JUNE 30, 2010**

---

Court fines	
Court fines collected	\$ (714,903)
Court fines retained by City	<u>714,903</u>
Court fines remitted to the State Treasurer	<u><u>\$ -</u></u>
Court Assessments, Surcharges and Pullout	
Court assessment collected	\$ 769,368
Court surcharges collected	251,872
Court pullout collected	22,395
Court assessments, surcharges and pullout retained by City	<u>(105,979)</u>
Court assessments, surcharges and pullout remitted to the State Treasurer	<u><u>\$ 937,656</u></u>
Victims Services	
Court assessments allocated to Victim's Services	\$ 85,642
Court surcharges allocated to Victim's Services	20,337
Investment income	<u>1,105</u>
Funds allocated to Victim's Services	107,084
Victim's Services expenditures	<u>(118,440)</u>
Funds provided (used) in current year	(11,356)
Funds available for carryforward from prior year	<u>152,909</u>
Funds available for carryforward at end of year	<u><u>\$ 141,553</u></u>

**INTENTIONALLY LEFT BLANK**

## STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	91
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	99
<u>Debt Capacity</u> 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.	103
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	108
<u>Operating Information</u> 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.	113

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

**INTENTIONALLY LEFT BLANK**



Table 01

**CITY OF FLORENCE, SOUTH CAROLINA  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS (1)  
(Accrual Basis of Accounting)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
Invested in capital assets, net of related debt		\$ 19,454,325	\$ 19,774,538	\$ 21,299,373	\$ 23,053,142	\$ 22,624,824	\$ 20,703,754	\$ 21,001,938	\$ 17,499,606	\$ 13,871,015
Restricted		-	-	-	-	-	167,439	20,000	30,000	30,000
Unrestricted		12,048,544	10,478,230	9,618,837	9,426,872	9,759,013	9,853,296	11,745,471	10,298,441	14,544,052
Total governmental activities net assets		\$ 31,502,869	\$ 30,252,768	\$ 30,918,210	\$ 32,480,014	\$ 32,383,837	\$ 30,724,489	\$ 32,767,409	\$ 27,828,047	\$ 28,445,067
Business-type activities										
Invested in capital assets, net of related debt	\$ 32,242,757	\$ 31,971,063	\$ 41,575,877	\$ 47,714,364	\$ 49,295,162	\$ 53,017,659	\$ 54,491,789	\$ 55,854,407	\$ 63,684,875	\$ 63,713,249
Restricted	-	-	-	-	-	-	280,988	-	2,473,850	5,075,799
Unrestricted	26,293,121	17,083,030	12,570,127	13,654,173	14,553,098	13,696,663	16,365,953	22,494,732	17,791,955	23,762,825
Total business-type activities net assets	\$ 58,535,878	\$ 49,054,093	\$ 54,146,004	\$ 61,368,537	\$ 63,848,260	\$ 66,714,322	\$ 71,138,730	\$ 78,349,139	\$ 83,950,680	\$ 92,551,873
Primary government totals										
Invested in capital assets, net of related debt	\$ 32,242,757	\$ 51,425,388	\$ 61,350,415	\$ 69,013,737	\$ 72,348,304	\$ 75,642,483	\$ 75,195,543	\$ 76,856,345	\$ 81,184,481	\$ 77,584,264
Restricted	-	-	-	-	-	-	448,427	20,000	2,503,850	5,105,799
Unrestricted	26,293,121	29,131,574	23,048,357	23,273,010	23,979,970	23,455,676	26,219,249	34,240,203	28,090,396	38,306,877
Total primary government net assets	\$ 58,535,878	\$ 80,556,962	\$ 84,398,772	\$ 92,286,747	\$ 96,328,274	\$ 99,098,159	\$ 101,863,219	\$ 111,116,548	\$ 111,778,727	\$ 120,996,940

(1) Governmental activities information is available in accrual basis since 2002 with the implementation of GASB Statement 34. GASB 34 was implemented with the CAFR dated June 30, 2003.

Table 02

**CITY OF FLORENCE, SOUTH CAROLINA  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS (1)  
(Accrual Basis of Accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 6,191,940	\$ 5,882,028	\$ 5,502,778	\$ 6,008,887	\$ 5,988,907	\$ 7,903,075	\$ 8,068,970	\$ 7,307,747
Public safety	10,100,303	10,467,776	10,982,959	11,683,483	12,365,574	12,733,887	13,323,884	13,409,835
Public works	4,328,155	4,107,632	4,191,109	4,449,471	4,451,755	4,579,662	4,933,597	5,172,572
Culture and recreation	1,343,332	1,919,012	3,029,951	3,282,275	7,588,055	4,407,663	6,765,323	4,318,364
Community development	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,697,060
Interest on debt	1,264	27,823	2,083	21,608	165,107	147,403	273,148	365,197
Total governmental activities expenses	<u>22,706,411</u>	<u>23,164,176</u>	<u>24,740,795</u>	<u>25,809,353</u>	<u>31,036,466</u>	<u>29,987,786</u>	<u>33,693,129</u>	<u>32,270,775</u>
Business-type activities:								
Water & Sewer	15,435,783	16,141,725	17,277,622	17,786,812	17,674,784	18,350,029	20,480,653	19,267,013
Stormwater	643,199	634,494	655,871	877,543	1,050,567	1,074,366	1,070,200	1,159,819
Total business-type activities expenses	<u>16,078,982</u>	<u>16,776,219</u>	<u>17,933,493</u>	<u>18,664,355</u>	<u>18,725,351</u>	<u>19,424,395</u>	<u>21,550,853</u>	<u>20,426,832</u>
Total primary government expenses	<u><u>38,785,393</u></u>	<u><u>39,940,395</u></u>	<u><u>42,674,288</u></u>	<u><u>44,473,708</u></u>	<u><u>49,761,817</u></u>	<u><u>49,412,181</u></u>	<u><u>55,243,982</u></u>	<u><u>52,697,607</u></u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services	10,006,919	10,409,331	10,406,096	10,577,623	11,305,059	13,490,219	13,759,832	14,532,169
Operating grants and contributions	1,827,960	1,270,774	1,906,380	1,182,273	2,655,129	2,761,350	1,552,503	3,313,840
Capital grants and contributions	-	500,000	1,294,186	564,662	723,680	697,194	736,431	285,763
Total governmental activities program revenues	<u>11,834,879</u>	<u>12,180,105</u>	<u>13,606,662</u>	<u>12,324,558</u>	<u>14,683,868</u>	<u>16,948,763</u>	<u>16,048,766</u>	<u>18,131,772</u>
Business-type activities:								
Charges for services:								
Water & Sewer	19,146,982	19,614,845	20,530,495	21,416,515	22,679,541	26,030,858	25,476,228	27,616,193
Stormwater	1,058,348	1,046,266	1,066,694	1,090,893	1,124,063	1,213,130	1,219,444	1,234,003
Capital grants and contributions	1,910,569	4,772,555	-	21,000	228,060	257,666	814,663	574,568
Total business-type activities revenues	<u>22,115,899</u>	<u>25,433,666</u>	<u>21,597,189</u>	<u>22,528,408</u>	<u>24,031,664</u>	<u>27,501,654</u>	<u>27,510,335</u>	<u>29,424,764</u>
Total primary government revenues	<u>33,950,778</u>	<u>37,613,771</u>	<u>35,203,851</u>	<u>34,852,966</u>	<u>38,715,532</u>	<u>44,450,417</u>	<u>43,559,101</u>	<u>47,556,536</u>
<b>Net (expense)/revenue</b>								
Governmental activities	(10,871,532)	(10,984,071)	(11,134,133)	(13,484,795)	(16,352,598)	(13,039,023)	(17,644,363)	(14,139,003)
Business-type activities	6,036,917	8,657,447	3,663,696	3,864,053	5,306,313	8,077,259	5,959,482	8,997,932
Total primary government net expense	<u><u>\$ (4,834,615)</u></u>	<u><u>\$ (2,326,624)</u></u>	<u><u>\$ (7,470,437)</u></u>	<u><u>\$ (9,620,742)</u></u>	<u><u>\$ (11,046,285)</u></u>	<u><u>\$ (4,961,764)</u></u>	<u><u>\$ (11,684,881)</u></u>	<u><u>\$ (5,141,071)</u></u>

