

CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

CITY OF FLORENCE, SOUTH CAROLINA
FINANCE DEPARTMENT

INTRODUCTORY SECTION

**CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2008

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CITY OF FLORENCE

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September 17, 2008

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 publish within six months of the close of each fiscal year 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, 2008.

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 Burch, Oxner, Seale Company, CPAs, P.A., 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, 2008, 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, 2008, 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Florence's MD&A can be found immediately following the report of the independent auditors.

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

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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 heads 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 maintenance and construction of highways, streets, and other infrastructure; parks and leisure/cultural recreational activities and events; sanitation services; planning and zoning services; water and sewer services; and storm water 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 as the starting point for 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 40 as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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, twenty 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 and QVC have contributed significantly to overall capital investments and job creation in the area. In addition to these companies, the H.J. Heinz Co. announced in the summer of this year that it will create 350 jobs at a new 225,000 square foot facility with an initial investment of \$105 million to be located on 49 acres in the Pee Dee Touchstone Energy Commerce City industrial park in Florence County. Monster.com also announced this summer that it would build a customer service facility in Florence County, investing \$28 million and initially hiring around 350 employees.

The healthcare industry in Florence continues to be one of the very 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 two rehabilitation hospitals, a variety of vision and dental clinics, and a wealth of 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 an assortment of shopping malls and retail stores. Magnolia Mall, Magnolia Commons, Florence Mall, and a variety of miscellaneous shops and stores throughout the city attract shoppers from all over Florence County as well as surrounding counties in the Pee Dee Region. More than half of the total retail sales in the seven Pee Dee counties come from Florence County. A recent retail development site, Plaza at Magnolia, boasted the opening of a Home Depot in July 2006. An Olive Garden Restaurant opened in August 2006 along with a Longhorn Steakhouse which opened a month later. Kohl's department store, a national retail merchandise chain, with more than 800 stores throughout the country in 41 states, opened in the Plaza at Magnolia in early 2007 along with Chili's, a national restaurant chain. Dick's Sporting Goods, a national retail sports equipment and accessory merchandiser opened its doors at Magnolia Mall in 2007. Also at Magnolia Mall, the book retailer Barnes and Noble Booksellers opened for business in the fall of 2007 complementing the currently established national retail bookseller, Books-A-Million at the Florence Mall. It is anticipated that other national and regional retail stores and restaurants will be attracted to Florence in the future.

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, concerts, circuses, rodeos, ice skating and a variety of 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 one of the most diversified economies in the southeast, and economic expansion continues in both the City and County of Florence. The economic outlook and prospect for growth and development in the area are strong and appear promising for the future. 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. Wastewater Treatment Facility – In January 2006 a regional water and sewer system master plan was completed and presented to City Council. Based on the alternatives outlined in the Master Plan, Council determined 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. The PER, which was presented to City Council on January 23, 2008, was prepared by the engineering team of CDM, Inc., BP Barber & Associates, and Davis & Brown, Inc. As part of the PER, an implementation schedule was developed and detailed cost estimates were prepared for the project necessary to implement the redevelopment of the plant at the current site. As authorized by City Council, a contract was negotiated and signed with CDM for design engineering. The projected date for design engineering completion is March 2009. Construction bidding is anticipated to occur during the summer of 2009 with actual construction projected to begin in the fall of 2009 and completion anticipated by the latter part of 2012. 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 water and sewer tap 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. The water and sewer tap fees increase was delayed until January 2008 to provide an opportunity for staff to further review the tap fee structure and related rates. Costs related to the facility will be financed through revenue bonds, bank notes, and/or a low-interest rate state infrastructure loan funded by these rate and fee increases. Additional revenues to support the project may be provided from agency grants.

East Florence Stormwater Improvement and Mitigation Project – The City is developing 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 includes 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. The stormwater project will be developed on this property which, at present, consists of filled wetlands areas covered with kudzu and low lying areas overtaken by non-native plant species. By providing wetlands re-establishment, stream restoration, and re-establishment of native vegetation, the project will 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. To date, extensive areas of the site have been cleared of undergrowth and non-native vegetation. Future activities at the site will include 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, estimated at a total cost of \$1,000,000, is being provided through grants from the South Carolina Department of Transportation, in-kind labor and equipment, and stormwater utility capital construction funds.

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 pursue 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. Eight of these identified projects have been completed at a cost of \$1.3 million. The remaining projects are either scheduled for construction, have been bid for construction, or are currently under design for construction. It is anticipated that these projects will be completed within the next two years.

Downtown Revitalization – 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. The performing arts center, estimated to cost approximately \$30 million, will be built and operated by Francis Marion University. The center will be located on a 3.93 acre lot located on property bounded by Dargan, Cheves and Palmetto Streets. To supplement the grant funding, the performing arts center will receive 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. 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 newly adopted design guidelines.

Brownfields Project – Since 2003, the City of Florence has worked diligently to assess, obtain, and clean a brownfield site in the heart of the City's downtown, the former location of the Bush Recycling Center. Through a combination of EPA Brownfields Assessment and Cleanup Grants, a Drs. Bruce and Lee Foundation land acquisition grant, a low interest Brownfields Cleanup Revolving Fund loan, and matching City funds, the City has, over the last several years, made great strides in converting this former brownfield into a site that will provide for future use designed to complement the downtown revitalization and redevelopment effort. A number of environmental site assessments were completed to identify cleanup alternatives, activities, and associated costs at the Bush Recycling Center. The City worked with EPA and SCDHEC personnel to develop plans for cleanup activities at the Bush Recycling Center. To fund the cleanup activities, the City secured a 10-year, one percent interest loan through the SCDHEC Brownfields Cleanup Revolving Loan Fund in the amount of \$625,000. Additional funding came from the \$200,000 Brownfield Cleanup Grant, general fund revenues, and in-kind

services. Contaminated soil remediation activities commenced at the site on May 19, 2008. Cleanup at the Bush Recycling Center included removal and disposal of surface soils over a large portion of the property to remove contaminants and scrap debris. Activities also included replacing the removed soil with clean fill dirt to restore the site to its previous grade. Cleanup activities were substantially complete in August, 2008. The original estimated cost to remove and dispose of contaminated soil and replace the excavated soil was \$990,000. Of this amount, \$240,000 was funded from the \$200,000 Brownfields Cleanup grant combined with \$40,000 of grant matching funds from the City. The remaining balance was funded from a \$625,000 BCRLF loan for ten years with one percent interest and a City match of \$125,000. The cost associated with activities necessary to complete the environmental remediation increased during the project to approximately \$1.4 million, or \$500,000 greater than originally projected, due to the increase in the amount of contaminated soil and debris that was actually required to be removed from the site; additional activities associated with site preparation; additional clearing of trees and concrete foundations; and the discovery of three unknown underground storage tanks not included in the initial remediation tasks. To finance the additional \$500,000 City Council adopted an ordinance to obtain an additional \$400,000 in Brownfields Cleanup Revolving Loan Funding with a City match of \$100,000. This funding will be used for the additional tasks required to complete the remediation project as required by SCDHEC. The original loan terms and conditions of a one percent annual interest rate and a 10-year amortization will apply to the requested \$400,000 in additional Brownfields Cleanup Revolving Loan funding. The City has developed three conceptual redevelopment plans for the area which include the Bush Recycling Center and surrounding properties. The plans were developed from ideas gathered at the public meetings conducted in the early stages of the project. The City continues to work toward finalizing the reuse plans for the site.

Veterans Memorial Park – In June 2005 plans were formally announced that the City would design and construct a Veterans Memorial Park featuring monuments and memorials to the wars of the 20th century, as well as an amphitheatre surrounded by commemorative flags. The park, which was substantially completed in June of this year, was constructed on approximately ten acres of land donated to the City and located adjacent to the Florence City County Civic Center on Woody Jones Boulevard. In June 2006 City Council adopted a lease-purchase ordinance authorizing financing from BB&T in the amount of \$3,000,000 for fifteen years at an interest rate of 4.18% to fund capital projects to include the construction of the Veterans Memorial Park, at an estimated cost of \$2 million, and \$1 million in road widening improvements to West Radio Drive, a street that serves not only as an access to myriad retail, restaurant and hotel options, but also provides an access to the future memorial park. The park will be dedicated and officially opened on Veteran's Day, November 11, 2008.

Radio Drive Widening – As a part of the development of Plaza at Magnolia, located on Radio Drive adjacent to David McLeod Boulevard, Preitt Rubin, the plaza's developer, was required to complete the first phase of improvements along West Radio Drive. These improvements included the addition of turn lanes, stacking lanes and traffic signals. This phase features a three-lane road section that helps to manage traffic flow as well as minimize congestion in the area. Phase II improvements will provide additional traffic lanes, signalization and some enhanced pedestrian movement elements. These improvements, estimated to cost approximately \$1.3 million, are being funded by the City of Florence in the amount of \$1 million as noted above, Preitt Rubin in the amount of approximately \$250,000, and Byrd Properties in the amount of approximately \$50,000. These improvements are being made in response to anticipated additional commercial development. Engineering plans have been completed and construction is scheduled to begin later in 2008.

Trails System – In fiscal year 2008 a significant expansion of the City of Florence Rail Trail System was completed. Engineering plans became reality with the construction and completion of three extensions from the original "Rails-to-Trails" facility. These three extensions are the Ebenezer Road Extension, the Pepsi to the Magnolia Mall Extension, and the Pepsi to the Civic Center Extension. These interconnecting extensions provided access to other neighborhoods, parks, schools, worksites, shopping, and other areas of interest. The cornerstone of funding for this expansion was a \$566,000 matching grant from the South Carolina Department of Transportation. This particular state funding is in addition to previous fiscal years state administered grant-matching awards totaling approximately \$242,000 that had been tapped exclusively for this evolving trails project. Matching funds for these grants were appropriated from hospitality taxes and from in-kind services. Partnerships with individuals, business and philanthropic groups in the Florence area generated additional support in the form of monetary gifts and donations of easements. By ordinance, Council enabled the City to accept donations of property, conservation easements and trail easements. Council has actively encouraged the acquisition of natural areas which have become the backbone of the Trail System. In just a few years, this initiative by Council has resulted in the creation of more than 18 miles of trails and urban streetways. The original "Rails to Trails" facility with its extensions is one of three interconnected yet distinct trail groupings. The other two trail groupings are identified as the Urban Connections and the Freedom Florence Connections. The Urban Connections Trails are streetways that provide access to venues that showcase arts and cultural events, as well as access to urban parks, all of which contribute to an improved image for Florence's traditional downtown area. The Freedom Florence Connections Trails focus on recreation, history and environmental protection. These trails are located adjacent to Pye Branch and Jeffries Creek on the east side of Florence. The City has published a full color brochure, "City of Florence – Trail System", containing a detailed map describing these trails and distinct points of interest.

Planning and Zoning – In 1997 the City of Florence entered into an agreement with Florence County to consolidate planning, zoning, and building inspections into a countywide department, operated and administered by Florence County. However, the City's efforts with downtown redevelopment, the growth and changes in the urban area of the City, and the need for planning focused on the unique urban requirements, have, over the years, resulted in the need for the City and its citizens to have its own department for planning and zoning within its municipal limits. Therefore, in March 2007 City Council adopted a resolution not to renew the agreement with Florence County for the administration of planning and zoning within the municipal limits, with the effective date of the changeover to be June 30, 2008. The resolution further provided that the consolidated building inspection function would be renewed on a year-to-year basis. Beginning July 1, 2008, the City of Florence included approximately \$300,000 in increased funding for four additional positions and additional operating funds in the Urban Planning and Development departmental annual budget. In addition to the duties of overseeing the downtown redevelopment process and implementation of design guidelines, the expanded department now offers traditional planning and zoning services including issuance of zoning permits, processing applications for annexation requests, enforcement of zoning and sign ordinances, and the drafting and implementation of the City's comprehensive plan essential for managing future growth.

Cash management policies and practices. Cash available for investing during the year was invested in repurchase agreements, certificates of deposit, obligations of the U.S. government and its agencies, and the State of South Carolina Local Government Investment Pool. The South Carolina Local Government Investment Pool is a pool of funds belonging to participating local governments which is managed by the State Treasurer. These funds are invested by the State Treasurer in obligations of the United States and its agencies and repurchase agreements collateralized by securities of the U.S. Government or its agencies.

The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina Code of Laws 6-5-10. The City earned interest revenue of \$1,198,466 on all investments for the year ended June 30, 2008.

Risk Management. Risk management activities are coordinated and managed by the City's Human Resources and Risk Management Department. Risk management efforts of the department are designed to minimize the loss of the City's human, physical, and financial resources through appropriate planning, training, case management, and the provision of adequate insurance coverage.

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 carries a \$10,000 deductible under both the SCMIT and SCMIRF plans. Claims below this threshold are managed by the City.

To protect employees against the escalating cost of medical care and to promote healthy and sustaining lifestyles, all full-time regular employees receive group health, dental, and life insurance paid by the City. The City has contracted with Blue Cross Blue Shield of South Carolina for group coverage under the Comprehensive Preferred Personal Care Plan. In an effort to control costs, Blue Cross has negotiated reduced rates with physicians, hospitals, as well as other health care facilities through its Preferred Personal Care Providers program. Additionally, this insurance plan has incorporated case management; pre-admission review; emergency admission review; continued stay review; and procedural pre-authorization review as a means of monitoring claims activity.

Pension and other post employment benefits. All employees of the City participate in one of two defined benefit pension plans, administered by the State of South Carolina. The South Carolina Retirement System (SCRS) and the Police Officer's Retirement System (PORS), both of which are cost sharing multiple-employer public employee retirement plans. The SCRS and PORS offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The plans' provisions are established under Title 9 of the SC Code of Laws. Both employees and the City are required to contribute to the SCRS and PORS at rates established under the authority of Title 9 of the Code of Laws. The City's contributions are actuarially determined, but are communicated to and paid by the City as a percentage of the employee's annual earnings.

The City also provides postretirement health and dental care benefits for retirees and their dependents that meet certain service requirements. As of the end of the current fiscal year, there were 53 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Generally Accepted Accounting Principles do not yet require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City's pension arrangements and post employment benefits can be found in Note J in the financial statements.

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, 2007. 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 2007 marks the tenth 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, Burch, Oxner, Seale Company. 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

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, 2007

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.



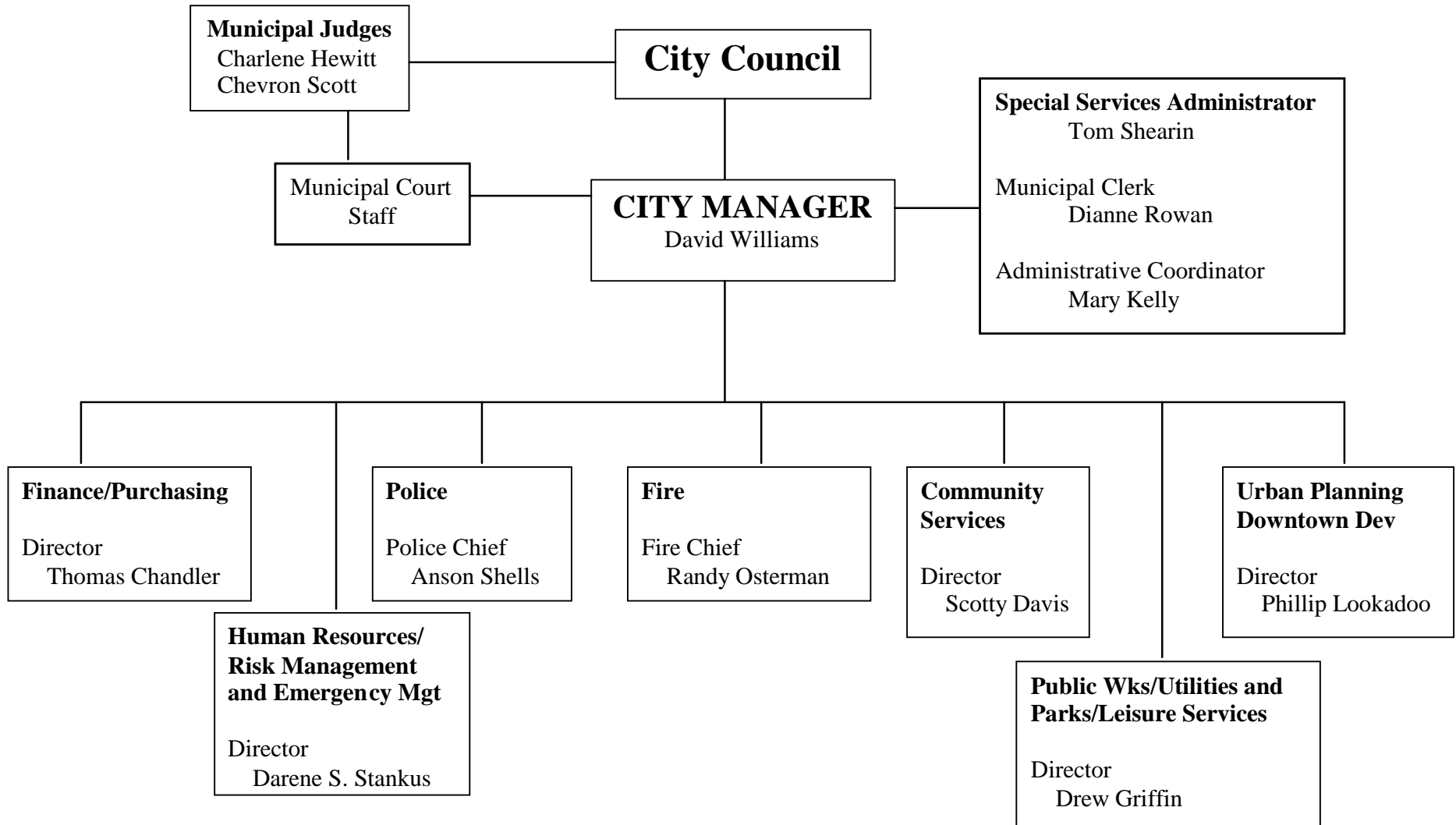
Charles S. Cox

President

Jeffrey R. Emswiler

Executive Director

**CITY OF FLORENCE, SC
ORGANIZATIONAL CHART
2007-2008**



CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2008

GOVERNING BODY

Frank E. Willis, Mayor

Billy D. Williams, Mayor Pro Tempore

Edward Robinson

Robert C. Holland

Rick Woodard

William C Bradham, Jr.

Frank J. Brand, III

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

FINANCIAL SECTION

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
S.C. ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS
DIVISION FOR CPA FIRMS
AMERICAN INSTITUTE OF CPAS

1341 W. ALICE DRIVE, 29505
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FLORENCE, SC 29502
TELEPHONE (843) 669-3142
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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, 2008, 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, 2008, 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 September 16, 2008, 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 21 through 30 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina 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 combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated 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.

Burch, Gyner, Seale Co., CPAs, PA

September 16, 2008

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, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 7-13 of this report.