(1) Governmental activities information is available in accrual basis since 2002 with the implementation of GASB Statement 34. GASB 34 was implemented with the CAFR dated June 30, 2003.

(Continued)

Table 02

**CITY OF FLORENCE, SOUTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**LAST EIGHT FISCAL YEARS (1)**  
**(Accrual Basis of Accounting)**  
(Continued)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes and fees								
Property taxes	\$ 7,211,204	\$ 7,292,228	\$ 7,507,436	\$ 7,956,478	\$ 8,193,634	\$ 8,360,565	\$ 8,594,436	\$ 8,766,376
Hospitality Fees (2)	-	1,122,278	2,283,203	2,371,249	2,661,073	2,799,149	2,800,739	2,841,585
Unrestricted grants and contributions	974,076	1,422,854	941,113	1,006,529	1,143,389	987,666	942,306	790,254
Investment earnings	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791
Miscellaneous	115,078	242,415	435,721	344,108	603,307	869,250	514,233	188,017
Transfers	1,185,396	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000
Total governmental activities	<u>9,621,431</u>	<u>11,649,513</u>	<u>12,695,937</u>	<u>13,388,618</u>	<u>14,693,247</u>	<u>15,081,946</u>	<u>14,675,583</u>	<u>14,756,023</u>
Business-type activities								
Investment earnings	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755
Miscellaneous	-	-	-	-	-	-	913,528	1,495,506
Transfers	(1,185,396)	(1,512,000)	(1,412,000)	(1,455,058)	(1,612,000)	(1,626,117)	(1,637,000)	(2,124,000)
Total business-type activities	<u>(945,006)</u>	<u>(1,434,914)</u>	<u>(1,183,973)</u>	<u>(997,991)</u>	<u>(881,905)</u>	<u>(866,850)</u>	<u>(357,941)</u>	<u>(396,739)</u>
Total Primary government	<u>\$ 8,676,425</u>	<u>\$ 10,214,599</u>	<u>\$ 11,511,964</u>	<u>\$ 12,390,627</u>	<u>\$ 13,811,342</u>	<u>\$ 14,215,096</u>	<u>\$ 14,317,642</u>	<u>\$ 14,359,284</u>
<b>Changes in Net Assets</b>								
Governmental activities	\$ (1,250,101)	\$ 665,442	\$ 1,561,804	\$ (96,177)	\$ (1,659,351)	\$ 2,042,923	\$ (2,968,780)	\$ 617,020
Business-type activities	5,091,911	7,222,533	2,479,723	2,866,062	4,424,408	7,210,409	5,601,541	8,601,193
Total primary government	<u>\$ 3,841,810</u>	<u>\$ 7,887,975</u>	<u>\$ 4,041,527</u>	<u>\$ 2,769,885</u>	<u>\$ 2,765,057</u>	<u>\$ 9,253,332</u>	<u>\$ 2,632,761</u>	<u>\$ 9,218,213</u>

(1) Governmental activities information is available in accrual basis since 2002 with the implementation of GASB Statement 34. GASB 34 was implemented with the CAFR dated June 30, 2003.

(2) Effective 1/1/2004

**CITY OF FLORENCE, SOUTH CAROLINA  
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE  
LAST EIGHT FISCAL YEARS (1)  
(Accrual Basis of Accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee (2)</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2003	\$ 7,211,204	\$ 7,671,638	\$ -	\$ 785,772	\$ 15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	8,193,634	8,566,956	2,661,073	825,692	20,247,355
2008	8,360,565	10,212,766	2,799,149	827,954	22,200,434
2009	8,594,436	10,332,888	2,800,739	725,808	22,453,871
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787

(1) Governmental activities information is available in accrual basis since 2002 with the implementation of GASB Statement 34. GASB 34 was implemented with the CAFR dated June 30, 2003.

(2) Effective 1/1/2004

Table 04

**CITY OF FLORENCE, SOUTH CAROLINA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 270,000	\$ 240,000
Unreserved	10,389,423	11,118,386	10,080,026	8,548,666	8,206,188	8,004,650	8,187,370	8,128,515	9,022,785	9,510,270
Total General Fund	<u>\$ 10,389,423</u>	<u>\$ 11,118,386</u>	<u>\$ 10,080,026</u>	<u>\$ 8,548,666</u>	<u>\$ 8,206,188</u>	<u>\$ 8,004,650</u>	<u>\$ 8,187,370</u>	<u>\$ 8,428,515</u>	<u>\$ 9,292,785</u>	<u>\$ 9,750,270</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988,084	\$ 1,151,487	\$ -	\$ -
Unreserved										
Special revenue funds	549,878	719,494	450,929	1,282,068	1,383,486	2,023,353	1,691,698	3,750,499	8,889,745	7,169,422
Total all other governmental funds	<u>\$ 549,878</u>	<u>\$ 719,494</u>	<u>\$ 450,929</u>	<u>\$ 1,282,068</u>	<u>\$ 1,383,486</u>	<u>\$ 2,023,353</u>	<u>\$ 4,679,782</u>	<u>\$ 4,901,986</u>	<u>\$ 8,889,745</u>	<u>\$ 7,169,422</u>

Table 05

**CITY OF FLORENCE, SOUTH CAROLINA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Property Taxes	\$ 6,976,218	\$ 7,018,246	\$ 7,320,927	\$ 7,280,753	\$ 7,409,461	\$ 7,813,788	\$ 7,954,442	\$ 8,172,899	\$ 8,577,341	\$ 8,766,376
Licenses and fees	6,828,618	7,250,910	7,671,638	8,581,809	10,222,663	10,499,074	11,228,029	13,011,915	13,133,627	13,322,031
Intergovernmental	2,710,397	3,609,720	2,802,036	2,169,463	2,621,052	2,448,800	4,099,227	3,609,493	2,529,952	4,291,290
Charges for services	1,395,519	1,426,616	1,317,815	1,448,821	1,487,413	1,615,327	1,787,838	1,980,238	2,047,613	2,211,833
Fines and forfeitures	950,840	918,356	785,772	628,344	591,924	688,837	825,692	827,954	725,808	784,380
Investment earnings	-	-	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791
Miscellaneous	1,416,112	971,951	442,748	1,678,382	1,680,684	450,306	956,527	2,165,312	1,132,615	1,036,131
Total revenues	<u>20,277,704</u>	<u>21,195,799</u>	<u>20,476,613</u>	<u>21,845,310</u>	<u>24,129,661</u>	<u>23,771,328</u>	<u>27,331,599</u>	<u>30,207,010</u>	<u>28,333,825</u>	<u>30,457,832</u>
<b>Expenditures</b>										
<b>Current</b>										
General government	5,276,377	5,472,909	6,116,046	5,362,932	4,967,408	5,439,557	5,446,156	7,389,797	7,407,872	7,174,656
Public safety	8,627,319	8,742,561	9,450,501	9,669,395	10,335,380	10,774,687	11,587,658	11,921,922	12,417,086	12,392,972
Public works	3,514,149	3,213,734	3,470,619	3,564,636	3,747,404	3,970,308	4,024,636	4,251,485	4,290,955	4,479,662
Culture and recreation	1,714,786	1,760,442	1,075,979	1,611,730	2,715,224	2,940,458	5,242,151	4,072,780	6,408,020	3,865,643
Community development	455,409	1,027,411	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,697,060
<b>Debt Service</b>										
Principal	370,972	355,597	48,664	243,651	240,921	272,252	505,051	543,977	670,369	1,070,015
Interest	32,144	18,063	1,984	20,676	9,998	-	162,476	154,483	142,569	391,403
Debt issuance cost	-	-	-	-	-	-	35,867	7,584	52,305	-
<b>Capital Outlay</b>	<u>976,865</u>	<u>1,115,431</u>	<u>2,474,976</u>	<u>3,296,847</u>	<u>2,734,471</u>	<u>1,781,644</u>	<u>2,384,387</u>	<u>4,147,936</u>	<u>3,116,214</u>	<u>2,773,259</u>
Total expenditures	<u>20,968,021</u>	<u>21,706,148</u>	<u>23,380,186</u>	<u>24,529,772</u>	<u>25,782,721</u>	<u>25,542,535</u>	<u>29,865,450</u>	<u>32,706,060</u>	<u>34,833,597</u>	<u>33,844,670</u>
Excess of revenues over (under) expenditures	<u>(690,317)</u>	<u>(510,349)</u>	<u>(2,903,573)</u>	<u>(2,684,462)</u>	<u>(1,653,060)</u>	<u>(1,771,207)</u>	<u>(2,533,851)</u>	<u>(2,499,050)</u>	<u>(6,499,772)</u>	<u>(3,386,838)</u>
<b>Other financing sources (uses)</b>										
Operating transfers in	1,421,847	1,617,838	1,822,215	1,983,406	2,244,169	1,850,987	2,320,701	2,337,842	2,460,915	3,062,440
Operating transfers out	(65,703)	(210,011)	(235,331)	(471,406)	(832,169)	(426,829)	(708,701)	(700,842)	(823,915)	(938,440)
Proceeds of capital lease	47,856	-	-	472,241	-	785,378	3,761,000	1,325,402	9,558,117	-
Total other financing sources (uses)	<u>1,404,000</u>	<u>1,407,827</u>	<u>1,586,884</u>	<u>1,984,241</u>	<u>1,412,000</u>	<u>2,209,536</u>	<u>5,373,000</u>	<u>2,962,402</u>	<u>11,195,117</u>	<u>2,124,000</u>
Net change in governmental fund balance	<u>\$ 713,683</u>	<u>\$ 897,478</u>	<u>\$ (1,316,689)</u>	<u>\$ (700,221)</u>	<u>\$ (241,060)</u>	<u>\$ 438,329</u>	<u>\$ 2,839,149</u>	<u>\$ 463,352</u>	<u>\$ 4,695,345</u>	<u>\$ (1,262,838)</u>
Debt service as a percentage of non-capital expenditures	2.0%	1.8%	0.2%	1.1%	1.0%	1.1%	2.3%	2.2%	2.80%	4.94%

Table 06

**CITY OF FLORENCE, SOUTH CAROLINA  
CHANGES IN NET ASSETS OF ENTERPRISE FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Water & Sewer										
Service Fees	\$ 15,052,406	\$ 15,823,076	\$ 18,073,785	\$ 18,633,285	\$ 19,247,289	\$ 20,289,696	\$ 21,368,185	\$ 24,202,597	\$ 24,796,610	\$ 27,163,915
Sewer Surcharges	129,507	175,638	81,558	100,107	144,525	78,501	97,078	59,654	68,766	69,589
Cut on Fees	48,787	51,475	72,300	57,405	63,075	65,245	74,325	178,735	157,812	163,132
Water & Sewer										
Tap Fees	584,981	414,443	489,342	554,213	610,873	671,204	835,823	1,030,488	453,040	382,689
Service Charges	80,425	81,475	197,763	116,150	127,780	129,788	125,372	290,606	255,388	265,134
Late Fees	57,423	59,911	73,895	76,308	77,990	81,019	87,053	164,823	285,028	418,462
Concessions Sales (1)	66,846	90,379	-	-	-	-	-	-	-	-
Stormwater Fees (2)	-	815,978	1,004,784	1,042,990	1,066,694	1,089,301	1,121,916	1,198,218	1,219,444	1,234,003
Investment earnings	2,259,981	687,827	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755
Miscellaneous	141,545	315,926	211,903	80,653	258,963	123,654	321,912	376,533	1,187,775	1,223,346
Total revenues	<u>18,421,901</u>	<u>18,516,128</u>	<u>20,445,720</u>	<u>20,738,197</u>	<u>21,825,216</u>	<u>22,985,475</u>	<u>24,761,759</u>	<u>28,260,921</u>	<u>28,789,394</u>	<u>31,152,025</u>
<b>Expenditures</b>										
<b>Current</b>										
Engineering	586,538	708,699	659,660	634,732	713,268	776,610	809,866	906,622	869,298	911,246
Utility Finance	508,925	483,717	557,960	580,154	583,610	678,718	727,049	741,982	851,037	818,791
Wastewater Treatment	2,358,987	2,293,916	2,392,892	2,472,668	2,554,603	2,668,538	2,596,617	2,661,429	2,984,387	3,201,419
Water Production	1,980,260	1,595,177	2,252,778	2,216,561	2,351,240	2,492,365	2,742,980	3,046,488	2,882,349	2,963,361
Utility Operations	1,610,475	1,726,644	1,808,572	1,949,015	2,103,824	2,299,328	2,424,662	2,690,956	2,914,425	2,091,324
Utility Construction	137,483	210,092	172,437	130,579	187,231	194,431	109,020	190,226	263,678	755,176
Concessions	59,369	74,756	-	-	-	-	-	-	-	-
Stormwater	-	469,412	643,199	634,494	655,871	877,543	883,581	916,032	920,469	1,019,210
Non-departmental	5,783,454	5,911,485	7,591,484	8,158,016	8,783,846	8,676,822	8,431,576	8,270,660	9,865,212	8,666,305
<b>Net Interdepartmental</b>										
Transfer	1,356,144	1,407,827	1,610,366	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000
Total expense	<u>14,381,635</u>	<u>14,881,725</u>	<u>17,689,348</u>	<u>18,288,219</u>	<u>19,345,493</u>	<u>20,119,413</u>	<u>20,337,351</u>	<u>21,050,512</u>	<u>23,187,855</u>	<u>22,550,832</u>
Net change in net assets	<u>\$ 4,040,266</u>	<u>\$ 3,634,403</u>	<u>\$ 2,756,372</u>	<u>\$ 2,449,978</u>	<u>\$ 2,479,723</u>	<u>\$ 2,866,062</u>	<u>\$ 4,424,408</u>	<u>\$ 7,210,409</u>	<u>\$ 5,601,539</u>	<u>\$ 8,601,193</u>

(1) Concessions sales ended June 30, 2002 when Florence County took over operations of the City's recreations facilities.