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 assets of the City of Florence exceeded its liabilities at the close of the most recent fiscal year by \$111,116,548 (*net assets*). Of this amount, \$34,240,203 (*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 \$9,253,332.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported a combined ending fund balance of \$13,330,504, an increase of \$463,352 in comparison with the prior year. Approximately 89.11 percent of this total amount, \$11,879,017 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 \$8,128,518, or 31.19 percent of the total fund expenditures.
- The City of Florence had \$62.4 million in bonds and notes outstanding versus \$64.1 million last year, a decrease of 2.7 percent.

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 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 government'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 33-35 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 of Florence 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 focus 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 financing 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 hospitality fee 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 and hospitality fee fund. A budgetary comparison statement has been provided for the general fund and hospitality fee fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 36 and 38 of this report. The statements of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual for the General Fund and Hospitality Fee Fund can be found on Pages 40 and 41 of this report.

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 for its 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. The water and sewer fund is considered to be major fund and the stormwater fund is considered to be a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 42-45 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 46 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 47-64 of this report.

Other 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. Combining and individual fund statements and schedules can be found on pages 68-115 of this report.

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 \$111,116,548 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (69.17 percent) 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 (\$34,240,203) 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 | |
|---|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and other assets | \$ 18,231,183 | \$ 16,664,706 | \$ 27,326,827 | \$ 21,974,378 | \$ 45,558,010 | \$ 38,639,084 |
| Capital assets | 23,873,353 | 21,642,944 | 113,797,575 | 114,929,257 | 137,670,928 | 136,572,201 |
| Total assets | 42,104,536 | 38,307,650 | 141,124,402 | 136,903,635 | 183,228,938 | 175,211,285 |
| Long-term liabilities outstanding | 6,488,543 | 5,637,948 | 61,761,477 | 64,714,905 | 68,250,020 | 70,352,853 |
| Other liabilities | 2,848,584 | 1,945,216 | 1,013,786 | 1,050,000 | 3,862,370 | 2,995,216 |
| Total liabilities | 9,337,127 | 7,583,164 | 62,775,263 | 65,764,905 | 72,112,390 | 73,348,069 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 21,001,938 | 20,703,751 | 55,854,407 | 54,491,789 | 76,856,345 | 75,195,540 |
| Restricted | 20,000 | 167,439 | - | 280,988 | 20,000 | 448,427 |
| Unrestricted | 11,745,471 | 9,853,296 | 22,494,732 | 16,365,953 | 34,240,203 | 26,219,249 |
| Total net assets | \$ 32,767,409 | \$ 30,724,486 | \$ 78,349,139 | \$ 71,138,730 | \$ 111,116,548 | \$ 101,863,216 |

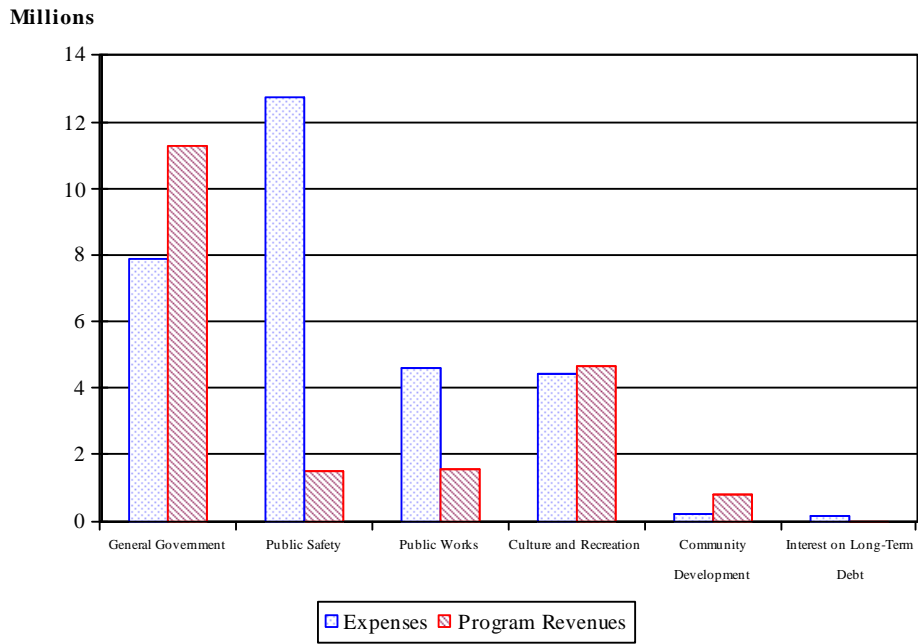
Governmental activities. Governmental activities increased the City of Florence's net assets by \$2,042,923, thereby accounting for 22.08 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

- The donation of land at Parkwood/Middle Swamp to be used for conservation valued at \$10,350.
- The donation of land at Deberry Boulevard and Hillside Avenue valued at \$13,500.
- The capitalization of construction totaling \$648,146 for the Rail Trail System, part of which was paid from the Hospitality Fund.

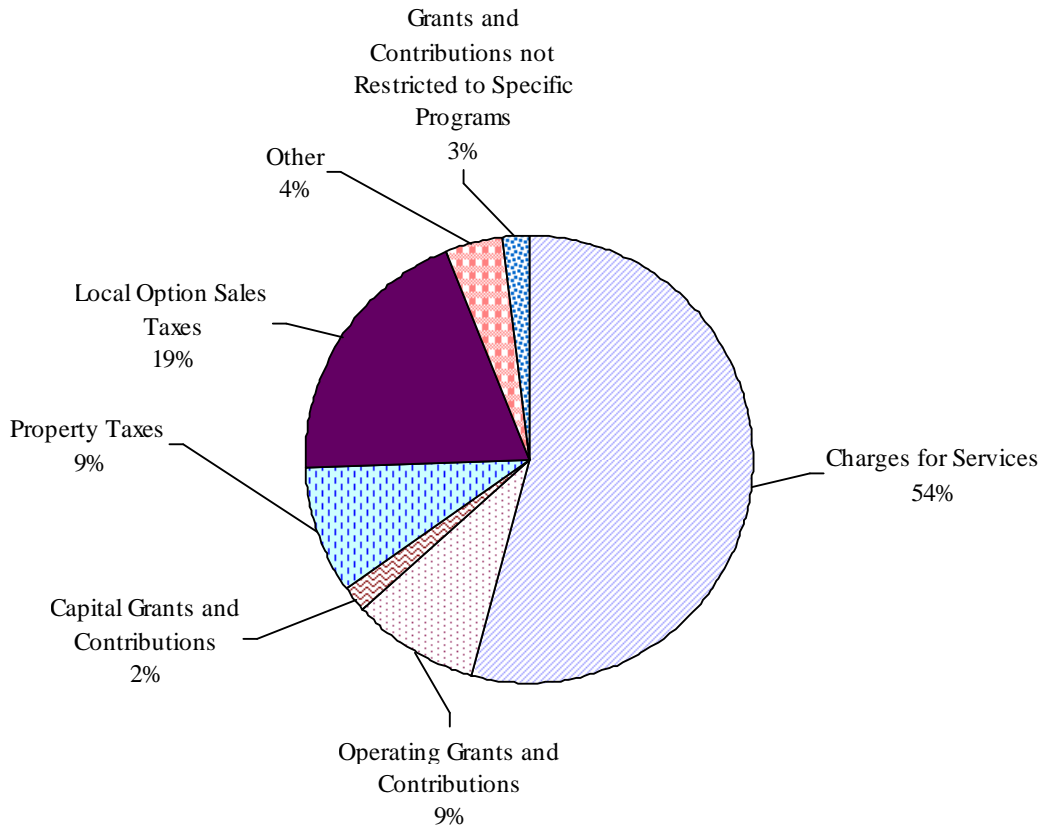
City of Florence's Changes in Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|--------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 16,289,368 | \$ 13,966,132 | \$ 27,243,988 | \$ 23,803,604 | \$ 43,533,356 | \$ 37,769,736 |
| Operating grants and contributions | 2,761,350 | 2,655,129 | - | - | 2,761,350 | 2,655,129 |
| Capital grants and contributions | 697,194 | 723,680 | 257,666 | 228,060 | 954,860 | 951,740 |
| General revenues: | | | | | | |
| Property taxes | 8,360,565 | 8,193,634 | - | - | 8,360,565 | 8,193,634 |
| Grants and contributions not restricted to specific programs | 987,666 | 1,143,389 | - | - | 987,666 | 1,143,389 |
| Other | 1,308,449 | 1,083,151 | 759,267 | 730,095 | 2,067,716 | 1,813,246 |
| Total revenues | 30,404,592 | 27,765,115 | 28,260,921 | 24,761,759 | 58,665,513 | 52,526,874 |
| Expenses: | | | | | | |
| General government | 7,903,075 | 5,988,907 | - | - | 7,903,075 | 5,988,907 |
| Public safety | 12,733,887 | 12,365,574 | - | - | 12,733,887 | 12,365,574 |
| Public works | 4,579,662 | 4,451,755 | - | - | 4,579,662 | 4,451,755 |
| Culture and recreation | 4,407,663 | 7,588,055 | - | - | 4,407,663 | 7,588,055 |
| Community development | 216,096 | 477,068 | - | - | 216,096 | 477,068 |
| Interest on long-term debt | 147,403 | 165,107 | - | - | 147,403 | 165,107 |
| Water and Sewer | - | - | 18,350,029 | 17,674,784 | 18,350,029 | 17,674,784 |
| Storm water | - | - | 1,074,366 | 1,050,567 | 1,074,366 | 1,050,567 |
| Total expenses | 29,987,786 | 31,036,466 | 19,424,395 | 18,725,351 | 49,412,181 | 49,761,817 |
| Increase (decrease) in net assets before transfers | 416,806 | (3,271,351) | 8,836,526 | 6,036,408 | 9,253,332 | 2,765,057 |
| Transfers | 1,626,117 | 1,612,000 | (1,626,117) | (1,612,000) | - | - |
| Increase (decrease) in net assets | 2,042,923 | (1,659,351) | 7,210,409 | 4,424,408 | 9,253,332 | 2,765,057 |
| Net assets - 7/1/2007 | 30,724,486 | 32,383,837 | 71,138,730 | 66,714,322 | 101,863,216 | 99,098,159 |
| Net assets - 6/30/2008 | \$ 32,767,409 | \$ 30,724,486 | \$ 78,349,139 | \$ 71,138,730 | \$ 111,116,548 | \$ 101,863,216 |

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 \$7,210,409, accounting for 77.92 percent 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 has continued to expand its water and sewer infrastructure over the past year. These projects provide new services or upgrade existing services to City residents and customers. The combined cost of these newly completed projects was \$703,162. Beginning July 2007 the City implemented a three-year phased increase in water and sewer rates. The City also implemented a one-time increase in other fees including service fees, tap fees, late fees, and reconnection fees. Water and sewer tap fees were increased effective January 2008. The additional revenue from these increases will be used to pay for the construction of a new Wastewater Treatment Plant. This project will be discussed later in this report.

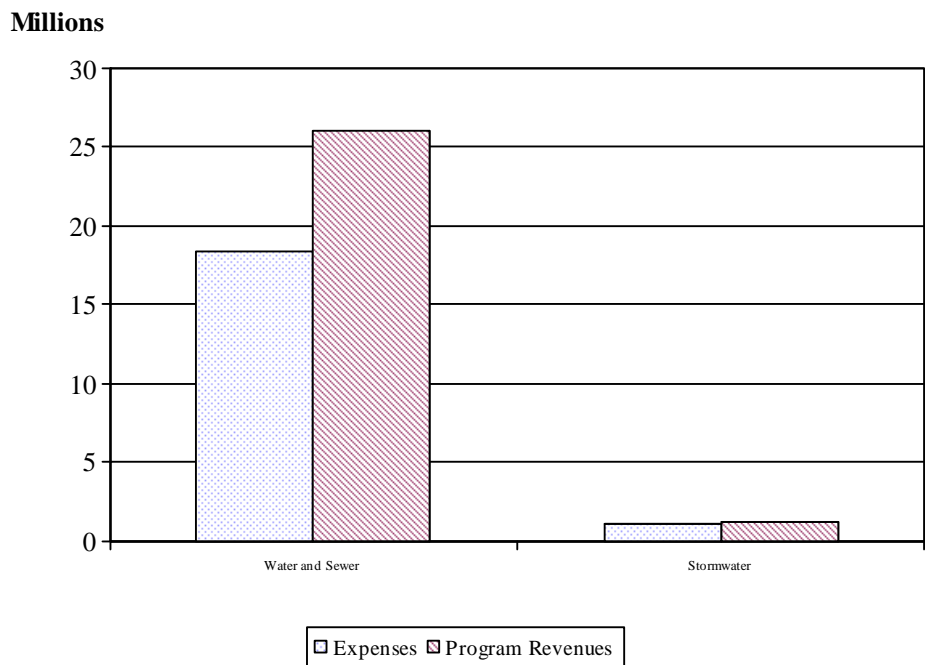
Storm Water Improvement Projects – The City continues to work to improve its storm drainage system. The combined cost of these newly completed project was \$426,807. The City purchased land to be used in Stormwater reclamation in the amount of \$262,696. The City also purchased land in the amount of \$29,932 as part of the SWIM project, which will be completed in the near future.

Financial Analysis of the Government's Funds

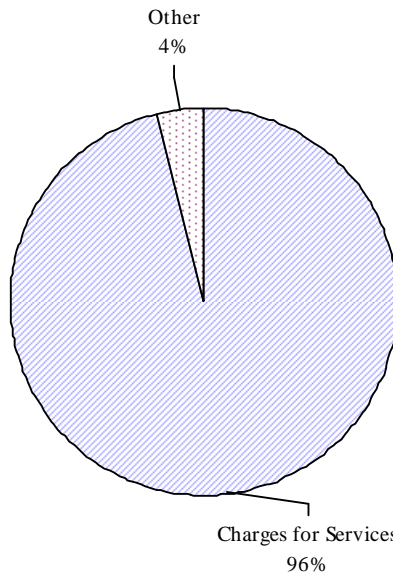
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

Expenses and Program Revenues - Business-type Activities



Revenue by Source – Business-type Activities



As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$13,330,504, an increase of \$463,352 in comparison with the prior year. \$11,879,017 of this total amount 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 1) to pay debt service of \$300,000 or 2) to pay for capital projects of \$1,151,487.

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 \$8,128,518, while total fund balance was \$8,428,518. 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 31.19 percent of total general fund expenditures, while total fund balance represents 32.35 percent of that same amount.

The fund balance of the City's general fund increased by \$241,148 during the current fiscal year.

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 stormwater operations at the end of the year amounted to \$22,494,732. The total growth in the net assets was \$7,210,409. Other factors concerning the finances of these funds have previously 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 2007 – 2008. As a result of these amendments the General Fund's final amended budget was \$2,151,760 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 December 10, 2007, in the amount of \$988,900, from undesignated fund balance. These funds were appropriated as follows:
 - \$20,000 to fund departmental office and furnishing improvements.
 - \$62,000 to fund building repairs at the Freedom Florence facility.
 - \$34,000 to purchase personal protective equipment for the Fire Department.
 - \$6,000 to purchase traffic light control devices for the Fire Department.

General Fund Budgetary Highlights - - Continued

- \$63,000 to replace 3 mowers, a utility vehicle, and a field machine for Parks and Leisure Services.
- \$103,000 to replace 4 vehicles for Streets and Beautification.
- \$19,000 to replace a vehicle for Equipment Maintenance.
- \$17,000 to replace a vehicle for Parks and Leisure Services.
- \$5,000 to fund PARD grant related projects.
- \$300,000 to fund the clearing of vacant lots and demolition of abandoned structures within the city limits.
- \$6,800 to provide for a new emergency generator for the City-County Complex.
- \$25,000 to provide matching funds for the purchases of land for rail trail and green space development.
- \$126,000 to fund the General Fund portion of a citywide telephone upgrade.
- \$10,000 to fund upgrades and improvements to the animal shelter.
- \$100,000 to provide funding for gateways and beautification projects.
- \$12,300 to provide funding for restroom renovations at the Northside Park.
- \$56,000 to fund specialized equipment and projects in Community Services, Police, Fire, Public Works, and Parks Department.
- \$18,800 to provide funds for a tennis center site study funded by a Drs. Bruce and Lee Foundation grant.
- \$5,000 to fund the repayment of South Carolina Brownfields Cleanup Revolving Loan Fund proceeds for cleanup of the Bush Recycling site.
- Miscellaneous Grants was increased by \$220,000 for EPA Brownfields cleanup and assessment by an ordinance adopted on May 12, 2008.
- Unappropriated Surplus was increased by \$165,000 for EPA Brownfields cleanup grant and loan match by an ordinance adopted on May 12, 2008.
- Miscellaneous Revenue was increased by \$23,800 to provide funding for trails project by an ordinance adopted on May 12, 2008.
- Loan/Lease Purchase Proceeds was increased by \$625,000 to fund Brownfield Cleanup by an ordinance adopted on May 12, 2008.
- Miscellaneous Grants was increased in the amount of \$9,560 by an ordinance adopted on July 14, 2008 to fund an extension of a walking trail boardwalk.
- Unappropriated Surplus was increased in the amount of \$119,500 by an ordinance adopted on July 14, 2008 to be expended as follows:
 - \$33,000 for the cooling tower at the City-County Complex.
 - \$12,500 for improvements at the American Legion Field.
 - \$18,500 for an assessment of fire department stations and operations.
 - \$37,000 for UST analyses and repairs at Public Works, Fire, and City-County Complex.
 - \$7,500 for loan closing costs for the Brownfields Cleanup Revolving Loan Fund.
 - \$6,000 for county-wide pictometry.
 - \$5,000 for a donation to Florence Darlington Tech for "Manufacturing: The Futures."

The most significant budget to actual variance (in dollars) for General Fund revenues included a positive variance of \$1,272,766 or 14% in licenses and fees. The majority of the increase was \$964,809 in franchise fees. Effective July 1, 2008 City Council approved an ordinance to increase franchise fees for all franchisees from 3% to 5%. In conjunction with this ordinance, Progress Energy, as part of an amended Municipal Services Agreement with the City, changed their payment schedule of franchise fees and remitted in the 2007-08 fiscal year \$703,838 of fees that were held arrears. There was also a significant increase in franchise fees due to the payment by South Carolina Electric and Gas of the 5% fee in fiscal year 2007-08. The remaining variance of \$307,957 was in the business license revenues. This excess was due to an increase of \$231,409 in fees from the insurance industry. Improved business license enforcement activities and collections resulted in this positive difference. Another significant revenue difference was a positive variance of \$214,746 in miscellaneous revenues which represents payment on an insurance claim for the total loss of a sanitation truck.

There were several significant budget to actual variances in the General Fund expenditures. There was a total of \$188,614 in positive variances in several departments' capital outlay accounts. These variances represent unspent budgeted funds for capital purchases or projects in these departments not completed at fiscal year end. Departmental requests have been made to re-appropriate these funds in the current fiscal year. There was a \$120,307 negative variance for capital outlay in the sanitation department. This variance represents the purchase of a sanitation truck to replace one that was destroyed by fire, and, as previously mentioned, a portion of this cost was paid by an insurance claim. There were several other significant budget to actual

expenditure variances. A \$278,100 positive variance for lot clearing and demolition was due to incompleteness of the clearing and demolition project by the fiscal year end. An additional positive variance of \$110,000 for 218 W. Evans building upgrade was due to the renovations being started after the end of the fiscal year. The final significant variance was a negative difference of \$142,346 for brownfield's grant expenditures. This variance was due to expenditures for additional work needed to clean the former Bush Recycling brownfield site. Funds for this additional work were budgeted in FY 2008-09, but due to the timing of the completed work, a portion of these funds budgeted in FY 2008-09 was expended in FY 2007-08.

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, 2008, amounts to \$137,670,928 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and equipment. The total increases in the City's investment in capital assets for the current fiscal year was .80 percent (a 10.30 percent increase for governmental activities and a .98 percent decrease for business-type activities).

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

- Property donated to the City of Florence totaling \$32,499.
- The purchase of various parcels of property for community development totaling \$63,079.
- The purchase of several parcels of property for use in the City's stormwater projects totaling \$292,629.
- The purchase of 2 new sanitation trucks totaling \$197,607.
- Completion of construction on the City Rail Trail System amounting to \$648,146.
- Completion of construction on a breezeway in the downtown area totaling \$45,604.
- Conversion of City's telephone system to a Voice of Internet Protocol (VOIP) system at a cost of \$317,877.
- The purchase of a new IBM System I-5 at a cost of \$35,517.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------|-------------------------|---------------|--------------------------|----------------|----------------|----------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$ 7,118,548 | \$ 7,022,559 | \$ 1,733,596 | \$ 1,432,319 | \$ 8,852,144 | \$ 8,454,878 |
| Buildings and system | 3,132,985 | 3,271,266 | 108,634,896 | 111,568,320 | 111,767,881 | 114,839,586 |
| Infrastructure | 6,915,201 | 6,805,820 | - | - | 6,915,201 | 6,805,820 |
| Machinery and Equipment | 3,648,689 | 4,222,539 | 1,377,865 | 1,321,576 | 5,026,554 | 5,544,115 |
| Construction in process | 3,057,930 | 320,760 | 2,051,218 | 607,042 | 5,109,148 | 927,802 |
| Totals | \$ 23,873,353 | \$ 21,642,944 | \$ 113,797,575 | \$ 114,929,257 | \$ 137,670,928 | \$ 136,572,201 |

Additional information on the City's capital assets can be found in note F beginning on page 56 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt and notes payable outstanding of \$62,418,896. At June 30, 2008, the City had \$61,138,896 in bonds and notes payable secured solely by specified revenue sources and notes payable of \$1,280,000.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------|-------------------------|------|--------------------------|---------------|---------------|---------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenue Bonds | \$ - | \$ - | \$ 36,265,000 | \$ 37,090,000 | \$ 36,265,000 | \$ 37,090,000 |
| Notes Payable | 1,280,000 | - | 24,873,896 | 27,028,107 | 26,153,896 | 27,028,107 |
| Totals | \$ 1,280,000 | \$ - | \$ 61,138,896 | \$ 64,118,107 | \$ 62,418,896 | \$ 64,118,107 |

The City's total debt decreased by \$1,699,211 (2.65 percent) during the current fiscal year. The key factor in this decrease was payments on revenue bond and notes payable.

Capital Assets and Debt Administration - - Continued

The City of Florence maintains an "A" rating from Standards & Poor's and an "A1" 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 percent of its total assessed valuation. The current debt limitation for the City is \$11,430,008. The City of Florence has no outstanding general obligation debt.

Additional information on the City of Florence's long-term debt can be found in Note I beginning on page 59 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 2009 fiscal year.

- Amounts available for appropriation in the general fund are \$26.5 million, with a \$2 million increase from the amount of the original 2008 fiscal year budget of \$24.4 million. The final 2008 budget after amendments was \$26.5 million. The City's budget amendments were reviewed earlier in this report.
- The City did not increase its tax rate in the fiscal year 2008 budget year.
- The Florence area experienced a .6% decrease in the unemployment rate from fiscal year 2007.

As for the City's business-type activities, we expect that the 2009 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 revenue bonds, banks notes and/or a low-interest rate state infrastructure loan funded by these rate and fee increases. Additional revenues to support the project may be provided from agency grants.
- the City continues to expand its water and sewer system adding new customers.

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.

BASIC FINANCIAL STATEMENTS

City of Florence, South Carolina
Statement of Net Assets
June 30, 2008

| ASSETS | Governmental Activities | Business-type Activities | Total |
|--|------------------------------------|-------------------------------------|------------------------------|
| Cash and cash equivalents--Note D | \$ 7,650,507 | \$ 6,620,164 | \$ 14,270,671 |
| Receivables--Note E | 2,882,292 | 4,068,414 | 6,950,706 |
| Inventories | 311,282 | 513,130 | 824,412 |
| Investments--Note D | 4,901,650 | 12,929,391 | 17,831,041 |
| Restricted cash and cash equivalents--Note D | 2,446,965 | 2,677,021 | 5,123,986 |
| Unamortized loan expense | 38,487 | 518,707 | 557,194 |
| Capital assets (net of accumulated depreciation)--Note F | | | |
| Land | 7,118,548 | 1,733,596 | 8,852,144 |
| Buildings and system | 3,132,985 | 108,634,896 | 111,767,881 |
| Machinery and equipment | 3,648,689 | 1,377,865 | 5,026,554 |
| Infrastructure | 6,915,201 | - | 6,915,201 |
| Construction in progress | <u>3,057,930</u> | <u>2,051,218</u> | <u>5,109,148</u> |
| TOTAL ASSETS | <u>\$ 42,104,536</u> | <u>\$ 141,124,402</u> | <u>\$ 183,228,938</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 2,247,766 | \$ 197,457 | \$ 2,445,223 |
| Accrued interest | 17,159 | 663,309 | 680,468 |
| Other liabilities | 535,498 | 123,666 | 659,164 |
| Unearned revenue | 48,161 | - | 48,161 |
| Customer deposits | - | 29,354 | 29,354 |
| Noncurrent liabilities--Note I | | | |
| Due within one year | 400,000 | 3,919,517 | 4,319,517 |
| Due in more than one year | <u>6,088,543</u> | <u>57,841,960</u> | <u>63,930,503</u> |
| TOTAL LIABILITIES | <u>9,337,127</u> | <u>62,775,263</u> | <u>72,112,390</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 21,001,938 | 55,854,407 | 76,856,345 |
| Restricted for debt service | 20,000 | - | 20,000 |
| Unrestricted | <u>11,745,471</u> | <u>22,494,732</u> | <u>34,240,203</u> |
| TOTAL NET ASSETS | <u>\$ 32,767,409</u> | <u>\$ 78,349,139</u> | <u>\$ 111,116,548</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Activities
Year Ended June 30, 2008

| | Program Revenues | | | |
|---------------------------------------|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Functions/Programs | | | | |
| Governmental Activities | | | | |
| General government | \$ 7,903,075 | \$ 10,212,766 | \$ 1,042,962 | \$ 15,899 |
| Public safety | 12,733,887 | 981,643 | 528,720 | - |
| Public works | 4,579,662 | 1,537,192 | - | - |
| Culture and recreation | 4,407,663 | 3,211,715 | 1,015,199 | 413,448 |
| Community development | 216,096 | 346,052 | 174,469 | 267,847 |
| Interest on long-term debt | <u>147,403</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>29,987,786</u> | <u>16,289,368</u> | <u>2,761,350</u> | <u>697,194</u> |
| Business-type Activities | | | | |
| Water and sewer | 18,350,029 | 26,030,858 | - | 257,666 |
| Storm water | <u>1,074,366</u> | <u>1,213,130</u> | <u>-</u> | <u>-</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>19,424,395</u> | <u>27,243,988</u> | <u>-</u> | <u>257,666</u> |
| TOTAL | <u>\$ 49,412,181</u> | <u>\$ 43,533,356</u> | <u>\$ 2,761,350</u> | <u>\$ 954,860</u> |
| General Revenues | | | | |
| Property taxes | | | | |
| Unrestricted intergovernmental | | | | |
| Investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total General Revenues and Transfers | | | | |
| Change in net assets | | | | |
| Net assets beginning of year | | | | |
| Net assets end of year | | | | |

Net (Expense) Revenue and Changes in Net Assets

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|-----------------------|
| \$ 3,368,552 | \$ - | \$ 3,368,552 |
| (11,223,524) | - | (11,223,524) |
| (3,042,470) | - | (3,042,470) |
| 232,699 | - | 232,699 |
| 572,272 | - | 572,272 |
| <u>(147,403)</u> | <u>-</u> | <u>(147,403)</u> |
| <u>(10,239,874)</u> | <u>-</u> | <u>(10,239,874)</u> |
| - | 7,938,495 | 7,938,495 |
| <u>-</u> | <u>138,764</u> | <u>138,764</u> |
| <u>-</u> | <u>8,077,259</u> | <u>8,077,259</u> |
| <u>(10,239,874)</u> | <u>8,077,259</u> | <u>(2,162,615)</u> |
| 8,360,565 | - | 8,360,565 |
| 987,666 | - | 987,666 |
| 439,199 | 759,267 | 1,198,466 |
| 869,250 | - | 869,250 |
| <u>1,626,117</u> | <u>(1,626,117)</u> | <u>-</u> |
| <u>12,282,797</u> | <u>(866,850)</u> | <u>11,415,947</u> |
| 2,042,923 | 7,210,409 | 9,253,332 |
| <u>30,724,486</u> | <u>71,138,730</u> | <u>101,863,216</u> |
| <u>\$ 32,767,409</u> | <u>\$ 78,349,139</u> | <u>\$ 111,116,548</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Balance Sheet
Governmental Funds
June 30, 2008

| ASSETS | <u>General</u> | <u>Hospitality Fee</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-----------------------------|-----------------------------------|--|--|
| Cash and cash equivalents--Note D | \$ 4,956,117 | \$ 1,752,324 | \$ 942,066 | \$ 7,650,507 |
| Receivables | | | | |
| Property taxes, less allowance for doubtful accounts of \$29,585 | 99,917 | - | - | 99,917 |
| Due from other funds--Note G | 48,360 | - | - | 48,360 |
| Due from other governments | 1,608,040 | - | 143,978 | 1,752,018 |
| Other | 790,241 | 240,116 | - | 1,030,357 |
| Investments--Note D | 4,233,853 | 261,219 | 406,578 | 4,901,650 |
| Inventories | 311,282 | - | - | 311,282 |
| Restricted cash and cash equivalent--Note D | <u>300,000</u> | <u>1,151,487</u> | <u>995,478</u> | <u>2,446,965</u> |
| TOTAL ASSETS | <u>\$ 12,347,810</u> | <u>\$ 3,405,146</u> | <u>\$ 2,488,100</u> | <u>\$ 18,241,056</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,353,027 | \$ 443,355 | \$ 451,384 | \$ 2,247,766 |
| Due to other funds--Note G | - | - | 48,360 | 48,360 |
| Other liabilities | 535,498 | - | - | 535,498 |
| Deferred revenue--Note E | 2,030,767 | - | - | 2,030,767 |
| Unearned revenue--Note E | <u>-</u> | <u>-</u> | <u>48,161</u> | <u>48,161</u> |
| TOTAL LIABILITIES | <u>3,919,292</u> | <u>443,355</u> | <u>547,905</u> | <u>4,910,552</u> |
| Fund balance | | | | |
| Reserved for, | | | | |
| Debt service | 300,000 | - | - | 300,000 |
| Capital projects | <u>-</u> | <u>1,151,487</u> | <u>-</u> | <u>1,151,487</u> |
| | <u>300,000</u> | <u>1,151,487</u> | <u>-</u> | <u>1,451,487</u> |
| Unreserved, | | | | |
| Designated for subsequent year's expenditures | 1,585,900 | 563,700 | - | 2,149,600 |
| Undesignated | <u>6,542,618</u> | <u>1,246,604</u> | <u>-</u> | <u>7,789,222</u> |
| | <u>8,128,518</u> | <u>1,810,304</u> | <u>-</u> | <u>9,938,822</u> |
| Nonmajor special revenue funds | <u>-</u> | <u>-</u> | <u>1,940,195</u> | <u>1,940,195</u> |
| | <u>8,428,518</u> | <u>2,961,791</u> | <u>1,940,195</u> | <u>13,330,504</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 12,347,810</u> | <u>\$ 3,405,146</u> | <u>\$ 2,488,100</u> | <u>\$ 18,241,056</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2008

| | |
|---|----------------------|
| Total fund balances for governmental funds | \$ 13,330,504 |
| 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. | 23,873,353 |
| Unamortized loan expense used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 38,487 |
| Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of year end and local option sales tax collected in the current year, but deferred in the governmental funds and used to reduce property taxes in the subsequent year. | 2,030,767 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds - - Note B | <u>(6,505,702)</u> |
| Net assets of governmental activities | <u>\$ 32,767,409</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2008

| | <u>General</u> | <u>Hospitality Fee</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|----------------------------|---|---|
| Revenues | | | | |
| Property taxes | \$ 8,172,899 | \$ - | \$ - | \$ 8,172,899 |
| Licenses and fees | 10,212,766 | 2,799,149 | - | 13,011,915 |
| Intergovernmental | 2,314,683 | 16,872 | 1,277,938 | 3,609,493 |
| Charges for services | 1,769,267 | - | 210,971 | 1,980,238 |
| Fines and forfeitures | 827,954 | - | - | 827,954 |
| Investment earnings | 251,213 | 134,043 | 53,943 | 439,199 |
| Miscellaneous | <u>436,755</u> | <u>9,415</u> | <u>1,719,142</u> | <u>2,165,312</u> |
| TOTAL REVENUES | <u>23,985,537</u> | <u>2,959,479</u> | <u>3,261,994</u> | <u>30,207,010</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 6,360,487 | 334,045 | 695,265 | 7,389,797 |
| Public safety | 11,708,278 | - | 213,644 | 11,921,922 |
| Public works | 4,251,485 | - | - | 4,251,485 |
| Culture and recreation | 2,219,677 | 758,612 | 1,094,491 | 4,072,780 |
| Community development | - | - | 216,096 | 216,096 |
| Debt Service | | | | |
| Principal | 370,857 | 173,120 | - | 543,977 |
| Interest | 35,178 | 119,305 | - | 154,483 |
| Debt issuance cost | - | 2,307 | 5,277 | 7,584 |
| Capital Outlay | <u>1,111,671</u> | <u>2,411,553</u> | <u>624,712</u> | <u>4,147,936</u> |
| TOTAL EXPENDITURES | <u>26,057,633</u> | <u>3,798,942</u> | <u>2,849,485</u> | <u>32,706,060</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,072,096)</u> | <u>(839,463)</u> | <u>412,509</u> | <u>(2,499,050)</u> |
| Other Financing Sources (Uses) | | | | |
| Long-term debt issued | 25,402 | 300,000 | 1,000,000 | 1,325,402 |
| Transfers in | 2,337,842 | - | - | 2,337,842 |
| Transfers out | <u>(50,000)</u> | <u>(489,997)</u> | <u>(160,845)</u> | <u>(700,842)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>2,313,244</u> | <u>(189,997)</u> | <u>839,155</u> | <u>2,962,402</u> |
| NET CHANGE IN FUND BALANCE | 241,148 | (1,029,460) | 1,251,664 | 463,352 |
| Fund balance at beginning of year | <u>8,187,370</u> | <u>3,991,251</u> | <u>688,531</u> | <u>12,867,152</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 8,428,518</u> | <u>\$ 2,961,791</u> | <u>\$ 1,940,195</u> | <u>\$ 13,330,504</u> |

The notes to the financial statements are an integral part of this statement.

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, 2008

Net change in fund balances-total governmental funds \$ 463,352

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 capital outlay exceeded depreciation in the current period. - - Note B 2,231,376

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. - - Note B (967)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 187,666

Long-term debt issued provide 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. - - Note B (781,425)

Governmental funds report debt issuance cost as expenditure. However, in the statement of activities this cost is allocated over the life of the debt and reported as amortization expense. This is the amount by which debt issuance cost exceeded amortization in the current period. - - Note B 5,011

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. - - Note B (62,090)