(2) Stormwater fees were enacted in fiscal year 2001-2002.

Table 07

**CITY OF FLORENCE, SOUTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee (1)</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2001	\$ 6,979,218	\$ 6,828,618	\$ -	\$ 950,840	\$ 14,758,676
2002	7,018,246	7,250,910	-	918,356	15,187,512
2003	7,211,204	7,671,638	-	785,772	15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	7,954,442	8,566,956	2,661,073	825,692	20,008,163
2008	8,172,899	10,212,766	2,799,149	827,954	22,012,768
2009	8,577,341	10,332,888	2,800,739	725,808	22,436,776
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787

(1) Effective 1/1/2004



Table 08

**CITY OF FLORENCE, SOUTH CAROLINA  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)**

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property (1)	Motor Vehicles	Other					
2001	2000	\$27,695,328	\$ 42,607,328	\$19,824,070	\$24,687,220	\$3,667,523	\$111,146,423	60.8	\$1,826,642,377	6.08
2002	2001	28,870,030	44,419,632	16,562,690	21,648,517	3,777,535	107,723,334	60.8	1,832,185,626	5.88
2003	2002	29,931,710	45,447,167	16,229,621	22,859,025	3,769,229	110,698,294	60.8	1,896,430,587	5.84
2004	2003	31,115,448	48,098,049	17,286,560	20,732,334	3,927,684	113,304,707	60.8	1,973,989,803	5.74
2005	2004	32,500,494	48,880,890	16,116,529	19,725,439	3,885,174	113,338,178	60.8	2,012,358,171	5.63
2006	2005	39,049,201	59,067,023	16,839,936	22,146,872	4,173,248	132,929,784	54.9	2,396,889,288	5.55
2007	2006	41,046,491	60,601,586	15,664,410	21,288,733	4,255,786	134,345,434	54.9	2,472,593,261	5.43
2008	2007	43,624,088	63,334,142	15,510,400	20,406,476	4,262,629	138,612,477	54.9	2,577,078,442	5.38
2009	2008	46,591,593	67,302,466	14,886,860	22,118,529	4,282,034	146,617,414	54.9	2,728,131,590	5.37
2010	2009	48,563,854	68,919,960	13,671,060	21,327,503	4,434,172	148,048,205	54.9	2,777,562,487	5.33

Source: Florence County

Table 09

**CITY OF FLORENCE, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	City of Florence			Overlapping Rates (1)							Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Florence County			School District One			Technical College Millage	
					Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2001	2000	60.8	0.0	60.8	64.5	0.0	64.5	100.2	13.2	113.4	3.5	242.2
2002	2001	60.8	0.0	60.8	64.5	0.0	64.5	108.2	15.1	123.3	3.5	252.1
2003	2002	60.8	0.0	60.8	68.0	1.5	69.5	119.0	26.6	145.6	3.5	279.4
2004	2003	60.8	0.0	60.8	68.5	1.5	70.0	140.2	18.0	158.2	3.5	292.5
2005	2004	60.8	0.0	60.8	68.5	1.5	70.0	145.7	16.3	162.0	3.5	296.3
2006	2005	54.9	0.0	54.9	66.3	1.5	67.8	140.2	16.4	156.6	3.4	282.7
2007	2006	54.9	0.0	54.9	67.9	9.0	76.9	151.0	15.0	166.0	3.4	301.2
2008	2007	54.9	0.0	54.9	67.9	9.0	76.9	157.5	19.0	176.5	4.9	313.2
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4
2010	2009	54.9	0.0	54.9	67.9	9.0	76.9	171.7	34.3	206.0	4.9	342.7

Source: Florence County Auditor's Office

(1) Overlapping rates are those of Florence County, School District One, and Florence-Darlington Technical College that apply to property owners within the City of Florence.

Table 10

**CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (1)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)
QHG of South Carolina, Inc.	\$ 9,918,710	1	6.50%	\$ 10,123,500	1	8.82%
McLeod Regional Medical Center	3,745,440	2	2.46%	3,377,720	2	2.94%
Carolina Power and Light	3,251,830	3	2.13%	2,374,220	4	2.07%
Magnolia, LLC	3,242,670	4	2.13%			
BellSouth Telecommunications	2,936,550	5	1.93%	3,293,490	3	2.87%
Raldex, Inc	1,387,790	6	0.91%			
Holcombe Land Development	1,311,780	7	0.86%	1,035,040	6	0.90%
Wal-Mart	1,196,980	8	0.78%			
Edens & Avant Fin. Ltd. Partnership	1,066,770	9	0.70%	771,970	8	0.67%
Lowe's Home Improvement	780,590	10	0.51%			
Byrd Properties, Inc.				2,298,320	5	2.00%
Blue Cross Blue Shield of SC				844,000	7	0.74%
La Z Boy Incorporated				717,020	9	0.62%
South Carolina Electric and Gas				644,420	10	0.56%

Source: Florence County

(1) Total Assessed Value for 2010 was \$152,482,377

(2) Total Assessed Value for 2001 was \$114,813,946

Table 11

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections of Prior Tax Year's Levy in Subsequent Fiscal Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Levy</u>
2001	2000	\$ 6,980,688	\$ 6,552,838	93.9%	\$ 73,017	\$ 6,625,855	94.9%
2002	2001	6,779,253	6,620,054	97.7	53,712	6,673,766	98.4
2003	2002	6,959,625	6,904,209	99.2	62,068	6,966,277	99.9
2004	2003	7,127,729	6,858,315	96.2	56,684	6,914,999	97.0
2005	2004	7,127,180	6,993,031	98.1	76,521	7,069,552	99.2
2006	2005	7,526,956	7,382,948	98.1	58,013	7,440,961	98.9
2007	2006	7,609,207	7,526,794	98.9	64,492	7,591,286	99.8
2008	2007	7,843,843	7,733,752	98.6	67,548	7,801,300	99.5
2009	2008	8,284,380	8,125,465	98.1	33,536	8,159,001	99.0
2010	2009	8,371,282	8,260,672	98.7	-	8,260,672	98.7

Source: Florence County

Table 12

**CITY OF FLORENCE, SOUTH CAROLINA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2001	\$ -	\$ -	\$ -	\$ 416,592	\$ 34,203,813	\$ 26,233,748	\$ 60,854,153	1.36%	\$ 1,972
2002	-	-	-	60,995	32,608,141	29,610,931	62,280,067	1.33	2,015
2003	-	-	-	12,331	39,282,468	33,344,134	72,638,933	1.51	2,331
2004	-	-	-	240,921	39,511,795	32,958,638	72,711,354	1.47	2,321
2005	-	-	-	-	37,641,122	31,125,861	68,766,983	1.32	2,190
2006	-	-	-	4,274,126	39,670,000	29,111,139	73,055,265	1.35	2,319
2007	-	-	-	3,769,075	37,090,000	27,028,107	67,887,182	1.16	2,150
2008	-	-	1,280,000	3,270,500	36,265,000	24,873,896	65,689,396	1.08	2,072
2009	-	-	2,235,000	11,363,248	34,555,000	22,645,511	70,798,759	1.08	2,223
2010	-	-	2,041,438	10,466,595	110,240,000	17,419,576	140,167,609	*	4,356

(1) See Table 17 Demographic and Economic Statistics for population data.