Change in net assets of governmental activities \$ 2,042,923

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances - -
Budget and Actual
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ 8,065,000 | \$ 8,151,500 | \$ 8,172,899 | \$ 21,399 |
| Licenses and fees | 8,815,000 | 8,940,000 | 10,212,766 | 1,272,766 |
| Intergovernmental | 2,028,500 | 2,242,360 | 2,314,683 | 72,323 |
| Charges for services | 1,830,000 | 1,746,500 | 1,769,267 | 22,767 |
| Fines and forfeitures | 822,500 | 802,300 | 827,954 | 25,654 |
| Investment earnings | 275,000 | 213,000 | 251,213 | 38,213 |
| Miscellaneous | <u>230,000</u> | <u>221,800</u> | <u>436,755</u> | <u>214,955</u> |
| TOTAL REVENUES | <u>22,066,000</u> | <u>22,317,460</u> | <u>23,985,537</u> | <u>1,668,077</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 4,718,180 | 6,688,420 | 6,360,487 | 327,933 |
| Public safety | 11,745,340 | 11,700,670 | 11,708,278 | (7,608) |
| Public works | 4,502,110 | 4,283,890 | 4,251,485 | 32,405 |
| Culture and recreation | 2,223,570 | 2,257,880 | 2,219,677 | 38,203 |
| Debt Service | | | | |
| Principal | 371,000 | 371,000 | 370,857 | 143 |
| Interest | 35,200 | 35,200 | 35,178 | 22 |
| Capital Outlay | <u>754,600</u> | <u>1,164,700</u> | <u>1,111,671</u> | <u>53,029</u> |
| TOTAL EXPENDITURES | <u>24,350,000</u> | <u>26,501,760</u> | <u>26,057,633</u> | <u>444,127</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,284,000)</u> | <u>(4,184,300)</u> | <u>(2,072,096)</u> | <u>2,112,204</u> |
| Other Financing Sources (Uses) | | | | |
| Long-term debt issued | - | 625,000 | 25,402 | (599,598) |
| Transfers in | 2,334,000 | 2,335,900 | 2,337,842 | 1,942 |
| Transfers out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>2,284,000</u> | <u>2,910,900</u> | <u>2,313,244</u> | <u>(597,656)</u> |
| NET CHANGE IN FUND BALANCE | - | (1,273,400) | 241,148 | 1,514,548 |
| Fund balance at beginning of year | <u>8,187,370</u> | <u>8,187,370</u> | <u>8,187,370</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 8,187,370</u> | <u>\$ 6,913,970</u> | <u>\$ 8,428,518</u> | <u>\$ 1,514,548</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances - -
Budget and Actual
Hospitality Fee Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|---------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Licenses and fees | \$ 2,450,000 | \$ 2,470,000 | \$ 2,799,149 | \$ 329,149 |
| Intergovernmental | - | - | 16,872 | 16,872 |
| Investment earnings | 50,000 | 30,000 | 134,043 | 104,043 |
| Miscellaneous | - | - | 9,415 | 9,415 |
| TOTAL REVENUES | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,959,479</u> | <u>459,479</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 365,000 | 376,400 | 334,045 | 42,355 |
| Culture and recreation | 1,365,000 | 1,435,150 | 758,612 | 676,538 |
| Debt Service | | | | |
| Principal | 160,000 | 175,000 | 173,120 | 1,880 |
| Interest | 120,000 | 120,000 | 119,305 | 695 |
| Debt issuance cost | - | 2,600 | 2,307 | 293 |
| Capital outlay | - | 618,550 | 2,411,553 | (1,793,003) |
| TOTAL EXPENDITURES | <u>2,010,000</u> | <u>2,727,700</u> | <u>3,798,942</u> | <u>(1,071,242)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>490,000</u> | <u>(227,700)</u> | <u>(839,463)</u> | <u>(611,763)</u> |
| Other Financing Sources (Uses) | | | | |
| Long-term debt issued | - | - | 300,000 | 300,000 |
| Transfers out | (490,000) | (490,000) | (489,997) | 3 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(490,000)</u> | <u>(490,000)</u> | <u>(189,997)</u> | <u>300,003</u> |
| NET CHANGE IN FUND BALANCE | - | (717,700) | (1,029,460) | (311,760) |
| Fund balance at beginning of year | 3,991,251 | 3,991,251 | 3,991,251 | - |
| FUND BALANCE AT END OF YEAR | <u>\$ 3,991,251</u> | <u>\$ 3,273,551</u> | <u>\$ 2,961,791</u> | <u>\$ (311,760)</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2008

| | Business-type Activities - - Enterprise Funds | | |
|--|--|--------------------------------|-----------------------|
| | Major Fund | Non-Major Fund | Total |
| | Water & Sewer Fund | Stormwater Utility Fund | |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents--Note D | \$ 5,957,966 | \$ 662,198 | \$ 6,620,164 |
| Accounts receivable--Note E | 3,957,871 | 101,457 | 4,059,328 |
| Receivable--other--Note E | 9,086 | - | 9,086 |
| Investments--Note D | 12,528,102 | 401,289 | 12,929,391 |
| Inventories | 513,130 | - | 513,130 |
| Total current assets | <u>22,966,155</u> | <u>1,164,944</u> | <u>24,131,099</u> |
| Noncurrent assets | | | |
| Restricted cash and cash equivalents--Note D | - | 2,677,021 | 2,677,021 |
| Unamortized loan expense | 500,468 | 18,239 | 518,707 |
| Capital assets--Note F | | | |
| Land | 1,328,088 | 405,508 | 1,733,596 |
| Buildings and system | 149,321,003 | 3,199,769 | 152,520,772 |
| Construction in process | 1,465,963 | 585,255 | 2,051,218 |
| Machinery and equipment | 6,306,232 | 634,038 | 6,940,270 |
| Less accumulated depreciation | (47,053,581) | (2,394,700) | (49,448,281) |
| Total Capital Assets (Net Of Accumulated Depreciation) | <u>111,367,705</u> | <u>2,429,870</u> | <u>113,797,575</u> |
| Total noncurrent assets | <u>111,868,173</u> | <u>5,125,130</u> | <u>116,993,303</u> |
| TOTAL ASSETS | \$ 134,834,328 | \$ 6,290,074 | \$ 141,124,402 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 160,570 | \$ 36,887 | \$ 197,457 |
| Accrued interest | 650,769 | 12,540 | 663,309 |
| Other liabilities | 115,014 | 8,652 | 123,666 |
| Customer deposits | 29,354 | - | 29,354 |
| Compensated absences-current--Note I | 30,000 | 3,000 | 33,000 |
| Notes payable-current--Note I | 2,176,517 | - | 2,176,517 |
| Revenue bonds payable-current--Note I | 1,495,000 | 215,000 | 1,710,000 |
| Total current liabilities | <u>4,657,224</u> | <u>276,079</u> | <u>4,933,303</u> |
| Noncurrent liabilities--Note I | | | |
| Compensated absences | 527,431 | 62,150 | 589,581 |
| Notes payable | 22,697,379 | - | 22,697,379 |
| Revenue bonds payable | 31,170,000 | 3,385,000 | 34,555,000 |
| Total noncurrent liabilities | <u>54,394,810</u> | <u>3,447,150</u> | <u>57,841,960</u> |
| TOTAL LIABILITIES | 59,052,034 | 3,723,229 | 62,775,263 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 54,329,277 | 1,525,130 | 55,854,407 |
| Unrestricted | 21,453,017 | 1,041,715 | 22,494,732 |
| TOTAL NET ASSETS | \$ 75,782,294 | \$ 2,566,845 | \$ 78,349,139 |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Revenues, Expenses and Changes in Funds Net Assets
Proprietary Funds
Year Ended June 30, 2008

| | Business-type Activities - - Enterprise Funds | | |
|--|--|--------------------------------|----------------------|
| | Major Fund | Non-Major Fund | Total |
| | Water & Sewer Fund | Stormwater Utility Fund | |
| Operating Revenues | | | |
| Current use charges | \$ 24,440,986 | \$ - | \$ 24,440,986 |
| Miscellaneous | 559,384 | 14,912 | 574,296 |
| Water and sewer tap fees | 1,030,488 | - | 1,030,488 |
| Stormwater service fees | - | 1,198,218 | 1,198,218 |
| TOTAL OPERATING REVENUES | 26,030,858 | 1,213,130 | 27,243,988 |
| Operating Expenses | | | |
| Personnel | 3,655,005 | 370,556 | 4,025,561 |
| Employee benefits | 1,326,602 | 137,944 | 1,464,546 |
| Purchased services | 4,145,862 | 224,061 | 4,369,923 |
| Supplies and materials | 1,110,234 | 9,500 | 1,119,734 |
| Other expenses | 967,138 | 9,595 | 976,733 |
| Depreciation and amortization | 4,382,274 | 164,376 | 4,546,650 |
| TOTAL OPERATING EXPENSES | 15,587,115 | 916,032 | 16,503,147 |
| OPERATING INCOME | 10,443,743 | 297,098 | 10,740,841 |
| Non-operating revenues (expenses) | | | |
| Investment earnings | 623,309 | 135,958 | 759,267 |
| Interest expense | (2,762,914) | (158,334) | (2,921,248) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (2,139,605) | (22,376) | (2,161,981) |
| INCOME BEFORE TRANSFERS | 8,304,138 | 274,722 | 8,578,860 |
| Capital contributions | 268,549 | - | 268,549 |
| Transfers in | - | 50,000 | 50,000 |
| Transfers out | (1,537,000) | (150,000) | (1,687,000) |
| Change in net assets | 7,035,687 | 174,722 | 7,210,409 |
| Net assets at beginning of year | 68,746,607 | 2,392,123 | 71,138,730 |
| NET ASSETS AT END OF YEAR | \$ 75,782,294 | \$ 2,566,845 | \$ 78,349,139 |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2008

| | Business-type Activities - Enterprise Funds | | |
|--|--|---|---------------------|
| | Major Fund Water & Sewer Fund | Non-Major Fund Stormwater Utility Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 24,982,172 | \$ 1,210,098 | \$ 26,192,270 |
| Payments to suppliers | (5,446,187) | (237,526) | (5,683,713) |
| Payments to employees | (4,916,586) | (505,281) | (5,421,867) |
| Other receipts | 580,360 | - | 580,360 |
| Other payments | (968,058) | (7,827) | (975,885) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>14,231,701</u> | <u>459,464</u> | <u>14,691,165</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | - | 50,000 | 50,000 |
| Transfers out | (1,537,000) | (150,000) | (1,687,000) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | <u>(1,537,000)</u> | <u>(100,000)</u> | <u>(1,637,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital contributions | 257,666 | - | 257,666 |
| Additions to property, plant and equipment | (2,154,939) | (1,202,264) | (3,357,203) |
| Principal paid on bonds and notes | (2,774,211) | (205,000) | (2,979,211) |
| Interest paid on bonds and notes | (2,782,452) | (159,049) | (2,941,501) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(7,453,936)</u> | <u>(1,566,313)</u> | <u>(9,020,249)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | 22,287,407 | - | 22,287,407 |
| Purchase of investments | (26,994,538) | (16,739) | (27,011,277) |
| Investment income | 612,135 | 135,462 | 747,597 |
| NET CASH PROVIDED(USED) BY INVESTING ACTIVITIES | <u>(4,094,996)</u> | <u>118,723</u> | <u>(3,976,273)</u> |
| NET INCREASE (DECREASE) IN CASH | 1,145,769 | (1,088,126) | 57,643 |
| Cash at beginning of year | 4,812,197 | 4,427,345 | 9,239,542 |
| CASH AT END OF YEAR | <u>\$ 5,957,966</u> | <u>\$ 3,339,219</u> | <u>\$ 9,297,185</u> |

| | Business-type Activities - - Enterprise Fund | | |
|--|---|--------------------------------|----------------------|
| | Major Fund | Non-Major Fund | Total |
| | Water & Sewer Fund | Stormwater Utility Fund | |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income | <u>\$ 10,443,743</u> | <u>\$ 297,098</u> | <u>\$ 10,740,841</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation | 4,336,795 | 162,973 | 4,499,768 |
| Amortization | 45,479 | 1,403 | 46,882 |
| Changes in assets and liabilities | | | |
| Increase in receivables | (468,326) | (3,032) | (471,358) |
| Increase in inventories | (134,790) | - | (134,790) |
| Decrease in accounts payable | (55,301) | (3,965) | (59,266) |
| Decrease in customer deposits | (920) | - | (920) |
| Increase in compensated absences | 22,564 | 3,219 | 25,783 |
| Increase in other liabilities | <u>42,457</u> | <u>1,768</u> | <u>44,225</u> |
| TOTAL ADJUSTMENT | <u>3,787,958</u> | <u>162,366</u> | <u>3,950,324</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 14,231,701</u> | <u>\$ 459,464</u> | <u>\$ 14,691,165</u> |
| NON-CASH CAPITAL, FINANCING AND INVESTING ACTIVITIES | | | |
| Net increase in the fair value of investments | <u>\$ 11,174</u> | <u>\$ 496</u> | <u>\$ 11,670</u> |
| Contribution of capital asset from general fund | <u>\$ 10,883</u> | <u>\$ -</u> | <u>\$ 10,883</u> |
| Additions to property, plant and equipment from general fund transfer | <u>\$ (10,883)</u> | <u>\$ -</u> | <u>\$ (10,883)</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | | |
| Unrestricted cash and cash equivalents | \$ 5,957,966 | \$ 662,198 | \$ 6,620,164 |
| Restricted cash and cash equivalents | <u>-</u> | <u>2,677,021</u> | <u>2,677,021</u> |
| Cash and Cash Equivalents | <u>\$ 5,957,966</u> | <u>\$ 3,339,219</u> | <u>\$ 9,297,185</u> |

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

ASSETS

| | |
|-----------------------------------|---------------|
| Cash and cash equivalents--Note D | \$ 188,602 |
| Investments--Note D | <u>57,405</u> |

| | |
|---------------------|--------------------------|
| TOTAL ASSETS | <u>\$ 246,007</u> |
|---------------------|--------------------------|

LIABILITIES

| | |
|---------------|-------------------|
| Due to others | <u>\$ 246,007</u> |
|---------------|-------------------|

The notes to the financial statements are an integral part of this statement.

City of Florence, South Carolina

Notes To Financial Statements

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Florence. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Florence.

Related Organizations

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.

Joint Ventures

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 \$650,000 as its share of the cost 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.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which 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. 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 the fund financial statements. The various fund categories and fund types presented in the financial statements are described below:

City of Florence, South Carolina

Notes To Financial Statements--Continued

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

2. Government-wide and Fund Financial Statements - - Continued

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, Juvenile Crime Prevention, Housing Partnership, Home Program, Community Development Block Grant, Park Commission, All American City, Fire, Leisure Service Program, Drug Free Florence, E-911, Victim's Rights, Drug Control, Federal Equitable Sharing, Tobacco/Alcohol Compliance, LLEBG, Safety Committee, COPS Grants, BJA Grant, Summer Youth Program, Accommodation Tax, Leisure Service Registration, Animal Shelter Development, Employee Assistance, Public Safety Grants, Boys & Girls Club and Police Chaplain.

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 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 Co. Municipal Assoc., Pee Dee Continuum of Care, Court Escrow, and Narcotics Holding Funds.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. 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 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 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--Continued

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

3. 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.

The City has elected to apply Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989 unless those pronouncements are inconsistent with GASB pronouncements: FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB).

Governmental Fund Financial Statements

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 government funds: General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required 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--Continued

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

4. Assets, Liabilities, and Net Assets or Equity

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.

Receivables and Payables

Activity 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 receivables are shown net of an allowance for uncollectibles.

Property taxes on real property and personal property, other than licensed motor vehicles, attach as an enforceable lien on property as of January 1. Taxes are levied on September 30 and are due and payable at that time. All unpaid taxes levied September 30 are due on January 15, and become delinquent on March 16. Property taxes on licensed motor vehicles are collected on a monthly basis in the month in which the individual motor vehicle license is renewed. Florence County bills and collects property taxes for the City.

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.

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.

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 market value on the date donated.

City of Florence, South Carolina

Notes To Financial Statements--Continued

June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- 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 |

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.

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.

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 funds statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable 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 the 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.

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.

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- Continued

Net Assets/Fund Equity - - Continued

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, 2008 is designated as follows.

| | |
|---|---------------------|
| General Fund - General Government | <u>\$ 1,585,900</u> |
| Hospitality Fee Fund - General Government | \$ 284,500 |
| Hospitality Fee Fund - Culture and Recreation | <u>279,200</u> |
| | <u>\$ 563,700</u> |

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.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. 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 \$6,505,702 difference are as follows:

| | |
|--|---------------------|
| Accrued interest payable | \$ 17,159 |
| Capital leases payable | 3,270,500 |
| Notes payable | 1,280,000 |
| Compensated absences | <u>1,938,043</u> |
| Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities | <u>\$ 6,505,702</u> |

2. 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 \$2,231,376 difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 4,147,936 |
| Depreciation expense | <u>(1,916,560)</u> |
| Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 2,231,376</u> |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT - - Continued

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 details of this \$967 difference are as follows:

| | |
|---|-----------------|
| In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. | \$ (29,173) |
| In the statement of activities transfers of capital assets from the governmental activities to the business-type activities are recorded as transfers. However in the governmental funds, transfers of capital assets to business-type activities are not recorded as a transfer from governmental funds because there is no flow of current financial resources. | (10,883) |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | <u>39,089</u> |
| Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (967)</u> |

Another element of that reconciliation states that "Long-term debt issued provide 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 details of this \$781,425 difference are as follows:

| | |
|--|---------------------|
| Long-term debt issued | \$ (1,325,402) |
| Payment of long-term debt principal | <u>543,977</u> |
| Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (781,425)</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 life of the debt and reported as amortization expense." The details of this \$5,011 difference are as follows:

| | |
|--|-----------------|
| Debt issuance cost | \$ 7,584 |
| Amortization expense | <u>(2,573)</u> |
| Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ 5,011</u> |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT - - Continued

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 \$62,090 difference are as follows:

| | |
|--|--------------------|
| Compensated absences | \$ (69,170) |
| Accrued interest | <u>7,080</u> |
| Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (62,090)</u> |

NOTE C - 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 General Fund, Hospitality Fee Fund and Enterprise Fund. 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 Fund. Thus, the budgetary financial statements included non-major in this report do not include Special Revenue Funds or Agency Funds.
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 of 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 supplemental budgetary appropriation.

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.

NOTE D - 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 \$19,050,700 at June 30, 2008, are insured or collateralized with securities held by the pledging financial institutions' trust department in the name of the City. \$18,850,700 of the deposits at June 30, 2008 are

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE D - DEPOSITS AND INVESTMENTS - - Continued

Deposits - - Continued

collateralized with securities held by the pledging financial institutions' trust department in the name of the City.

Restricted cash of \$2,446,965 at June 30, 2008, in the Governmental Funds includes \$2,146,965 of unspent proceeds of capital leases and notes payable to be used for the purchase and construction of capital assets and \$300,000 to be used for debt service. Restricted cash of \$2,677,021 in the Enterprise Fund is the 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.

Investments

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. The City's investment policy limits investments to a maximum maturity of three years and does not limit investments by type of instrument. The City's investment policy requires that securities be held by a third party custodian in the name of the City. As of June 30, 2008, none of the City's security investments are exposed to custodial credit risk.

As of June 30, 2008, the city had the following investments.

| Investment Type | Fair Value | Investment Maturities (in years) | | Credit Ratings |
|---------------------------------|----------------------|-------------------------------------|---------------------|----------------|
| | | Less Than 1 | 1-5 | |
| U.S. Governments and Agencies | | | | |
| Federal Home Loan Mortgage Corp | \$ 8,244,488 | \$ 3,493,130 | \$ 4,751,358 | AAA |
| Federal National Mortgage Assoc | 1,003,130 | - | 1,003,130 | AAA |
| Federal Home Loan Bank | 6,464,896 | 6,464,896 | - | AAA |
| South Carolina Local | | | | |
| Government Investment Pool | <u>2,175,932</u> | <u>2,175,932</u> | <u>-</u> | N/A |
| | <u>\$ 17,888,446</u> | <u>\$ 12,133,958</u> | <u>\$ 5,754,488</u> | |

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. Credit ratings are provided by Standards & Poor's. Investments of the South Carolina Local Government Investment Pool are 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 the Investment Company Act of 1940 because of the provisions of Section 2B and is not subject to any 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.