\* Personal Income Tax Data is not currently available

Table 13

**CITY OF FLORENCE, SOUTH CAROLINA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2001	30,866	\$ 114,813,946	\$ -	\$ -	\$ -	0%	\$ -
2002	30,902	111,500,869	-	-	-	0	-
2003	31,159	114,467,523	-	-	-	0	-
2004	31,326	117,232,391	-	-	-	0	-
2005	31,406	117,223,352	-	-	-	0	-
2006	31,506	137,103,032 (2)	-	-	-	0	-
2007	31,570	138,601,220	-	-	-	0	-
2008	31,706	142,875,106	-	-	-	0	-
2009	31,842	150,899,448	-	-	-	0	-
2010	32,180	152,482,377	-	-	-	0	-

(1) Source: Estimated by U. S. Census Bureau or City of Florence Finance Department.

(2) Reassessment

CITY OF FLORENCE, SOUTH CAROLINA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2010

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
<b>Direct:</b>			
City of Florence	\$0.00	0.00%	\$0.00
Overlapping	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total	<u><u>\$0.00</u></u>	<u><u>0.00%</u></u>	<u><u>\$0.00</u></u>

Table 15

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$9,185,116	\$8,920,070	\$9,157,402	\$9,378,591	\$9,377,868	\$10,968,243	\$11,088,098	\$11,430,008	\$12,071,956	\$12,198,590
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$9,185,116</u>	<u>\$8,920,070</u>	<u>\$9,157,402</u>	<u>\$9,378,591</u>	<u>\$9,377,868</u>	<u>\$10,968,243</u>	<u>\$11,088,098</u>	<u>\$11,430,008</u>	<u>\$12,071,956</u>	<u>\$12,198,590</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Taxable Assessed Value - 2009 Levy	\$148,048,205
Add back: exempt real property	4,434,172
Total Assessed Value	<u>\$152,482,377</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$12,198,590
Debt applicable to limit:	
Total Bonded Debt	\$ -
Less Deductions Allowed by Law	<u>-</u>
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>\$12,198,590</u>



Table 16

**CITY OF FLORENCE, SOUTH CAROLINA  
REVENUE BOND COVERAGE – COMBINED UTILITY SYSTEM BONDS  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Gross Revenue (1)</b>	<b>Less: Operating Expenses (2)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Debt Service Requirements</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2001	\$ 18,354,405	\$ 7,607,785	\$ 10,746,620	\$ 2,459,581	\$ 2,807,459	\$ 5,267,040	2.04
2002	17,608,578	7,463,469	10,145,109	2,955,108	3,014,009	5,969,117	1.70
2003	19,382,569	8,496,911	10,885,658	3,306,140	3,326,816	6,632,956	1.64
2004	19,687,358	8,522,953	11,164,405	3,421,442	3,412,801	6,834,243	1.63
2005	20,742,121	9,461,277	11,280,844	3,616,634	3,363,546	6,980,180	1.62
2006	21,837,986	10,087,728	11,750,258	3,902,590	3,181,807	7,084,397	1.66
2007	23,213,857	10,240,322	12,973,535	4,085,899	2,987,178	7,073,077	1.83
2008	26,654,167	11,204,841	15,449,326	2,392,078	2,782,452	5,174,530	2.99
2009	26,712,674	12,292,031	14,420,643	3,341,252	2,650,041	5,991,293	2.41
2010	29,199,368	12,087,177	17,112,191	3,447,196	2,497,453	5,944,649	2.88

(1) Total revenues (including interest) exclusive of grants and sale of assets.

(2) Total operating expenses exclusive of depreciation and amortization.

Table 17

**CITY OF FLORENCE, SOUTH CAROLINA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in millions) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2001	30,866	4,486	23,209	13,634	5.2
2002	30,902	4,679	24,115	13,424	7.8
2003	31,159	4,799	24,600	14,309	9.2
2004	31,326	4,950	25,204	14,117	8.7
2005	31,406	5,208	26,399	13,905	8.4
2006	31,506	5,395	27,449	14,715	7.5
2007	31,570	5,861	29,661	15,510	6.1
2008	31,706	6,093	30,690	15,490	6.7
2009	31,842	6,528	30,542	15,783	12.1
2010	32,180	*	*	16,017	11.0

\* Information not yet available

- (1) Estimates by the U. S. Census Bureau or City of Florence Finance Dept.  
(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.  
Source for fiscal years 2001 - 2003 was State Budget & Control Board, Office of Research & Statistics.  
(3) Florence School District One  
(4) South Carolina Employment Security Commission. Represents unemployment for Florence County.

**CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL EMPLOYERS IN THE CITY OF FLORENCE  
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment (1)</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment (1)</u>
McLeod Regional Medical Center	4,700	1	7.3%	4,500	1	NA
Florence School District One	2,149	2	3.4			
Carolinas Hospital System	1,840	3	2.9	1,284	3	NA
Palmetto Gov't Benefits/TRICARE	1,100	4	1.7			
The Assurant Group	893	5	1.4			
Florence County	782	6	1.2	800	5	NA
Wal-Mart	731	7	1.1			
SC DHEC	496	8	0.8			
City of Florence	489	9	0.8			
Florence Co. Disabilities & Spec. Needs	350	10	0.5			
Blue Cross Blue Shield of SC				2,200	2	NA
Fleet Real Estate Fund Corp.				1,000	4	NA
The ESAB Group				727	6	NA
Francis Marion University				462	7	NA
Amana, Inc.				386	8	NA
Roche Carolina				386	9	NA
Pepsi Cola				231	10	NA

(1) Total employment information is only available by county. This information represents percentage of Florence County's employment.  
NA - This information is not available

Table 19

**CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL WATER USERS IN SERVICE AREA  
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2010			2001		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$199,834	1.44%	4	\$92,657	1.25%
Johnson Controls	Manufacturing	2	174,737	1.26			
Francis Marion University	University	3	165,337	1.19	5	80,810	1.09
Roche Carolina	Manufacturing	4	83,567	0.60			
Pet Dairy	Manufacturing	5	78,465	0.57			
Carolinas Hospital System	Medical Services	6	66,687	0.48	9	34,506	0.46
Rental Uniforms	Industrial	7	65,072	0.47	6	51,068	0.69
Days Inn Motels (consolidated)	Franchise	8	62,563	0.45			
Institution Food Service	Manufacturing	9	61,359	0.44			
ESAB	Manufacturing	10	55,287	0.40			
Florence County	Government				1	332,266	4.47
General Electric	Manufacturing				2	165,265	2.22
Flav O Rich	Manufacturing				3	93,899	1.26
Amana	Government				7	40,163	0.54
Pepsi Cola	Manufacturing				8	38,371	0.52
Forest Lake Apartments	Residential				10	34,452	0.46
<b>TOTALS</b>			<u>\$1,012,908</u>	<u>7.31%</u>		<u>\$963,457</u>	<u>12.96%</u>

Total Billed Revenue: \$13,839,806

Table 20

**CITY OF FLORENCE, SOUTH CAROLINA  
PRINCIPAL SEWER USERS IN SERVICE AREA  
CURRENT AND NINE YEARS AGO**

Customer	Type of Business	2010			2001		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$249,871	1.92%	5	\$106,207	1.35%
Francis Marion University	University	2	214,679	1.65	3	106,542	1.36
Koppers	Manufacturing	3	208,710	1.60	2	117,045	1.49
PET Dairy	Manufacturing	4	153,954	1.18			
ESAB	Manufacturing	5	146,295	1.12	4	106,264	1.35
Darlington County	Government	6	134,533	1.03	9	60,395	0.88
Rental Uniforms	Industrial	7	100,215	0.77	7	84,243	1.07
Johnson Controls	Manufacturing	8	92,371	0.71			
Roche Carolina	Manufacturing	9	82,757	0.64	8	80,138	1.02
Carolinas Hospital System	Medical Services	10	71,562	0.55			
Flav O Rich	Manufacturing				1	185,739	2.36
Florence County	Government				6	89,768	1.14
Pepsi Cola	Manufacturing				10	51,014	0.65
<b>TOTALS</b>			<u>\$1,454,947</u>	<u>11.18%</u>		<u>\$987,355</u>	<u>12.67%</u>

Table 21

**CITY OF FLORENCE, SOUTH CAROLINA  
NUMBER OF UTILITY CUSTOMERS – BY SERVICE AND CATEGORY  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009 (2)	2010
<b>Water Customers:</b>										
Residential	18,716	19,133	23,902	24,647	25,259	25,957	26,610	27,189	27,139	27,299
Commercial	2,797	2,869	2,694	2,739	2,763	2,802	2,849	2,970	2,958	2,983
Industrial									7	5
Total	<u>21,513</u>	<u>22,002</u>	<u>26,596</u>	<u>27,386</u>	<u>28,022</u>	<u>28,759</u>	<u>29,459</u>	<u>30,159</u>	<u>30,104</u>	<u>30,287</u>
<b>Sewer Customers:</b>										
Residential	13,421	13,752	14,375	14,989	15,421	16,241	16,761	17,190	17,143	17,340
Commercial	2,006	2,071	2,031	2,068	2,086	2,119	2,157	2,247	2,234	2,241
Industrial									7	6
Total	<u>15,427</u>	<u>15,823</u>	<u>16,406</u>	<u>17,057</u>	<u>17,507</u>	<u>18,360</u>	<u>18,918</u>	<u>19,437</u>	<u>19,384</u>	<u>19,587</u>
<b>Total Utility Customers:</b>	<u><u>36,940</u></u>	<u><u>37,825</u></u>	<u><u>43,002</u></u>	<u><u>44,443</u></u>	<u><u>45,529</u></u>	<u><u>47,119</u></u>	<u><u>48,377</u></u>	<u><u>49,596</u></u>	<u><u>49,488</u></u>	<u><u>49,874</u></u>

(1) Reflects the purchase of the Florence County water and sewer system in July 2002.

(2) Prior to 2009 Industrial customers were included in the Commercial customers' total.

Table 22

**CITY OF FLORENCE, SOUTH CAROLINA  
UTILITIES SOLD BY TYPE OF CUSTOMER  
LAST SIX FISCAL YEARS**

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<b>Water</b>							
<i>(Millions of Gallons)</i>							
Residential	1,806.9	1,902.8	1,926.7	1,957.7	2,031.0	1,928.3	1,891.5
Commercial	1,294.8	1,353.6	1,264.6	1,249.8	1,227.7	1,178.9	1,103.0
Industrial	24.5	24.5	21.7	22.6	22.3	34.8	36.3
<b>Sewer</b>							
<i>(Millions of Gallons Billed)</i>							
Residential	1,086.6	1,158.9	1,182.8	1,210.4	1,239.0	1,204.2	1,177.8
Commercial	1,075.7	1,143.0	991.8	1,012.6	1,011.1	1,037.2	944.7
Industrial	61.7	60.4	53.7	56.3	48.9	62.9	64.2

Table 23

**CITY OF FLORENCE, SOUTH CAROLINA  
WATER RATES  
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Minimum Rates (1)</b>										
<b>Inside City Rates</b>										
3/4"	\$ 8.33	\$ 9.01	\$ 9.45	\$ 9.65	\$ 9.83	\$ 10.02	\$ 10.27	\$ 11.10	\$ 11.77	\$ 12.47
1"	12.61	13.75	14.48	14.68	14.97	15.26	15.67	16.92	17.94	19.01
1 1/4"	13.68	14.94	15.74	15.94	16.26	16.58	17.02	18.37	19.47	20.63
1 1/2"	24.38	26.80	28.32	28.52	29.12	29.70	30.52	32.92	34.90	36.99
2"	40.97	45.19	47.82	48.02	49.05	50.04	51.45	55.46	58.79	62.31
3"	88.58	97.97	103.80	104.00	106.28	108.42	111.52	120.18	127.39	135.03
4"	154.92	171.50	181.80	182.00	186.01	189.76	195.22	210.34	222.96	236.33
6"	344.85	382.03	405.09	405.29	414.28	422.64	434.85	468.48	496.59	526.38
8"	610.74	676.78	717.70	717.90	733.85	748.68	770.32	829.89	879.68	932.46
Volume Rate (per 1,000 gallons)	1.16	1.20	1.29	1.35	1.38	1.41	1.43	1.55	1.64	1.74
<b>Minimum Rates (1)</b>										
<b>Outside City Rates</b>										
3/4"	11.01	11.98	12.60	12.80	13.05	13.30	13.65	15.15	16.51	18.00
1"	17.43	19.09	20.14	20.34	20.76	21.17	21.75	24.12	26.29	28.66
1 1/4"	19.03	20.87	22.03	22.23	22.69	23.14	23.77	26.36	28.73	31.32
1 1/2"	35.08	38.66	40.90	41.10	41.98	42.82	44.02	48.79	53.18	57.97
2"	59.96	66.24	70.15	70.35	71.85	73.32	75.41	83.57	91.09	99.29
3"	131.38	145.41	154.12	154.32	157.72	160.90	165.52	183.39	199.89	217.88
4"	230.89	255.72	271.11	271.31	277.32	282.92	291.07	322.47	351.49	383.13
6"	515.78	571.51	606.06	606.26	619.72	632.24	650.51	720.64	785.49	856.19
8"	914.62	1,013.62	1,074.98	1,075.18	1,099.07	1,121.28	1,153.72	1,278.07	1,393.09	1,518.47
Volume Rate (per 1,000 gallons)	1.74	1.80	1.94	2.03	2.07	2.12	2.15	2.39	2.61	2.84

(1) Minimum rate is based on meter size and includes the customer charge (per account)