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE E - RECEIVABLES

Receivables as of June 30, 2008, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Hospitality Fee</u> | <u>Water and Sewer</u> | <u>Non-Major</u> | <u>Total</u> |
|------------------------------------|---------------------|----------------------------|----------------------------|-------------------|---------------------|
| Accounts | \$ - | \$ 240,116 | \$ 3,997,850 | \$ 102,482 | \$ 4,340,448 |
| Taxes | 129,502 | - | - | - | 129,502 |
| Intergovernmental | 1,608,040 | - | 6,285 | 143,978 | 1,758,303 |
| Other | <u>790,241</u> | <u>-</u> | <u>2,801</u> | <u>-</u> | <u>793,042</u> |
| Gross receivables | 2,527,783 | 240,116 | 4,006,936 | 246,460 | 7,021,295 |
| Less: Allowance for uncollectibles | <u>(29,585)</u> | <u>-</u> | <u>(39,979)</u> | <u>(1,025)</u> | <u>(70,589)</u> |
| | <u>\$ 2,498,198</u> | <u>\$ 240,116</u> | <u>\$ 3,966,957</u> | <u>\$ 245,435</u> | <u>\$ 6,950,706</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, 2008, 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 | \$ 60,185 | \$ - |
| Local option sales tax receivable | 1,970,582 | - |
| Grant draw downs prior to meeting all eligibility requirements | <u>-</u> | <u>48,161</u> |
| | <u>\$ 2,030,767</u> | <u>\$ 48,161</u> |

NOTE F - CAPITAL ASSETS

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

| | <u>Balances June 30, 2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balances June 30, 2008</u> |
|---|-----------------------------------|------------------|------------------|-----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 7,022,559 | \$ 95,989 | \$ - | \$ 7,118,548 |
| Construction in progress | <u>320,760</u> | <u>3,434,919</u> | <u>697,749</u> | <u>3,057,930</u> |
| Total capital assets, not being depreciated | <u>7,343,319</u> | <u>3,530,908</u> | <u>697,749</u> | <u>10,176,478</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,721,998 | - | - | 5,721,998 |
| Infrastructure | 14,840,246 | 697,749 | - | 15,537,995 |
| Machinery and equipment | <u>14,097,465</u> | <u>656,117</u> | <u>393,184</u> | <u>14,360,398</u> |
| Total capital assets being depreciated | <u>34,659,709</u> | <u>1,353,866</u> | <u>393,184</u> | <u>35,620,391</u> |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE F - CAPITAL ASSETS - - Continued

| | Balances | | | Balances |
|--|----------------------|---------------------|-------------------|----------------------|
| | June 30, 2007 | Increases | Decreases | June 30, 2008 |
| Less-accumulated depreciation for: | | | | |
| Buildings | 2,450,732 | 138,281 | - | 2,589,013 |
| Infrastructure | 8,034,426 | 588,368 | - | 8,622,794 |
| Machinery and equipment | <u>9,874,926</u> | <u>1,189,911</u> | <u>353,128</u> | <u>10,711,709</u> |
| Total accumulated depreciation | <u>20,360,084</u> | <u>1,916,560</u> | <u>353,128</u> | <u>21,923,516</u> |
| Total capital assets, being depreciated, net | <u>14,299,625</u> | <u>(562,694)</u> | <u>40,056</u> | <u>13,696,875</u> |
| Governmental activities capital assets, net | <u>\$ 21,642,944</u> | <u>\$ 2,968,214</u> | <u>\$ 737,805</u> | <u>\$ 23,873,353</u> |

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

| | Balances | | | Balances |
|--|-----------------------|-----------------------|------------------|-----------------------|
| | June 30, 2007 | Increases | Decreases | June 30, 2008 |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,432,319 | \$ 301,277 | \$ - | \$ 1,733,596 |
| Construction in progress | <u>607,042</u> | <u>1,510,024</u> | <u>65,848</u> | <u>2,051,218</u> |
| Total capital assets, not being depreciated | <u>2,039,361</u> | <u>1,811,301</u> | <u>65,848</u> | <u>3,784,814</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and system | 151,390,803 | 1,129,969 | - | 152,520,772 |
| Machinery and equipment | <u>6,605,204</u> | <u>492,664</u> | <u>157,598</u> | <u>6,940,270</u> |
| Total capital assets, being depreciated | <u>157,996,007</u> | <u>1,622,633</u> | <u>157,598</u> | <u>159,461,042</u> |
| Less-accumulated depreciation for: | | | | |
| Buildings and system | 39,822,483 | 4,063,393 | - | 43,885,876 |
| Machinery and equipment | <u>5,283,628</u> | <u>436,375</u> | <u>157,598</u> | <u>5,562,405</u> |
| Total accumulated depreciation | <u>45,106,111</u> | <u>4,499,768</u> | <u>157,598</u> | <u>49,448,281</u> |
| Total capital assets, being depreciated, net | <u>112,889,896</u> | <u>(2,877,135)</u> | <u>-</u> | <u>110,012,761</u> |
| Business-type activities capital assets, net | <u>\$ 114,929,257</u> | <u>\$ (1,065,834)</u> | <u>\$ 65,848</u> | <u>\$ 113,797,575</u> |

Depreciation expense was charged to functions/programs as follows:

| | | |
|---|--|---------------------|
| Governmental Activities | | |
| General government | | \$ 492,766 |
| Public safety | | 798,450 |
| Public works | | 310,701 |
| Culture and recreation | | <u>314,643</u> |
| Total depreciation-governmental activities | | <u>\$ 1,916,560</u> |
| Business-Type Activities | | |
| Water and sewer | | \$ 4,336,795 |
| Stormwater | | <u>162,973</u> |
| Total depreciation-business-type activities | | <u>\$ 4,499,768</u> |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE G - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances at June 30, 2008 are as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|-----------------------|---------------------------------|------------------------------|
| General Fund | \$ 48,360 | \$ - |
| Nonmajor governmental | <u>-</u> | <u>48,360</u> |
| Total | <u>\$ 48,360</u> | <u>\$ 48,360</u> |

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

Interfund transfers for the year ended June 30, 2008, are as follows:

| | <u>Transfer In</u> | | |
|---------------------------------|-------------------------|--|---------------------|
| | <u>General Fund</u> | <u>Nonmajor Enterprise Funds</u> | <u>Total</u> |
| <u>Transfer out</u> | | | |
| General fund | \$ - | \$ 50,000 | \$ 50,000 |
| Hospitality fee fund | 489,997 | - | 489,997 |
| Nonmajor governmental funds | 160,845 | - | 160,845 |
| Water and sewer enterprise fund | 1,537,000 | - | 1,537,000 |
| Nonmajor enterprise funds | <u>150,000</u> | <u>-</u> | <u>150,000</u> |
| Total transfers out | <u>\$ 2,337,842</u> | <u>\$ 50,000</u> | <u>\$ 2,387,842</u> |

The transfers consist primarily of \$1,537,000 to General Fund from Water and Sewer Enterprise Fund and \$489,997 to General Fund from Hospitality Fee Fund based on budgetary authorization. Capital assets of \$10,883 transferred by General Fund to Water & Sewer Enterprise Fund is not reflected as a transfer in the governmental funds because there is no flow of current financial resources, but is reflected as capital contribution in the Water & Sewer Enterprise Fund statement of revenues, expenses and changes in fund net assets. In the statement of activities the transfer of capital asset of \$10,883 is reflected as a transfer out of the governmental activities and transfer in the business-type activities.

NOTE H - CAPITAL LEASES

The City has entered into lease purchase agreements to fund the purchase of vehicles for the police and fire departments, construction of Veteran's Memorial Park and improvements to Radio Drive.

The future minimum lease obligations and the net present value of these lease payments at June 30, 2008, were as follows:

| Year Ending June 30, | |
|---------------------------------|------------|
| 2009 | \$ 404,207 |
| 2010 | 404,207 |
| 2011 | 395,274 |
| 2012 | 395,274 |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE H - CAPITAL LEASES - - Continued

| | |
|------------------------------------|---------------------|
| 2013 | 395,274 |
| 2014-2018 | 1,352,121 |
| 2019-2021 | <u>811,272</u> |
| | 4,157,629 |
| Less, amount representing interest | <u>887,129</u> |
| | <u>\$ 3,270,500</u> |

NOTE I - LONG-TERM DEBT

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

| | <u>Balance</u> <u>June 30, 2007</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2008</u> | <u>Due Within</u> <u>One Year</u> |
|--|--|---------------------|---------------------|--|--------------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Capital leases | \$ 3,769,075 | \$ 25,402 | \$ 523,977 | \$ 3,270,500 | \$ 275,000 |
| Notes payable | - | 1,300,000 | 20,000 | 1,280,000 | 30,000 |
| Compensated absences | <u>1,868,873</u> | <u>1,085,882</u> | <u>1,016,712</u> | <u>1,938,043</u> | <u>95,000</u> |
| | <u>\$ 5,637,948</u> | <u>\$ 2,411,284</u> | <u>\$ 1,560,689</u> | <u>\$ 6,488,543</u> | <u>\$ 400,000</u> |
| <u>Business-type Activities</u> | | | | | |
| Revenue Bonds | | | | | |
| Water and Sewer | \$ 33,285,000 | \$ - | \$ 620,000 | \$ 32,665,000 | \$ 1,495,000 |
| Stormwater | <u>3,805,000</u> | <u>-</u> | <u>205,000</u> | <u>3,600,000</u> | <u>215,000</u> |
| Total bonds payable | 37,090,000 | - | 825,000 | 36,265,000 | 1,710,000 |
| Notes Payable | | | | | |
| Water and Sewer | 27,028,107 | - | 2,154,211 | 24,873,896 | 2,176,517 |
| Compensated absences | | | | | |
| Water and Sewer | 534,867 | 344,589 | 322,025 | 557,431 | 30,000 |
| Stormwater | <u>61,931</u> | <u>39,174</u> | <u>35,955</u> | <u>65,150</u> | <u>3,000</u> |
| | <u>\$ 64,714,905</u> | <u>\$ 383,763</u> | <u>\$ 3,337,191</u> | <u>\$ 61,761,477</u> | <u>\$ 3,919,517</u> |

Notes payable in the governmental activities are not general obligations of the City. Repayment is budgeted in the 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, 2008 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 semiannually 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.

\$ 1,000,000

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE I - LONG-TERM DEBT - - Continued

In November, 2007, the City borrowed \$300,000 on a note from Pee Dee Electric Cooperative, Inc. bearing 0% interest. Principal payments are \$2,500 per month plus a service charge of 1% of the unpaid balance for each year for 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 \$300,000 in the general fund.

280,000

Total notes payable

\$ 1,280,000

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

| Year Ended | | | | |
|-------------------|----|---------------------|-------------------|---------------------|
| June 30, | | Principal | Interest | Total |
| 2009 | \$ | 30,000 | \$ 27,420 | \$ 57,420 |
| 2010 | | 95,000 | 42,254 | 137,254 |
| 2011 | | 95,000 | 40,392 | 135,392 |
| 2012 | | 95,000 | 38,263 | 133,263 |
| 2013 | | 95,000 | 35,904 | 130,904 |
| 2014-2018 | | 455,000 | 139,305 | 594,305 |
| 2019-2023 | | 325,000 | 64,159 | 389,159 |
| 2024 | | <u>90,000</u> | <u>2,335</u> | <u>92,335</u> |
| | | <u>\$ 1,280,000</u> | <u>\$ 390,032</u> | <u>\$ 1,670,032</u> |

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

| | Date of | Original | Interest | Final | Balance |
|----------------------|-----------------|-----------------|-----------------|-----------------|----------------------|
| | Issuance | Issue | Rate | Maturity | June 30, 2008 |
| Revenue Bonds | | | | | |
| Series 2000 | | \$ 25,690,000 | 5.50 to 7.50 | 3/1/2030 | \$ 22,650,000 |
| Series 2002 | | 8,360,000 | 3.80 | 9/1/2017 | 8,360,000 |
| Series 2003B | | 2,000,000 | 3.90 | 9/1/2018 | 1,655,000 |
| Series 2006 | | 4,000,000 | 4.18 | 6/2/2021 | 3,600,000 |
| Notes Payable | | | | | |
| August 1991 | | 1,100,000 | 4.25 | 7/1/2012 | 234,181 |
| June 1993 | | 23,828,128 | 4.25 | 12/1/2014 | 10,032,508 |
| May 1999 | | 2,767,997 | 3.50 | 3/1/2020 | 1,853,007 |
| May 2000 | | 6,210,343 | 3.50 | 1/1/2032 | 5,354,471 |
| May 2000 | | 4,062,403 | 4.25 | 6/1/2032 | 3,603,281 |
| October 2002 | | 3,821,332 | 0.00 | 1/1/2012 | 1,528,533 |
| January 2003 | | 2,517,834 | 3.75 | 2/1/2034 | 2,267,915 |

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE I - LONG-TERM DEBT - - Continued

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

Business-type Activities

| Year Ended | Revenue Bonds | | Notes Payable | | Total | |
|-------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| June 30 | | | | | | |
| 2009 | \$ 1,710,000 | \$ 1,902,033 | \$ 2,176,517 | \$ 850,563 | \$ 3,886,517 | \$ 2,752,596 |
| 2010 | 1,750,000 | 1,816,313 | 2,303,727 | 823,145 | 4,053,727 | 2,639,458 |
| 2011 | 1,790,000 | 1,728,381 | 2,384,197 | 742,676 | 4,174,197 | 2,471,057 |
| 2012 | 1,835,000 | 1,637,424 | 2,468,049 | 658,822 | 4,303,049 | 2,296,246 |
| 2013 | 1,885,000 | 1,543,603 | 2,124,805 | 571,954 | 4,009,805 | 2,115,557 |
| 2014-2018 | 10,315,000 | 6,186,310 | 5,286,966 | 1,905,800 | 15,601,966 | 8,092,110 |
| 2019-2023 | 6,430,000 | 3,896,455 | 2,609,949 | 1,293,593 | 9,039,949 | 5,190,048 |
| 2024-2028 | 7,065,000 | 2,170,851 | 2,757,718 | 808,034 | 9,822,718 | 2,978,885 |
| 2029-2033 | 3,485,000 | 290,400 | 2,660,583 | 245,935 | 6,145,583 | 536,335 |
| 2034 | - | - | 101,385 | 1,907 | 101,385 | 1,907 |
| | <u>\$ 36,265,000</u> | <u>\$ 21,171,770</u> | <u>\$ 24,873,896</u> | <u>\$ 7,902,429</u> | <u>\$ 61,138,896</u> | <u>\$ 29,074,199</u> |

NOTE J - EMPLOYEE BENEFITS

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 6.50% of wages earned for the year. The employer's contribution rate is 9.06%. 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 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 6.5% rate. The employer's contribution rate is 10.3%. There are no early retirement provisions under SCPORS. A member must have 25 years service for full retirement or must be age 55 with 5 years 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.

During the year the City contributed \$805,346 to the SCRS and \$729,313 to the SCPORS. Contributions by employees during the year were \$562,721 to the SCRS and \$460,246 to the SCPORS. The City's covered payroll for the SCRS and SCPORS was \$8,657,243 and \$7,080,711, respectively. Total current year payroll for all employees was \$16,467,982.

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.

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE J - EMPLOYEE BENEFITS - - Continued

Three-Year Trend Information

| Year Ended | SCRS | | SCPORS | |
|-------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| | Required Contribution | Percentage Contributed | Required Contribution | Percentage Contributed |
| June 30, 2006 | \$ 630,423 | 100 | \$ 676,072 | 100 |
| June 30, 2007 | 676,478 | 100 | 712,829 | 100 |
| June 30, 2008 | 805,346 | 100 | 729,313 | 100 |

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.

In addition to providing retirement benefits, City Council passed resolution 98-05 on May 11, 1998, providing retired employees certain health care benefits. City employees who meet all criteria for retirement under the South Carolina Retirement and Police Retirement Systems and had worked for the City for a minimum of 15 years of continuous service are eligible for these benefits. At June 30, 2008, fifty-three retirees meet those eligibility requirements. The city pays the following percentage of health and dental insurance premiums for pre-Medicare retirees.

| <u>Years of Service</u> | <u>Percentage Paid By City</u> |
|--------------------------------|---------------------------------------|
| 30+ years | 100% |
| 25-29 years | 90% |
| 20-24 years | 80% |
| 15-19 years | 70% |

The City also is a secondary provider for each retiree eligible for Medicare. The cost of retiree health care benefits is recognized as expense as the premiums are paid. For the year ended June 30, 2008, these costs totaled \$201,982.

City Council passed resolution 2008-09 on July 14, 2008, amending resolution 98-05, providing retired employees certain health care benefits. The amended resolution increased the years of continuous service requirement from 15 years to 20 years and changed the percentage of health and dental insurance premiums as follows:

| <u>Years of Service</u> | <u>Percentage Paid By City</u> |
|--------------------------------|---------------------------------------|
| 25+ years | 100% |
| 20-24 years | 50% |

City of Florence, South Carolina

Notes To Financial Statements--Continued

June 30, 2008

NOTE J - EMPLOYEE BENEFITS - - Continued

The City is also a secondary provider for each retiree eligible for Medicare with premiums that are paid by the City to be frozen at the 2008 level with a periodic review by the City for adequacy and appropriateness.

City Council passed resolution 2008-08 on July 14, 2008, authorizing the City to participate in the South Carolina Other Retirement Benefits Program and adopt the South Carolina Other Retirement Benefits Investment Trust Agreement affiliated with the Municipal Association of South Carolina to pre-fund other post-employment benefits liabilities reported in accordance with GASB statement No.45. The City is required to adopt GASB statement No. 45 in fiscal year 2009 and is in the process of determining the impact of adopting this Statement will have on the City.

NOTE K - 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.

NOTE L - 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, 2008, the outstanding commitments total \$311,731.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriates \$650,000 annually as its share of the cost of the Civic Center.

On October 14, 2002, Florence City Council approved an ordinance to provide \$500,000 over a period of approximately five years to Florence County for the construction of a communications tower to serve northern Florence County, including a significant portion of the City of Florence. A payment of \$100,000 was made from the E-911 fund during the fiscal year ending June 30, 2008. As of June 30, 2008, the outstanding commitment was \$100,000.

NOTE M - 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.

City of Florence, South Carolina
Notes To Financial Statements--Continued
June 30, 2008

NOTE M - CONTINGENCIES - - Continued

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 collectibility of any related receivable at June 30, 2008 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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

Juvenile Crime Prevention - This fund is used to account for funds received to expand after school programs and establishing summer programs to combat gang activities, improve drop out statistics and prevent juvenile crime.

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 fireman.

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.

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

Victim's 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.

LLEBG - This fund is used to account for grant funds to reduce crime and improve public safety.

Safety Committee - This fund is used to account for revenues received to provide educational programs related to safety issues.

COPS Grant - This fund is used to account for the expenditures of Law Enforcement Technology grants.

Summer Youth Program - This fund is used to account for funds received for a summer youth employment program.

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

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

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

NONMAJOR GOVERNMENTAL FUNDS
-Continued-

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

Police Chaplain - This fund is used to account for funds received to assist visitors with emergency needs.

City of Florence, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

| | Juvenile Crime Prevention | Housing Partnership | Home Program | Community Development Block Grant | Park Commission |
|--|---------------------------------|-------------------------|--------------------------|--|------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 10,068 | \$ 283,988 | \$ - | \$ 6,732 |
| Due from other governments | 1,178 | - | - | 24,101 | - |
| Investments | - | - | - | - | - |
| Restricted cash and cash equivalent | <u>-</u> | <u>-</u> | <u>-</u> | <u>995,478</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 1,178</u> | <u>\$ 10,068</u> | <u>\$ 283,988</u> | <u>\$ 1,019,579</u> | <u>\$ 6,732</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 340,966 | \$ - |
| Due to other funds | 1,178 | - | - | 24,101 | - |
| Unearned revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>1,178</u> | <u>-</u> | <u>-</u> | <u>365,067</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Fund balances | <u>-</u> | <u>10,068</u> | <u>283,988</u> | <u>654,512</u> | <u>6,732</u> |
| TOTAL FUND BALANCES | <u>-</u> | <u>10,068</u> | <u>283,988</u> | <u>654,512</u> | <u>6,732</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 1,178</u> | <u>\$ 10,068</u> | <u>\$ 283,988</u> | <u>\$ 1,019,579</u> | <u>\$ 6,732</u> |

SPECIAL REVENUE

| All American City | Fire | Leisure Service Program | Drug Free Florence | E-911 | Victim's Rights | Drug Control |
|-------------------------|-----------------|-------------------------------|-----------------------|-------------------|--------------------|-------------------|
| \$ 4,453 | \$ 9,393 | \$ 55,646 | \$ 5,280 | \$ 167,732 | \$ 87,405 | \$ 195,335 |
| - | - | - | 3,200 | - | - | - |
| - | - | - | - | - | 115,805 | 29,554 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 4,453</u> | <u>\$ 9,393</u> | <u>\$ 55,646</u> | <u>\$ 8,480</u> | <u>\$ 167,732</u> | <u>\$ 203,210</u> | <u>\$ 224,889</u> |
| \$ - | \$ - | \$ 3,746 | \$ - | \$ 4,791 | \$ - | \$ 41 |
| - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>43,591</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>47,337</u> | <u>-</u> | <u>4,791</u> | <u>-</u> | <u>41</u> |
| <u>4,453</u> | <u>9,393</u> | <u>8,309</u> | <u>8,480</u> | <u>162,941</u> | <u>203,210</u> | <u>224,848</u> |
| <u>4,453</u> | <u>9,393</u> | <u>8,309</u> | <u>8,480</u> | <u>162,941</u> | <u>203,210</u> | <u>224,848</u> |
| <u>\$ 4,453</u> | <u>\$ 9,393</u> | <u>\$ 55,646</u> | <u>\$ 8,480</u> | <u>\$ 167,732</u> | <u>\$ 203,210</u> | <u>\$ 224,889</u> |

(Continued)

City of Florence, South Carolina
Combining Balance Sheet - - Continued
Nonmajor Governmental Funds
June 30, 2008

| | Federal Equitable Sharing | Tobacco/ Alcohol Compliance | Summer Youth Program | BJA Grant |
|--|---------------------------------|-----------------------------------|----------------------------|-----------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 53,694 | \$ 9,579 | \$ - | \$ - |
| Due from other governments | - | - | 7,165 | 5,188 |
| Investments | - | - | - | - |
| Restricted cash and cash equivalent | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 53,694</u> | <u>\$ 9,579</u> | <u>\$ 7,165</u> | <u>\$ 5,188</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | 7,165 | 5,188 |
| Unearned revenue | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> | <u>-</u> | <u>7,165</u> | <u>5,188</u> |
| FUND BALANCES | | | | |
| Fund balances | <u>53,694</u> | <u>9,579</u> | <u>-</u> | <u>-</u> |
| TOTAL FUND BALANCES | <u>53,694</u> | <u>9,579</u> | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 53,694</u> | <u>\$ 9,579</u> | <u>\$ 7,165</u> | <u>\$ 5,188</u> |

SPECIAL REVENUE

| Accommodation Tax | Leisure Service Registration | Animal Shelter Development | Employee Assistance | Public Safety Grants | Boys & Girls Club | Total Nonmajor Governmental Funds |
|----------------------|------------------------------------|----------------------------------|------------------------|----------------------------|-------------------------|--|
| \$ - | \$ 8,612 | \$ 5,958 | \$ 3,628 | \$ 78 | \$ 34,485 | \$ 942,066 |
| 96,183 | - | - | - | 6,963 | - | 143,978 |
| - | - | 261,219 | - | - | - | 406,578 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>995,478</u> |
| <u>\$ 96,183</u> | <u>\$ 8,612</u> | <u>\$ 267,177</u> | <u>\$ 3,628</u> | <u>\$ 7,041</u> | <u>\$ 34,485</u> | <u>\$ 2,488,100</u> |
| \$ 84,465 | \$ 2,150 | \$ - | \$ - | \$ 225 | \$ 15,000 | \$ 451,384 |
| 10,728 | - | - | - | - | - | 48,360 |
| <u>-</u> | <u>4,570</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>48,161</u> |
| <u>95,193</u> | <u>6,720</u> | <u>-</u> | <u>-</u> | <u>225</u> | <u>15,000</u> | <u>547,905</u> |
| <u>990</u> | <u>1,892</u> | <u>267,177</u> | <u>3,628</u> | <u>6,816</u> | <u>19,485</u> | <u>1,940,195</u> |
| <u>990</u> | <u>1,892</u> | <u>267,177</u> | <u>3,628</u> | <u>6,816</u> | <u>19,485</u> | <u>1,940,195</u> |
| <u>\$ 96,183</u> | <u>\$ 8,612</u> | <u>\$ 267,177</u> | <u>\$ 3,628</u> | <u>\$ 7,041</u> | <u>\$ 34,485</u> | <u>\$ 2,488,100</u> |

City of Florence, South Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2008

| | Juvenile Crime Prevention | Housing Partnership | Home Program | Community Development Block Grant | Park Commission | All American City |
|--|---------------------------------|------------------------|-------------------|--|--------------------|-------------------------|
| Revenues | | | | | | |
| Intergovernmental | \$ 449,474 | \$ 37,807 | \$ 12,871 | \$ 391,693 | \$ - | \$ - |
| Charges for services | - | - | - | - | - | - |
| Investment earnings | 226 | 20 | 6,758 | 755 | 172 | 121 |
| Miscellaneous | - | 7,447 | 326,971 | 11,634 | 1,413 | - |
| TOTAL REVENUES | <u>449,700</u> | <u>45,274</u> | <u>346,600</u> | <u>404,082</u> | <u>1,585</u> | <u>121</u> |
| Expenditures | | | | | | |
| General government | 433,801 | - | - | 69,375 | 692 | - |
| Public safety | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Community development | - | 39,754 | 110,237 | 66,105 | - | - |
| Debt Service | | | | | | |
| Debt issuance cost | - | - | - | 5,277 | - | - |
| Capital outlay | 15,899 | - | - | 608,813 | - | - |
| TOTAL EXPENDITURES | <u>449,700</u> | <u>39,754</u> | <u>110,237</u> | <u>749,570</u> | <u>692</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>5,520</u> | <u>236,363</u> | <u>(345,488)</u> | <u>893</u> | <u>121</u> |
| Other Financing Sources (Uses) | | | | | | |
| Long-term debt issued | - | - | - | 1,000,000 | - | - |
| Transfers out | - | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,000,000</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>5,520</u> | <u>236,363</u> | <u>654,512</u> | <u>893</u> | <u>121</u> |
| Fund balance at beginning of year | <u>-</u> | <u>4,548</u> | <u>47,625</u> | <u>-</u> | <u>5,839</u> | <u>4,332</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ -</u> | <u>\$ 10,068</u> | <u>\$ 283,988</u> | <u>\$ 654,512</u> | <u>\$ 6,732</u> | <u>\$ 4,453</u> |

SPECIAL REVENUE

| Fire | Leisure Service Program | Drug Free Florence | E-911 | Victim's Rights | Drug Control | Federal Equitable Sharing | Tobacco/ Alcohol Compliance |
|-----------------|-------------------------|--------------------|-------------------|-------------------|-------------------|---------------------------|-----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 57,282 | - | 153,689 | - | - | - | - |
| 2,152 | 1,283 | 239 | 5,704 | 7,457 | 10,969 | 1,040 | 282 |
| <u>93,404</u> | <u>3,973</u> | <u>4,700</u> | <u>-</u> | <u>121,230</u> | <u>191,007</u> | <u>22,550</u> | <u>-</u> |
| <u>95,556</u> | <u>62,538</u> | <u>4,939</u> | <u>159,393</u> | <u>128,687</u> | <u>201,976</u> | <u>23,590</u> | <u>282</u> |
| - | - | - | 157,497 | - | - | - | 1,140 |
| 92,211 | - | 3,600 | - | - | 81,168 | 4,358 | - |
| - | 60,645 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>92,211</u> | <u>60,645</u> | <u>3,600</u> | <u>157,497</u> | <u>-</u> | <u>81,168</u> | <u>4,358</u> | <u>1,140</u> |
| <u>3,345</u> | <u>1,893</u> | <u>1,339</u> | <u>1,896</u> | <u>128,687</u> | <u>120,808</u> | <u>19,232</u> | <u>(858)</u> |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(120,395)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(120,395)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3,345 | 1,893 | 1,339 | 1,896 | 8,292 | 120,808 | 19,232 | (858) |
| <u>6,048</u> | <u>6,416</u> | <u>7,141</u> | <u>161,045</u> | <u>194,918</u> | <u>104,040</u> | <u>34,462</u> | <u>10,437</u> |
| <u>\$ 9,393</u> | <u>\$ 8,309</u> | <u>\$ 8,480</u> | <u>\$ 162,941</u> | <u>\$ 203,210</u> | <u>\$ 224,848</u> | <u>\$ 53,694</u> | <u>\$ 9,579</u> |

(Continued)

City of Florence, South Carolina

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - - Continued Nonmajor Governmental Funds Year Ended June 30, 2008

| | LLEBG | Safety Committee | COPS Grant | Summer Youth Program | BJA Grant |
|--|--------------|---------------------|---------------|----------------------------|--------------|
| Revenues | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 2,194 | \$ 24,802 | \$ 5,188 |
| Charges for services | - | - | - | - | - |
| Investment earnings | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>2,194</u> | <u>24,802</u> | <u>5,188</u> |
| Expenditures | | | | | |
| General government | - | 218 | - | 24,802 | - |
| Public safety | 106 | - | 2,194 | - | 5,188 |
| Culture and recreation | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Debt Service | | | | | |
| Debt issuance cost | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>106</u> | <u>218</u> | <u>2,194</u> | <u>24,802</u> | <u>5,188</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(106)</u> | <u>(218)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other Financing Sources (Uses) | | | | | |
| Long-term debt issued | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (106) | (218) | - | - | - |
| Fund balance at beginning of year | <u>106</u> | <u>218</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

SPECIAL REVENUE

| Accommodation Tax | Leisure Service Registration | Animal Shelter Development | Employee Assistance | Public Safety Grants | Boys & Girls Club | Police Chaplain | Total Nonmajor Governmental Funds |
|----------------------|------------------------------------|----------------------------------|------------------------|----------------------------|-------------------------|--------------------|--|
| \$ 333,999 | \$ - | \$ - | \$ - | \$ 19,910 | \$ - | \$ - | \$ 1,277,938 |
| - | - | - | - | - | - | - | 210,971 |
| 990 | 949 | 11,818 | 78 | 8 | 2,922 | - | 53,943 |
| <u>-</u> | <u>90,188</u> | <u>250,000</u> | <u>7,908</u> | <u>11,717</u> | <u>575,000</u> | <u>-</u> | <u>1,719,142</u> |
| <u>334,989</u> | <u>91,137</u> | <u>261,818</u> | <u>7,986</u> | <u>31,635</u> | <u>577,922</u> | <u>-</u> | <u>3,261,994</u> |
| - | - | - | 7,737 | - | - | 3 | 695,265 |
| - | - | - | - | 24,819 | - | - | 213,644 |
| 333,658 | 90,188 | - | - | - | 610,000 | - | 1,094,491 |
| - | - | - | - | - | - | - | 216,096 |
| - | - | - | - | - | - | - | 5,277 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>624,712</u> |
| <u>333,658</u> | <u>90,188</u> | <u>-</u> | <u>7,737</u> | <u>24,819</u> | <u>610,000</u> | <u>3</u> | <u>2,849,485</u> |
| <u>1,331</u> | <u>949</u> | <u>261,818</u> | <u>249</u> | <u>6,816</u> | <u>(32,078)</u> | <u>(3)</u> | <u>412,509</u> |
| - | - | - | - | - | - | - | 1,000,000 |
| <u>(40,450)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(160,845)</u> |
| <u>(40,450)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>839,155</u> |
| (39,119) | 949 | 261,818 | 249 | 6,816 | (32,078) | (3) | 1,251,664 |
| <u>40,109</u> | <u>943</u> | <u>5,359</u> | <u>3,379</u> | <u>-</u> | <u>51,563</u> | <u>3</u> | <u>688,531</u> |
| <u>\$ 990</u> | <u>\$ 1,892</u> | <u>\$ 267,177</u> | <u>\$ 3,628</u> | <u>\$ 6,816</u> | <u>\$ 19,485</u> | <u>\$ -</u> | <u>\$ 1,940,195</u> |

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.

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|----------------------|----------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with Final</u> |
| | | | | <u>Budget -</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Operating Revenues | | | | |
| Current use charges | \$ 23,495,000 | \$ 23,720,000 | \$ 24,440,986 | \$ 720,986 |
| Miscellaneous | 585,000 | 537,000 | 559,384 | 22,384 |
| Water and sewer tap fees | <u>1,207,000</u> | <u>1,010,000</u> | <u>1,030,488</u> | <u>20,488</u> |
| TOTAL OPERATING REVENUES | <u>25,287,000</u> | <u>25,267,000</u> | <u>26,030,858</u> | <u>763,858</u> |
| Operating Expenses | | | | |
| Personnel | 3,936,480 | 3,659,860 | 3,655,005 | 4,855 |
| Employee benefits | 1,436,700 | 1,318,660 | 1,326,602 | (7,942) |
| Purchased services | 4,116,740 | 4,511,900 | 4,145,862 | 366,038 |
| Supplies and materials | 1,223,200 | 1,118,940 | 1,110,234 | 8,706 |
| Other expenses | 739,200 | 1,217,260 | 967,138 | 250,122 |
| Depreciation and amortization | <u>6,291,180</u> | <u>6,451,180</u> | <u>4,382,274</u> | <u>2,068,906</u> |
| TOTAL OPERATING EXPENSES | <u>17,743,500</u> | <u>18,277,800</u> | <u>15,587,115</u> | <u>2,690,685</u> |
| OPERATING INCOME | <u>7,543,500</u> | <u>6,989,200</u> | <u>10,443,743</u> | <u>3,454,543</u> |
| Non-operating Revenues (Expenses) | | | | |
| Investment earnings | 250,000 | 270,000 | 623,309 | 353,309 |
| Interest expense | <u>(6,256,500)</u> | <u>(6,220,700)</u> | <u>(2,762,914)</u> | <u>3,457,786</u> |
| TOTAL NON-OPERATING | | | | |
| REVENUES (EXPENSES) | <u>(6,006,500)</u> | <u>(5,950,700)</u> | <u>(2,139,605)</u> | <u>3,811,095</u> |
| INCOME BEFORE | | | | |
| TRANSFERS | 1,537,000 | 1,038,500 | 8,304,138 | 7,265,638 |
| Capital contributions | - | - | 268,549 | 268,549 |
| Transfers out | <u>(1,537,000)</u> | <u>(1,537,000)</u> | <u>(1,537,000)</u> | <u>-</u> |
| Change in net assets | - | (498,500) | 7,035,687 | 7,534,187 |
| Net assets at beginning of year | <u>68,746,607</u> | <u>68,746,607</u> | <u>68,746,607</u> | <u>-</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 68,746,607</u> | <u>\$ 68,248,107</u> | <u>\$ 75,782,294</u> | <u>\$ 7,534,187</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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|---------------------|-------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>with Final</u> |
| | | | | <u>Budget -</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Operating Revenues | | | | |
| Stormwater service fees | \$ 1,141,000 | \$ 1,142,000 | \$ 1,198,218 | \$ 56,218 |
| Miscellaneous income | <u>-</u> | <u>1,000</u> | <u>14,912</u> | <u>13,912</u> |
| TOTAL OPERATING REVENUES | <u>1,141,000</u> | <u>1,143,000</u> | <u>1,213,130</u> | <u>70,130</u> |
| Operating Expenses | | | | |
| Personnel | 371,720 | 371,290 | 370,556 | 734 |
| Employee benefits | 136,380 | 136,760 | 137,944 | (1,184) |
| Purchased services | 103,900 | 128,300 | 224,061 | (95,761) |
| Supplies and materials | 14,500 | 10,500 | 9,500 | 1,000 |
| Other expenses | 19,930 | 23,580 | 9,595 | 13,985 |
| Depreciation and amortization | <u>239,570</u> | <u>237,570</u> | <u>164,376</u> | <u>73,194</u> |
| TOTAL OPERATING EXPENSES | <u>886,000</u> | <u>908,000</u> | <u>916,032</u> | <u>(8,032)</u> |
| OPERATING INCOME | <u>255,000</u> | <u>235,000</u> | <u>297,098</u> | <u>62,098</u> |
| Non-operating Revenues (Expenses) | | | | |
| Investment earnings | 4,000 | 2,000 | 135,958 | 133,958 |
| Interest expense | <u>(159,000)</u> | <u>(159,000)</u> | <u>(158,334)</u> | <u>666</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(155,000)</u> | <u>(157,000)</u> | <u>(22,376)</u> | <u>134,624</u> |
| INCOME BEFORE TRANSFERS | 100,000 | 78,000 | 274,722 | 196,722 |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Transfers out | <u>(150,000)</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>-</u> |
| Change in net assets | - | (22,000) | 174,722 | 196,722 |
| Net assets at beginning of year | <u>2,392,123</u> | <u>2,392,123</u> | <u>2,392,123</u> | <u>-</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 2,392,123</u> | <u>\$ 2,370,123</u> | <u>\$ 2,566,845</u> | <u>\$ 196,722</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 received by Keep Florence Beautiful.

Human Relations Council - This fund is used to account for funds received by the Human Relations Council.

Florence Co. Municipal Assoc. - This fund is used to account for funds received by the Florence County Municipal Assoc.

Pee Dee Continuum of Care - This fund is used to account for funds received by the Pee Dee Continuum of Care.