Table 24

**CITY OF FLORENCE, SOUTH CAROLINA  
SEWER RATES  
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Minimum Rates (1)</b>										
<b>Inside City Rates</b>										
3/4"	\$ 14.00	\$ 14.60	\$ 15.61	\$ 15.91	\$ 16.12	\$ 16.41	\$ 16.82	\$ 18.28	\$ 19.38	\$ 20.54
1"	22.32	23.28	25.07	25.41	25.75	26.23	26.92	29.28	31.04	32.90
1 1/4"	24.40	25.45	27.43	27.79	28.16	28.69	29.45	32.03	33.95	35.99
1 1/2"	45.20	47.15	51.07	51.55	52.24	53.25	54.71	59.52	63.09	66.88
2"	77.44	80.79	87.71	88.38	89.56	91.32	93.86	102.15	108.28	114.78
3"	170.00	177.35	192.91	194.11	196.72	200.61	206.27	224.50	237.97	252.25
4"	298.96	311.89	339.48	341.42	346.02	352.88	362.88	395.30	419.02	444.16
6"	668.16	697.07	759.09	763.16	773.44	788.82	811.25	883.04	936.02	992.18
8"	1,185.04	1,236.31	1,346.54	1,353.60	1,371.82	1,399.14	1,438.96	1,566.32	1,660.30	1,759.95
Volume Rate (per 1,000 gallons)	1.46	1.53	1.62	1.66	1.71	1.75	1.77	1.90	2.01	2.13
<b>Minimum Rates (1)</b>										
<b>Outside City Rates</b>										
3/4"	19.20	20.03	21.52	21.85	22.14	22.55	23.14	25.86	28.19	30.73
1"	28.68	33.05	35.70	36.11	36.59	37.29	38.29	42.82	46.68	50.88
1 1/4"	34.80	36.30	39.25	39.67	40.20	40.97	42.08	47.06	51.30	55.92
1 1/2"	66.00	68.85	74.71	75.31	76.32	77.81	79.97	89.47	97.52	106.30
2"	114.36	119.30	129.67	130.55	132.31	134.91	138.70	155.21	169.18	184.41
3"	253.20	264.15	287.47	289.15	293.04	298.85	307.31	343.95	374.91	408.66
4"	446.64	465.96	57.32	510.12	516.98	527.26	542.23	606.90	661.52	721.06
6"	1,000.44	1,043.72	1,136.74	1,142.73	1,158.11	1,181.17	1,214.78	1,359.71	1,482.09	1,615.48
8"	1,775.76	1,852.59	2,017.92	2,028.38	2,055.70	2,096.64	2,156.34	2,413.65	2,630.88	2,867.66
Volume Rate (per 1,000 gallons)	2.19	2.30	2.43	2.49	2.57	2.63	2.66	2.93	3.19	3.48

(1) Minimum rate is based on meter size and includes the customer charge (per account)

Table 25

**CITY OF FLORENCE, SOUTH CAROLINA  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Full-time Equivalent City Government Positions									
	2001	2002	2003	2004	2005	2006	2007(1)	2008	2009	2010
General Government Admin.	10	11	18	19	19	13	11	12	12	12
Finance Department	9	9	9	9	10	10	10	10	10	10
Personnel Department	4	4	4	4	4	4	4	5	5	5
Community Services Department	3	5	5	5	5	5	7	8	8	8
Public Safety										
Police	112	114	123	127	138	140	138	138	140	143
Fire	71	71	71	71	71	71	70	70	71	72
Total Public Safety	183	185	194	198	209	211	208	208	211	215
Public Works Department										
Streets and Beautification	30	28	28	28	28	30	30	30	30	30
Sanitation	21	23	23	23	23	24	24	25	27	27
Equipment Maintenance	8	8	8	8	8	8	8	8	7	7
Total Public Works	59	59	59	59	59	62	62	63	64	64
Parks and Recreation	31	31	31	17	23	23	23	35	39	39
Urban Planning & Development	0	0	0	0	0	0	4	4	8	8
Water and Sewer	97	97	105	114	115	116	117	117	117	118
Stormwater	0	0	11	11	12	12	11	11	11	10
Total Employees	396	401	436	436	456	456	457	473	485	489

Source: City of Florence Budget

(1) Urban Planning & Development staff had previously been counted in the General Government Administration Function.

Table 26

**CITY OF FLORENCE, SOUTH CAROLINA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police										
Physical Arrests	3,904	2,800	2,569	2,737	2,918	2,881	3,003	3,523	3,787	3,633
Traffic Violations	8,055	7,499	4,765	4,366	6,345	8,876	9,323	9,598	8,692	8,775
Parking Violations	1,178	1,228	838	966	1,020	1,153	757	623	924	770
Fire										
Calls Answered	3,300	3,855	2,060	2,603	2,162	2,324	2,413	2,236	2,177	2,565
Inspections	998	998	705	780	941	974	1,021	837	1,286	1,040
Water System										
Service Connections	21,365	22,100	26,813	27,475	28,166	28,759	29,459	30,238	30,240	30,814
Average daily consumptions (in millions of gallons)	12.10	11.70	11.70	12.06	12.06	12.50	13.00	14.00	13.00	13.00
Maximum daily capacity (in millions of gallons)	25.00	27.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	26.00
Wastewater System										
Service connections	15,541	15,900	NA	17,154	17,632	18,360	18,918	19,486	19,530	19,954
Average daily treatment (in millions of gallons)	7.40	7.70	10.10	10.10	10.10	8.90	10.00	9.82	11.00	12.00
Maximum daily capacity (in millions of gallons)	15.00	15.00	15.00	15.10	15.00	15.00	15.00	15.00	18.00	18.00

(1) Reflects the purchase of the Florence County water and sewer system in July 2002.

Table 27

**CITY OF FLORENCE, SOUTH CAROLINA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	2	2	2	2	2	2	3
Resource Centers	6	6	6	3	3	3	3	3	4	6
Patrol units	106	108	113	113	115	125	157	127	135	100
Fire Stations	4	4	4	4	4	4	4	4	4	4
Highways and Streets										
Streets (in miles)	219	231	235	241	241	246	241	241	283	283
Streetlights	4,400	4,750	4,970	5,125	5,572	5,816	6,052	6,075	6,235	6,375
Culture and Recreation										
Community centers	4	4	4	3	3	4	3	4	4	4
Parks	13	13	13	13	14	15	16	16	17	19
Park acreage	300	300	300	300	530	500	530	605	624	660
Swimming pools	3	2	0	0	0	0	0	0	0	0
Tennis courts	25	26	26	24	24	24	22	24	24	48
Water System										
Water mains (in miles)	410	629	698	726	730	730	730	741	718	718
Fire hydrants	1,075	1,355	1,000	1,280	1,524	1,786	1,801	1,882	2,334	2,213
Wastewater System										
Sanitary sewers (in miles)	330	335	352	357	368	375	375	390	388	425
Treatment plants	1	1	1	2	1	1	1	1	1	1
Stormwater System										
Storm sewers (in miles)	90	91	91	95	100	105	109	110	115	115