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, 2008

| | Keep Florence Beautiful | Human Relations Council |
|---------------------------|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 934 | \$ 1,941 |
| Investments | <u> -</u> | <u> -</u> |
| TOTAL ASSETS | <u>\$ 934</u> | <u>\$ 1,941</u> |
| LIABILITIES | | |
| Due to others | <u>\$ 934</u> | <u>\$ 1,941</u> |
| TOTAL LIABILITIES | <u>\$ 934</u> | <u>\$ 1,941</u> |

**Florence
Co. Munci.
Assoc.**

**Court
Escrow**

**Narcotics
Holding
Fund**

Totals

\$ 2,983
 -

\$ 54,631
 -

\$ 128,113
 57,405

\$ 188,602
 57,405

\$ 2,983

\$ 54,631

\$ 185,518

\$ 246,007

\$ 2,983

\$ 54,631

\$ 185,518

\$ 246,007

\$ 2,983

\$ 54,631

\$ 185,518

\$ 246,007

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2008

| | Balance June 30, 2007 | Additions | Deductions | Balance June 30, 2008 |
|--|-----------------------------|------------------|-----------------|-----------------------------|
| <u>Keep Florence Beautiful</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 5,022 | \$ 4,088 | \$ 934 |
| Due from others | 25 | - | 25 | - |
| | <u>\$ 25</u> | <u>\$ 5,022</u> | <u>\$ 4,113</u> | <u>\$ 934</u> |
| Liabilities | | | | |
| Due to others | \$ 25 | \$ 5,022 | \$ 4,113 | \$ 934 |
| <u>Human Relations Council</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,889 | \$ 52 | \$ - | \$ 1,941 |
| Liabilities | | | | |
| Due to others | \$ 1,889 | \$ 52 | \$ - | \$ 1,941 |
| <u>Florence Co. Munic. Assoc.</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,903 | \$ 80 | \$ - | \$ 2,983 |
| Liabilities | | | | |
| Due to others | \$ 2,903 | \$ 80 | \$ - | \$ 2,983 |
| <u>Pee Dee Continuum of Care</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 578 | \$ 95 | \$ 673 | \$ - |
| Liabilities | | | | |
| Due to others | \$ 578 | \$ 95 | \$ 673 | \$ - |
| <u>Court Escrow</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 66,218 | \$ - | \$ 11,587 | \$ 54,631 |
| Liabilities | | | | |
| Due to others | \$ 66,218 | \$ - | \$ 11,587 | \$ 54,631 |
| <u>Narcotics Holding Fund</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 95,735 | \$ 34,171 | \$ 1,793 | \$ 128,113 |
| Investments | 54,940 | 2,465 | - | 57,405 |
| | <u>\$ 150,675</u> | <u>\$ 36,636</u> | <u>\$ 1,793</u> | <u>\$ 185,518</u> |
| TOTAL ASSETS | | | | |
| Liabilities | | | | |
| Due to others | \$ 150,675 | \$ 36,636 | \$ 1,793 | \$ 185,518 |

City of Florence, South Carolina
Combining Statement of Changes in Assets and Liabilities--Continued
Agency Fund
Year Ended June 30, 2008

| | Balance June 30, 2007 | Additions | Deductions | Balance June 30, 2008 |
|--|-----------------------------|-------------------------|-------------------------|-----------------------------|
| <u>Total - All Agency Funds</u> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 167,323 | \$ 39,420 | \$ 18,141 | \$ 188,602 |
| Due from others | 25 | - | 25 | - |
| Investments | <u>54,940</u> | <u>2,465</u> | <u>-</u> | <u>57,405</u> |
| TOTAL ASSETS | <u>\$ 222,288</u> | <u>\$ 41,885</u> | <u>\$ 18,166</u> | <u>\$ 246,007</u> |
| Liabilities | | | | |
| Due to others | <u>\$ 222,288</u> | <u>\$ 41,885</u> | <u>\$ 18,166</u> | <u>\$ 246,007</u> |
| TOTAL LIABILITIES | <u>\$ 222,288</u> | <u>\$ 41,885</u> | <u>\$ 18,166</u> | <u>\$ 246,007</u> |

**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

City of Florence, South Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule--By Source
June 30, 2008 and 2007

| | <u>2008</u> | June 30, <u>2007</u> |
|--|-----------------------------|---------------------------------------|
| Governmental funds capital assets, | | |
| Land | \$ 7,118,548 | \$ 7,022,559 |
| Buildings | 5,721,998 | 5,721,998 |
| Infrastructure | 15,537,995 | 14,840,246 |
| Machinery and equipment | 14,360,398 | 14,097,465 |
| Construction in process | <u>3,057,930</u> | <u>320,760</u> |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 45,796,869</u> | <u>\$ 42,003,028</u> |
| Investment in governmental funds capital assets by source | | |
| General fund | <u>\$ 45,796,869</u> | <u>\$ 42,003,028</u> |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 45,796,869</u> | <u>\$ 42,003,028</u> |

City of Florence, South Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule--By Function and Activity
June 30, 2008

| FUNCTION AND ACTIVITY | Land | Buildings | Infrastructure | Machinery And Equipment | Construction In Process | Total |
|---------------------------------|---------------------|---------------------|-----------------------|--|--|----------------------|
| General government | | | | | | |
| Council | \$ 4,245,995 | \$ 1,702,136 | \$ 10,490,600 | \$ 117,451 | \$ 143,580 | \$ 16,699,762 |
| Justice and law | - | - | - | 23,600 | - | 23,600 |
| Manager | - | - | - | 20,824 | - | 20,824 |
| Finance | - | - | - | 128,755 | - | 128,755 |
| Personnel | - | - | - | 21,857 | - | 21,857 |
| Community services | - | - | - | 116,354 | - | 116,354 |
| Urban Plan & Dev | - | - | - | 47,118 | - | 47,118 |
| TOTAL GENERAL GOVERNMENT | <u>4,245,995</u> | <u>1,702,136</u> | <u>10,490,600</u> | <u>475,959</u> | <u>143,580</u> | <u>17,058,270</u> |
| Public safety | | | | | | |
| Police | 105,007 | 484,680 | 86,117 | 4,196,230 | - | 4,872,034 |
| Fire | 158,390 | 888,845 | - | 3,630,017 | - | 4,677,252 |
| TOTAL PUBLIC SAFETY | <u>263,397</u> | <u>1,373,525</u> | <u>86,117</u> | <u>7,826,247</u> | <u>-</u> | <u>9,549,286</u> |
| Streets and beautification | 16,125 | - | - | 1,618,390 | - | 1,634,515 |
| Sanitation | - | - | - | 3,332,047 | - | 3,332,047 |
| Equipment maintenance | - | - | - | 160,284 | - | 160,284 |
| Parks & leisure services | 2,593,031 | 2,646,337 | 4,961,278 | 947,471 | 2,914,350 | 14,062,467 |
| TOTAL GOVERNMENTAL FUNDS | | | | | | |
| CAPITAL ASSETS | <u>\$ 7,118,548</u> | <u>\$ 5,721,998</u> | <u>\$ 15,537,995</u> | <u>\$ 14,360,398</u> | <u>\$ 3,057,930</u> | <u>\$ 45,796,869</u> |

City of Florence, South Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes--By Function and Activity
Year Ended June 30, 2008