Table 28

**CITY OF FLORENCE, SOUTH CAROLINA  
MISCELLANEOUS STATISTICS**

<b>Date of Incorporation</b>		1890
<b>Form of Government</b>		Council/Manager
<b>Total Number of Full-Time Employees</b>		485
<b>Area in square miles</b>		21.10
<b>Facilities and services not included in the primary government</b>		
Cable Television System		
Miles of service (Florence County)		1,280
Number of satellite receiving stations		-
Education		
Number of elementary schools		13
Number of elementary school instructors		548
Number of secondary schools		7
Number of secondary school instructors		493
<b>Facilities and services not included in the reporting entity</b>		
Hospitals		
Number of hospitals		3
Number of patient beds		913
<b>Other data</b>		
Business Licenses issued for fiscal year 2009-2010		3,662
New Business Licenses issued for fiscal year 2009-2010		617
Business License Receipts	\$	6,984,638
Percent change in Business License receipts from prior year		4.58%
Franchise Fee Receipts	\$	3,496,188
Percent change in Franchise Fee receipts from prior year		2.17%
Population (estimated population)		31,842
City of Florence gross retail sales for calendar year 2009	\$	2,116,188,843
Per Capita spending for calendar year 2009	\$	66,459
Outstanding General Obligation Debt	\$	-
Outstanding Revenue Debt	\$	126,895,309
City of Florence Bond Rating		
Moody's Investor's Service		Aa2
Standards and Poor's		A+
Residential construction permits issued		309
Construction value	\$	5,766,382
Commercial construction permits issued		143
Construction value	\$	29,043,700

**INTENTIONALLY LEFT BLANK**

**SINGLE AUDIT SECTION**

**INTENTIONALLY LEFT BLANK**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor  
and Members of the City Council  
**City of Florence, South Carolina**

Compliance

We have audited the compliance of the **City of Florence, South Carolina**, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Florence's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Florence's management. Our responsibility is to express an opinion on the City of Florence's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Florence's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Florence's compliance with those requirements.

In our opinion, the City of Florence complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the City of Florence is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Florence's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Florence's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

**Members**

SC Association of Certified Public Accountants

NC Association of Certified Public Accountants

**Member**

Division for CPA Firms, AICPA

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

We noted certain matters we reported to management of the City of Florence in a separate letter dated November 22, 2010.

This report is intended solely for the information and use of the City of Florence City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Webster Rogers LLP*

Florence, South Carolina  
November 22, 2010

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
<b>U.S Department of Housing and Urban Development</b>			
Community Development Block Grant Entitlement	14.218	N/A	\$ 488,831
ARRA - Community Development Block Grant Entitlement	14.253	N/A	18,926
Total CDBG Entitlement Cluster			<u>507,757</u>
Community Development Block Grant - Section 108 Loan Guarantee Program	14.248	N/A	14,461
Total Direct Department of Housing and Urban Development			<u>522,218</u>
Passed through S.C. State Housing Finance and Development Authority			
Neighborhood Stabilization Program	14.228	M07SG450100	878,568
HOME Investment Partnership Program	14.239	M07SG450100	298,445
Total passed through S.C. Department of Housing and Urban Development			<u>1,177,013</u>
<b>Total Department of Housing and Urban Development</b>			<u>1,699,231</u>
<b>U.S. Department of Transportation</b>			
Passed through S.C. Dept. of Transportation			
Transportation Enhancement Program	20.205	ENH 96-07	6,137
LEN	20.600	2JC-09012	14,794
<b>Total Department of Transportation</b>			<u>20,931</u>
<b>U.S. Department of Health and Human Resources</b>			
Passed through S.C. Dept. of Health and Environmental Control			
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	EQ-0-747	8,500
<b>Total Department of Health and Human Resources</b>			<u>8,500</u>
<b>U.S. Department of Justice</b>			
Bureau of Justice Assistance Grant			
ARRA - Bureau of Justice Grant	16.580	N/A	44,835
Community Oriented Policing Services	16.804	N/A	229,599
ARRA - Community Oriented Policing Services	16.710	N/A	77,790
Subtotal CFDA 16.710	16.710	N/A	128,593
Total Direct Dept. of Justice			<u>206,383</u>
Passed through S.C. Department of Public Safety			
Byrne Memorial Grant - Alcohol Enforcement Funding	16.803	1GS09025	4,575
<b>Total Department of Justice</b>			<u>485,392</u>
<b>U.S. Environmental Protection Agency</b>			
Brownsfields Assessment and Cleanup Cooperative Agreements			
Congressionally Mandated Projects	66.818	N/A	89,652
Total Direct Environmental Protection Agency	66.202	N/A	433,700
Passed through S.C. Dept. of Health and Environmental Control			523,352
Capitalization Grants for Clean Water State Revolving Funds	66.458	5U58DP001581-02	4,259,582
<b>Total Environmental Protection Agency</b>			<u>4,782,934</u>
<b>U.S. Department of Agriculture</b>			
Community Forestry Program			
<b>Total Department of Agriculture</b>	10.675	N/A	4,816
			<u>4,816</u>
<b>U.S Department of Homeland Security</b>			
Assistance to Firefighters Grants			
<b>Total Department of Homeland Security</b>	97.044	N/A	9,797
			<u>9,797</u>
<b>Total Federal Expenditures</b>			<u>\$ 7,011,601</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

**1. Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards has been prepared on the modified accrual basis of accounting. The information presented on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. For purposes of the schedule, federal programs include all federal awards and procurement relationships entered into directly between the primary government, the City of Sumter, South Carolina, and the federal government and sub-grants from non-federal organizations made under federally sponsored agreements.

**2. Outstanding Loans**

At June 30, 2010, the City had the following outstanding loans:

	CFDA #	Amount
<b>U.S. Department of Housing and Urban Development</b>		
CDBG Section 108 Loan Guarantees	14.248	\$ 935,000
<b>U.S. Environmental Protection Agency</b>		
Upper Middle Swamp Interceptor	66.458	136,580
Water Supply Improvements	66.468	1,558,676
Pee Dee Regional Water System/Finished Water Main	66.468	5,088,949
Rain Water Storage	66.468	2,159,049
Regional Wastewater Treatment Plant Upgrade - Phase I	66.468	4,259,582
<b>Total Environmental Protection Agency</b>		<b>13,202,836</b>
<b>Total loans outstanding</b>		<b>\$ 14,137,836</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditor’s report issued: Unqualified Opinion

Internal control over financial reporting:  
     Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Reportable condition(s) identified not considered to be material  
 weaknesses? \_\_\_\_\_ yes      X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major programs:  
     Material weakness(es) identified? \_\_\_\_\_ yes      X   no

Reportable condition(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: Unqualified Opinion

Any audit findings disclosed that are required to be reported in  
 accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	CDBG Cluster
14.218	Community Development Block Grant Entitlement
14.253	ARRA – Community Development Block Grant Entitlement
14.228	CDBG - Neighborhood Stabilization Program
66.202	Congressionally Mandated Projects
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B  
 programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

---

---

**II – Financial Statements Findings:**

None

**III – Federal Awards Findings:**

None

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2010**

---

**None**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INTENTIONALLY LEFT BLANK**



**INDEPENDENT AUDITORS' 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**

To the Honorable Mayor  
and Members of the City Council  
**City of Florence, South Carolina**

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 Florence, South Carolina**, as of and for the year ended June 30, 2010, which collectively comprise the City of Florence, South Carolina's basic financial statements and have issued our report thereon dated November 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Florence's internal control over financial reporting as a basis for designing our auditing procedures 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 of Florence's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Florence's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Florence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters we reported to management of the City of Florence in a separate letter dated November 22, 2010.

This report is intended solely for the information and use of the City of Florence City Council, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Wisbotz Rogano LLP*

Florence, South Carolina  
November 22, 2010