| FUNCTION AND ACTIVITY | Governmental Funds Capital Assets July 1, 2007 | Additions | Deductions | Governmental Funds Capital Assets June 30, 2008 |
|--|---|---------------------|-------------------|--|
| General government | | | | |
| Council | \$ 16,566,069 | \$ 188,183 | \$ 54,490 | \$ 16,699,762 |
| Justice and law | 23,600 | - | - | 23,600 |
| Manager | 39,679 | - | 18,855 | 20,824 |
| Finance | 128,755 | - | - | 128,755 |
| Personnel | 21,857 | - | - | 21,857 |
| Community services | 145,768 | - | 29,414 | 116,354 |
| Urban Plan & Dev | <u>43,982</u> | <u>9,384</u> | <u>6,248</u> | <u>47,118</u> |
| TOTAL GENERAL GOVERNMENT | <u>16,969,710</u> | <u>197,567</u> | <u>109,007</u> | <u>17,058,270</u> |
| Public safety | | | | |
| Police | 4,880,765 | 65,965 | 74,696 | 4,872,034 |
| Fire | <u>4,663,368</u> | <u>25,402</u> | <u>11,518</u> | <u>4,677,252</u> |
| TOTAL PUBLIC SAFETY | <u>9,544,133</u> | <u>91,367</u> | <u>86,214</u> | <u>9,549,286</u> |
| Streets and beautification | 1,542,235 | 124,176 | 31,896 | 1,634,515 |
| Sanitation | 3,288,740 | 197,607 | 154,300 | 3,332,047 |
| Equipment maintenance | 145,039 | 15,245 | - | 160,284 |
| Parks & leisure services | <u>10,513,171</u> | <u>3,561,062</u> | <u>11,766</u> | <u>14,062,467</u> |
| TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS | <u>\$ 42,003,028</u> | <u>\$ 4,187,024</u> | <u>\$ 393,183</u> | <u>\$ 45,796,869</u> |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|------------------------------------|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | | | | |
| Current | \$ 2,796,000 | \$ 2,623,000 | \$ 2,624,482 | \$ 1,482 |
| Local option sales tax | 5,135,000 | 5,400,000 | 5,408,873 | 8,873 |
| Penalties | 4,000 | 2,500 | 2,775 | 275 |
| Payment in lieu of taxes | 63,000 | 55,000 | 62,212 | 7,212 |
| Delinquent taxes | <u>67,000</u> | <u>71,000</u> | <u>74,557</u> | <u>3,557</u> |
| TOTAL PROPERTY TAXES | <u>8,065,000</u> | <u>8,151,500</u> | <u>8,172,899</u> | <u>21,399</u> |
| Licenses and fees | | | | |
| Business and professional license | 6,725,000 | 6,725,000 | 7,032,371 | 307,371 |
| Franchise fees | 1,865,000 | 1,960,000 | 2,924,809 | 964,809 |
| Prior year business license | <u>225,000</u> | <u>255,000</u> | <u>255,586</u> | <u>586</u> |
| TOTAL LICENSES AND FEES | <u>8,815,000</u> | <u>8,940,000</u> | <u>10,212,766</u> | <u>1,272,766</u> |
| Intergovernmental | | | | |
| State shared revenue | 950,000 | 950,000 | 987,666 | 37,666 |
| Governmental reimbursements | 180,000 | 200,000 | 203,282 | 3,282 |
| Community development | 69,400 | 69,300 | 69,320 | 20 |
| Grants | 744,100 | 950,560 | 971,994 | 21,434 |
| Marketing and promotion | <u>85,000</u> | <u>72,500</u> | <u>82,421</u> | <u>9,921</u> |
| TOTAL INTERGOVERNMENTAL | <u>2,028,500</u> | <u>2,242,360</u> | <u>2,314,683</u> | <u>72,323</u> |
| Charges for services | | | | |
| Refuse--landfill fee | 1,325,000 | 1,225,000 | 1,231,856 | 6,856 |
| Refuse--collection fee | 310,000 | 300,000 | 305,336 | 5,336 |
| Recreation fees | <u>195,000</u> | <u>221,500</u> | <u>232,075</u> | <u>10,575</u> |
| TOTAL CHARGES FOR SERVICES | <u>1,830,000</u> | <u>1,746,500</u> | <u>1,769,267</u> | <u>22,767</u> |
| Fines and forfeitures | | | | |
| Criminal fines | 160,000 | 155,000 | 162,956 | 7,956 |
| Traffic fines | 650,000 | 640,000 | 650,648 | 10,648 |
| Parking violations fines | 10,000 | 5,000 | 12,050 | 7,050 |
| Animal control fines | <u>2,500</u> | <u>2,300</u> | <u>2,300</u> | <u>-</u> |
| TOTAL FINES AND FORFEITURES | <u>822,500</u> | <u>802,300</u> | <u>827,954</u> | <u>25,654</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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|-------------------------------|-------------------------|-------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues--Continued | | | | |
| Miscellaneous | | | | |
| Investment income | 275,000 | 213,000 | 251,213 | 38,213 |
| Miscellaneous | 100,000 | 98,800 | 313,546 | 214,746 |
| Concessions | <u>130,000</u> | <u>123,000</u> | <u>123,209</u> | <u>209</u> |
| TOTAL MISCELLANEOUS | <u>505,000</u> | <u>434,800</u> | <u>687,968</u> | <u>253,168</u> |
| TOTAL REVENUES | <u>22,066,000</u> | <u>22,317,460</u> | <u>23,985,537</u> | <u>1,668,077</u> |
| Expenditures | | | | |
| General Government | | | | |
| City Council | | | | |
| Salary and wages | 83,260 | 83,450 | 83,265 | 185 |
| Retirement | 7,670 | 7,700 | 7,668 | 32 |
| Health insurance | 32,360 | 32,420 | 32,418 | 2 |
| Workers' compensation | 15,280 | 15,280 | 15,262 | 18 |
| Social security | 6,370 | 5,950 | 5,860 | 90 |
| Printing and supplies | 5,000 | 5,600 | 5,438 | 162 |
| Postage | 300 | 250 | 114 | 136 |
| Membership and dues | 19,000 | 19,500 | 19,350 | 150 |
| Travel and conference | 26,000 | 32,500 | 32,318 | 182 |
| Telephone and telegraph | 300 | 100 | 61 | 39 |
| Telephone related services | 400 | 400 | 314 | 86 |
| Professional services | 27,000 | 19,500 | 19,000 | 500 |
| Special departmental supplies | <u>2,500</u> | <u>6,800</u> | <u>6,488</u> | <u>312</u> |
| TOTAL CITY COUNCIL | <u>225,440</u> | <u>229,450</u> | <u>227,556</u> | <u>1,894</u> |
| Legal Services | | | | |
| Salary and wages | 48,770 | 47,310 | 47,147 | 163 |
| Retirement | 4,490 | 4,220 | 4,182 | 38 |
| Health insurance | 4,750 | 4,090 | 4,074 | 16 |
| Workers' compensation | 180 | 180 | 180 | - |
| Social security | 3,730 | 3,550 | 3,513 | 37 |
| Printing and supplies | 400 | 1,800 | 1,744 | 56 |
| Postage | 140 | 200 | 147 | 53 |
| Membership and dues | 800 | 900 | 580 | 320 |
| Travel and conference | 500 | 500 | - | 500 |
| Telephone and telegraph | 250 | 250 | 168 | 82 |
| Telephone related services | 100 | 500 | 430 | 70 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--------------------------------------|-------------------------|----------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures | | | | |
| General Government--Continued | | | | |
| Legal Services--Continued | | | | |
| Employee training | 450 | 2,000 | 1,830 | 170 |
| Professional services | 88,000 | 127,000 | 126,798 | 202 |
| Special departmental supplies | <u>400</u> | <u>3,500</u> | <u>2,949</u> | <u>551</u> |
| TOTAL LEGAL SERVICES | <u>152,960</u> | <u>196,000</u> | <u>193,742</u> | <u>2,258</u> |
| Justice and Law | | | | |
| Salary and wages | 284,670 | 283,870 | 283,425 | 445 |
| Retirement | 26,220 | 25,680 | 25,589 | 91 |
| Health insurance | 28,230 | 27,450 | 27,404 | 46 |
| Workers' compensation | 14,110 | 14,110 | 14,095 | 15 |
| Social security | 21,780 | 21,130 | 21,079 | 51 |
| Printing and supplies | 5,000 | 6,000 | 5,988 | 12 |
| Postage | 2,800 | 2,200 | 2,109 | 91 |
| Membership and dues | 300 | 300 | 140 | 160 |
| Travel and conference | 3,500 | 3,500 | 3,475 | 25 |
| Auto operating expenses | 4,000 | 4,800 | 4,720 | 80 |
| Telephone and telegraph | 1,400 | 900 | 666 | 234 |
| Telephone related services | 1,000 | 300 | 202 | 98 |
| Maintenance and service contracts | 5,000 | 4,300 | 4,243 | 57 |
| Machine and equipment repairs | 200 | 400 | 247 | 153 |
| Employee training | 3,000 | 1,500 | 1,256 | 244 |
| Professional services | 15,000 | 7,700 | 7,557 | 143 |
| Special department supplies | <u>4,000</u> | <u>13,100</u> | <u>13,217</u> | <u>(117)</u> |
| TOTAL JUSTICE AND LAW | <u>420,210</u> | <u>417,240</u> | <u>415,412</u> | <u>1,828</u> |
| City Manager | | | | |
| Salary and wages | 334,370 | 314,070 | 313,382 | 688 |
| Retirement | 30,780 | 29,240 | 28,915 | 325 |
| Health insurance | 23,590 | 30,710 | 30,436 | 274 |
| Workers' compensation | 9,000 | 9,000 | 8,978 | 22 |
| Social security | 25,580 | 20,990 | 20,875 | 115 |
| Printing and supplies | 6,500 | 4,900 | 4,735 | 165 |
| Postage | 1,800 | 1,500 | 1,322 | 178 |
| Membership and dues | 3,500 | 3,300 | 3,152 | 148 |
| Travel and conference | 5,500 | 8,400 | 8,227 | 173 |
| Car allowance | 7,200 | 7,200 | 7,200 | - |
| Auto operating expenses | 1,200 | 1,400 | 1,073 | 327 |
| Telephone and telegraph | 4,200 | 2,700 | 2,316 | 384 |
| Telephone related services | 3,500 | 2,700 | 2,375 | 325 |
| Maintenance and service contracts | 1,000 | 400 | 108 | 292 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|----------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| General Government--Continued | | | | |
| City Manager--Continued | | | | |
| Employee training | 2,500 | 1,000 | 735 | 265 |
| Professional services | 1,500 | 10,800 | 10,594 | 206 |
| Special departmental supplies | 3,500 | 31,900 | 31,520 | 380 |
| Gas and oil | <u>1,500</u> | <u>1,300</u> | <u>1,285</u> | <u>15</u> |
| TOTAL CITY MANAGER | <u>466,720</u> | <u>481,510</u> | <u>477,228</u> | <u>4,282</u> |
| Finance | | | | |
| Salary and wages | 470,570 | 456,680 | 456,418 | 262 |
| Retirement | 43,340 | 40,890 | 40,479 | 411 |
| Health insurance | 47,230 | 45,780 | 45,546 | 234 |
| Workers' compensation | 20,220 | 20,220 | 20,200 | 20 |
| Social security | 36,000 | 32,720 | 32,399 | 321 |
| Printing and supplies | 5,000 | 4,000 | 2,965 | 1,035 |
| Postage | 6,700 | 8,700 | 8,594 | 106 |
| Membership and dues | 1,500 | 1,600 | 1,522 | 78 |
| Travel and conference | 2,500 | 2,600 | 2,530 | 70 |
| Auto operating expenses | 500 | 300 | 95 | 205 |
| Telephone and telegraph | 4,600 | 4,000 | 3,879 | 121 |
| Telephone related services | 4,900 | 2,000 | 1,737 | 263 |
| Maintenance and service contracts | 6,000 | 6,100 | 6,037 | 63 |
| Machine and equipment repairs | 200 | 200 | 48 | 152 |
| Public notes | 1,500 | 1,000 | 890 | 110 |
| Employee training | 1,900 | 1,500 | 1,214 | 286 |
| Professional services | 4,000 | 800 | 415 | 385 |
| Special department supplies | 61,000 | 66,800 | 66,668 | 132 |
| Gas and oil | <u>400</u> | <u>600</u> | <u>492</u> | <u>108</u> |
| TOTAL FINANCE | <u>718,060</u> | <u>696,490</u> | <u>692,128</u> | <u>4,362</u> |
| Personnel | | | | |
| Salary and wages | 261,120 | 243,810 | 243,435 | 375 |
| Retirement | 24,050 | 21,940 | 21,772 | 168 |
| Health insurance | 28,230 | 25,360 | 25,185 | 175 |
| Workers' compensation | 12,320 | 12,320 | 12,299 | 21 |
| Social security | 19,980 | 17,800 | 17,669 | 131 |
| Printing and supplies | 8,000 | 13,200 | 13,406 | (206) |
| Postage | 1,400 | 1,450 | 1,421 | 29 |
| Membership and dues | 1,400 | 1,400 | 1,288 | 112 |
| Travel and conference | 2,500 | 1,000 | 593 | 407 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--------------------------------------|-------------------------|----------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| General Government--Continued | | | | |
| Personnel--Continued | | | | |
| Auto operating expenses | 500 | - | (164) | 164 |
| Telephone and telegraph | 2,000 | 1,100 | 866 | 234 |
| Telephone related services | 1,800 | 1,760 | 1,500 | 260 |
| Maintenance and service contracts | 2,000 | 2,500 | 2,386 | 114 |
| Machine and equipment repairs | 200 | 200 | - | 200 |
| Public notices | 5,000 | 15,000 | 14,643 | 357 |
| Employee training | 1,300 | 100 | (47) | 147 |
| Professional services | 37,000 | 17,850 | 17,562 | 288 |
| Medical expenses | 32,000 | 43,300 | 43,410 | (110) |
| Special department supplies | 2,000 | 7,840 | 7,297 | 543 |
| Gas and oil | 600 | 400 | 183 | 217 |
| | <u>443,400</u> | <u>428,330</u> | <u>424,704</u> | <u>3,626</u> |
| TOTAL PERSONNEL | | | | |
| Community Services | | | | |
| Salary and wages | 296,500 | 265,620 | 264,986 | 634 |
| Retirement | 27,310 | 24,380 | 24,187 | 193 |
| Health insurance | 37,610 | 30,410 | 30,291 | 119 |
| Workers' compensation | 12,140 | 12,140 | 12,120 | 20 |
| Social security | 22,680 | 20,410 | 20,270 | 140 |
| Printing and supplies | 8,000 | 3,100 | 2,856 | 244 |
| Postage | 1,500 | 1,100 | 1,064 | 36 |
| Membership and dues | 1,000 | 700 | 410 | 290 |
| Travel and conference | 2,500 | 2,800 | 2,449 | 351 |
| Auto operating expenses | 1,500 | 1,200 | 883 | 317 |
| Telephone and telegraph | 1,500 | 1,300 | 1,202 | 98 |
| Telephone related services | 5,000 | 4,000 | 3,863 | 137 |
| Radio maintenance | 500 | 300 | - | 300 |
| Maintenance and service contracts | 3,800 | 2,000 | 1,615 | 385 |
| Uniforms & clothing | 500 | 800 | 577 | 223 |
| Employee training | 2,400 | 1,500 | 1,013 | 487 |
| Professional services | 9,500 | 6,200 | 12,171 | (5,971) |
| Special department supplies | 4,600 | 5,400 | 6,110 | (710) |
| Gas and oil | 7,500 | 8,800 | 8,577 | 223 |
| Capital outlay | - | 23,000 | - | 23,000 |
| | <u>446,040</u> | <u>415,160</u> | <u>394,644</u> | <u>20,516</u> |
| TOTAL COMMUNITY SERVICES | | | | |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|---|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| General Government | | | | |
| Urban Planning & Development | | | | |
| Salary and wages | 193,810 | 200,650 | 200,250 | 400 |
| Retirement | 17,850 | 18,250 | 18,105 | 145 |
| Health insurance | 18,920 | 17,920 | 17,919 | 1 |
| Workers' compensation | 12,140 | 12,140 | 12,120 | 20 |
| Social security | 14,830 | 14,800 | 14,678 | 122 |
| Printing and supplies | 4,000 | 3,500 | 5,454 | (1,954) |
| Postage | 1,500 | 700 | 674 | 26 |
| Membership and dues | - | 1,000 | 944 | 56 |
| Travel and conference | 6,000 | 2,600 | 2,588 | 12 |
| Auto operating expenses | 200 | 400 | 293 | 107 |
| Telephone and telegraph | 1,000 | 700 | 481 | 219 |
| Telephone related services | 2,200 | 1,900 | 1,371 | 529 |
| Maintenance and service contracts | 450 | 450 | 52 | 398 |
| Machine and equipment repairs | 1,000 | - | - | - |
| Public notices | 1,800 | 2,200 | 1,989 | 211 |
| Employee training | 2,100 | 3,100 | 2,803 | 297 |
| Professional services | 5,000 | 70 | 6 | 64 |
| Special department supplies | 4,050 | 57,130 | 57,022 | 108 |
| Gas and oil | 1,000 | 1,200 | 1,096 | 104 |
| Capital outlay | - | 60,700 | 9,384 | 51,316 |
| | <u>287,850</u> | <u>399,410</u> | <u>347,229</u> | <u>52,181</u> |
| TOTAL URBAN PLANNING & DEVELOPMENT | | | | |
| TOTAL GENERAL GOVERNMENT | <u>3,160,680</u> | <u>3,263,590</u> | <u>3,172,643</u> | <u>90,947</u> |
| Public Safety | | | | |
| Police | | | | |
| Salary and wages | 5,122,250 | 5,050,180 | 5,048,504 | 1,676 |
| Retirement | 537,280 | 524,110 | 524,513 | (403) |
| Health insurance | 631,140 | 564,310 | 586,189 | (21,879) |
| Workers' compensation | 247,720 | 247,720 | 247,264 | 456 |
| Social security | 392,380 | 373,640 | 374,166 | (526) |
| Printing and supplies | 12,000 | 10,000 | 9,813 | 187 |
| Postage | 3,500 | 3,500 | 2,849 | 651 |
| Membership and dues | 8,500 | 6,700 | 6,549 | 151 |
| Travel and conference | 13,000 | 13,700 | 13,685 | 15 |
| Auto operating expenses | 84,000 | 72,800 | 70,175 | 2,625 |
| Electricity | 12,000 | 11,500 | 10,318 | 1,182 |
| Telephone and telegraph | 14,000 | 7,500 | 6,774 | 726 |
| Telephone related services | 24,000 | 26,000 | 24,488 | 1,512 |
| Radio maintenance | 8,500 | 5,000 | 4,256 | 744 |
| Maintenance and service contracts | 22,000 | 20,500 | 19,712 | 788 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Public Safety--Continued | | | | |
| Police--Continued | | | | |
| Machine and equipment repairs | 6,000 | 4,500 | 3,937 | 563 |
| Building maintenance | 5,000 | 1,550 | 1,312 | 238 |
| Uniform and clothing | 50,000 | 47,000 | 45,757 | 1,243 |
| Prisoner housing | 185,000 | 207,500 | 206,957 | 543 |
| Rent payments | 12,000 | 12,000 | 12,000 | - |
| Employee training | 25,000 | 20,500 | 20,125 | 375 |
| Professional services | 20,000 | 17,000 | 16,375 | 625 |
| Pal expenses | 13,000 | 13,850 | 13,833 | 17 |
| Medical expenses | 1,000 | - | - | - |
| Rewards | 1,000 | 200 | 200 | - |
| Special department supplies | 43,500 | 147,600 | 146,124 | 1,476 |
| Gas and oil | 235,000 | 329,200 | 326,694 | 2,506 |
| Water usage | 1,000 | 1,000 | 855 | 145 |
| Grant expenditures | 8,000 | 6,000 | 5,683 | 317 |
| Capital outlay | <u>137,000</u> | <u>152,100</u> | <u>50,726</u> | <u>101,374</u> |
| TOTAL POLICE | <u>7,874,770</u> | <u>7,897,160</u> | <u>7,799,833</u> | <u>97,327</u> |
| Fire | | | | |
| Salary and wages | 2,738,590 | 2,604,830 | 2,603,861 | 969 |
| Retirement | 274,120 | 274,230 | 274,924 | (694) |
| Health insurance | 324,850 | 321,040 | 332,255 | (11,215) |
| Workers' compensation | 146,960 | 146,960 | 146,783 | 177 |
| Social security | 196,800 | 193,600 | 193,942 | (342) |
| Printing and supplies | 13,200 | 16,200 | 15,878 | 322 |
| Postage | 600 | 500 | 138 | 362 |
| Membership and dues | 750 | 1,830 | 1,806 | 24 |
| Travel and conference | 1,500 | 3,980 | 3,975 | 5 |
| Auto operating expenses | 38,000 | 40,700 | 42,246 | (1,546) |
| Electricity | 34,000 | 29,500 | 28,961 | 539 |
| Telephone and telegraph | 8,000 | 10,100 | 9,936 | 164 |
| Telephone related services | 14,000 | 11,080 | 10,760 | 320 |
| Heating fuel | 25,000 | 27,800 | 27,658 | 142 |
| Fire prevention | 14,350 | 14,450 | 14,441 | 9 |
| Radio maintenance | 4,550 | 4,550 | 3,972 | 578 |
| Maintenance and service contracts | 16,350 | 10,360 | 8,768 | 1,592 |
| Machine and equipment repairs | 9,500 | 4,650 | 4,346 | 304 |
| Building maintenance | 13,250 | 10,070 | 9,221 | 849 |
| Uniform and clothing | 35,800 | 69,040 | 69,031 | 9 |
| Employee training | 17,000 | 17,020 | 17,049 | (29) |
| Professional services | 6,000 | 8,210 | 8,209 | 1 |
| Special department supplies | 30,000 | 78,390 | 77,527 | 863 |
| Gas and oil | 36,000 | 45,850 | 42,989 | 2,861 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|-------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Public Safety--Continued | | | | |
| Fire--Continued | | | | |
| Water usage | 8,400 | 10,670 | 10,495 | 175 |
| Capital outlay | <u>15,600</u> | <u>-</u> | <u>25,402</u> | <u>(25,402)</u> |
| TOTAL FIRE | <u>4,023,170</u> | <u>3,955,610</u> | <u>3,984,573</u> | <u>(28,963)</u> |
| TOTAL PUBLIC SAFETY | <u>11,897,940</u> | <u>11,852,770</u> | <u>11,784,406</u> | <u>68,364</u> |
| Public Works | | | | |
| Streets and Beautification | | | | |
| Salary and wages | 845,240 | 818,270 | 817,597 | 673 |
| Retirement | 77,850 | 74,310 | 74,146 | 164 |
| Health insurance | 131,330 | 131,350 | 131,212 | 138 |
| Workers' compensation | 46,200 | 44,900 | 44,684 | 216 |
| Social security | 64,660 | 60,520 | 60,428 | 92 |
| Printing and supplies | 200 | 600 | 587 | 13 |
| Postage | 100 | 100 | 28 | 72 |
| Membership and dues | 400 | 400 | 200 | 200 |
| Travel and conference | 500 | 500 | 339 | 161 |
| Auto operating expenses | 21,000 | 23,200 | 18,722 | 4,478 |
| Electricity | 13,500 | 12,990 | 12,971 | 19 |
| Telephone related services | 1,300 | 1,300 | 952 | 348 |
| Radio maintenance | 1,000 | 1,500 | 1,328 | 172 |
| Machine and equipment repairs | 46,000 | 30,000 | 29,317 | 683 |
| Tree beautification | 11,000 | 12,000 | 11,799 | 201 |
| Sign shop supplies | 9,000 | 6,300 | 6,272 | 28 |
| Uniform and clothing | 12,500 | 10,800 | 10,385 | 415 |
| Chemicals | 5,000 | 4,050 | 3,547 | 503 |
| Paving materials and supplies | 9,000 | 11,110 | 11,080 | 30 |
| Employee training | 500 | 400 | 289 | 111 |
| Professional services | 10,000 | 9,700 | 9,660 | 40 |
| Special department supplies | 22,000 | 27,500 | 26,248 | 1,252 |
| Gas and oil | 57,000 | 67,800 | 67,576 | 224 |
| Water usage | 12,000 | 10,450 | 10,443 | 7 |
| Capital outlay | <u>-</u> | <u>160,100</u> | <u>124,176</u> | <u>35,924</u> |
| TOTAL STREETS AND | | | | |
| BEAUTIFICATION | <u>1,397,280</u> | <u>1,520,150</u> | <u>1,473,986</u> | <u>46,164</u> |
| Sanitation | | | | |
| Salary and wages | 703,830 | 726,910 | 726,383 | 527 |
| Retirement | 64,820 | 66,410 | 66,118 | 292 |
| Health insurance | 117,230 | 120,700 | 124,612 | (3,912) |
| Workers' compensation | 46,290 | 46,290 | 46,235 | 55 |
| Social security | 53,840 | 53,350 | 53,218 | 132 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|------------------------------------|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Public Works--Continued | | | | |
| Sanitation--Continued | | | | |
| Printing and supplies | 200 | 200 | 91 | 109 |
| Postage | 100 | 100 | 61 | 39 |
| Membership and dues | 100 | 100 | - | 100 |
| Travel and conference | 100 | - | - | - |
| Auto operating expenses | 85,000 | 98,400 | 97,073 | 1,327 |
| Telephone related services | 200 | 300 | 229 | 71 |
| Radio maintenance | 2,500 | 2,500 | 1,538 | 962 |
| Maintenance and service contracts | 16,000 | 14,000 | 13,988 | 12 |
| Machine and equipment repairs | 80,000 | 70,550 | 68,774 | 1,776 |
| Landfill services | 1,325,000 | 1,058,000 | 1,057,592 | 408 |
| Uniform and clothing | 9,500 | 11,200 | 10,927 | 273 |
| Compost supplies | 1,500 | 1,500 | - | 1,500 |
| Public notices | 6,500 | 7,900 | 8,264 | (364) |
| Employee training | 100 | 100 | - | 100 |
| Professional services | 400 | 22,600 | 22,268 | 332 |
| Special department supplies | 8,000 | 21,300 | 22,024 | (724) |
| Gas and oil | 168,000 | 209,350 | 208,851 | 499 |
| Capital outlay | <u>100,000</u> | <u>77,300</u> | <u>197,607</u> | <u>(120,307)</u> |
| TOTAL SANITATION | <u>2,789,210</u> | <u>2,609,060</u> | <u>2,725,853</u> | <u>(116,793)</u> |
| Equipment Maintenance | | | | |
| Salary and wages | 282,800 | 254,150 | 253,815 | 335 |
| Retirement | 26,050 | 22,820 | 22,674 | 146 |
| Health insurance | 37,650 | 33,370 | 33,364 | 6 |
| Workers' compensation | 16,090 | 16,090 | 16,070 | 20 |
| Social security | 21,630 | 18,650 | 18,423 | 227 |
| Printing and supplies | 100 | 100 | 87 | 13 |
| Auto operating expenses | 2,000 | 1,500 | 774 | 726 |
| Telephone related services | - | 50 | 19 | 31 |
| Heating fuel | 6,500 | 5,650 | 5,416 | 234 |
| Radio maintenance | 300 | 100 | - | 100 |
| Maintenance and service contracts | 3,000 | 3,000 | 1,777 | 1,223 |
| Machine and equipment repairs | 2,000 | 3,000 | 2,247 | 753 |
| Uniform and clothing | 3,500 | 4,300 | 4,027 | 273 |
| Employee training | 500 | 500 | - | 500 |
| Special department supplies | 5,500 | 20,200 | 7,895 | 12,305 |
| Gas and oil | 8,000 | 8,600 | 6,841 | 1,759 |
| Capital outlay | <u>-</u> | <u>15,600</u> | <u>15,245</u> | <u>355</u> |
| TOTAL EQUIPMENT MAINTENANCE | <u>415,620</u> | <u>407,680</u> | <u>388,674</u> | <u>19,006</u> |
| TOTAL PUBLIC WORKS | <u>4,602,110</u> | <u>4,536,890</u> | <u>4,588,513</u> | <u>(51,623)</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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|---|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Culture and Recreation | | | | |
| Parks and Leisure Services | | | | |
| Salary and wages | 702,450 | 674,800 | 673,969 | 831 |
| Retirement | 63,310 | 59,780 | 59,580 | 200 |
| Health insurance | 108,080 | 97,000 | 100,692 | (3,692) |
| Workers' compensation | 39,370 | 39,370 | 39,322 | 48 |
| Social security | 53,740 | 50,710 | 50,525 | 185 |
| Printing and supplies | 3,000 | 3,400 | 3,186 | 214 |
| Postage | 1,000 | 3,300 | 3,231 | 69 |
| Membership and dues | 1,000 | 1,100 | 1,090 | 10 |
| Travel and conference | 3,000 | 1,000 | 1,947 | (947) |
| Auto operating expenses | 9,500 | 11,100 | 10,575 | 525 |
| Electricity | 52,000 | 56,500 | 56,213 | 287 |
| Telephone and telegraph | 4,000 | 3,500 | 3,318 | 182 |
| Telephone related services | 6,000 | 1,400 | 1,351 | 49 |
| Radio maintenance | 2,000 | 600 | 576 | 24 |
| Maintenance and service contracts | 10,000 | 13,500 | 13,391 | 109 |
| Machine and equipment repairs | 9,000 | 8,900 | 8,591 | 309 |
| Building maintenance | 25,000 | 27,950 | 27,547 | 403 |
| Tree beautification | 3,000 | 100 | 81 | 19 |
| Uniform and clothing | 4,000 | 4,100 | 3,970 | 130 |
| Employee training | 2,000 | 1,400 | 1,331 | 69 |
| Professional services | 25,500 | 33,790 | 17,358 | 16,432 |
| Special department supplies | 53,000 | 71,030 | 71,139 | (109) |
| Gas and oil | 25,000 | 34,780 | 34,622 | 158 |
| Water usage | 10,000 | 9,800 | 9,722 | 78 |
| Boys and girls club's | 21,000 | 21,000 | 20,986 | 14 |
| Grant expenditures | 5,000 | - | - | - |
| Capital outlay | - | 118,600 | 90,739 | 27,861 |
| TOTAL PARKS AND LEISURE SERVICES | <u>1,240,950</u> | <u>1,348,510</u> | <u>1,305,052</u> | <u>43,458</u> |
| Athletic Programs | | | | |
| Salary and wages | 541,020 | 400,100 | 399,406 | 694 |
| Retirement | 29,570 | 22,220 | 22,002 | 218 |
| Health insurance | 56,220 | 39,520 | 39,361 | 159 |
| Workers' compensation | 11,220 | 11,320 | 11,222 | 98 |
| Social security | 41,390 | 30,210 | 30,051 | 159 |
| Printing and supplies | 500 | 50 | 1 | 49 |
| Postage | 500 | 50 | 18 | 32 |
| Membership and dues | 500 | 200 | 167 | 33 |
| Travel and conference | 9,000 | 2,400 | 2,356 | 44 |
| Auto operating expenses | 8,000 | 1,600 | 1,567 | 33 |
| Electricity | 120,000 | 155,450 | 155,313 | 137 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Culture and Recreation--Continued | | | | |
| Athletic Programs--Continued | | | | |
| Telephone and telegraph | 2,000 | 2,840 | 2,719 | 121 |
| Telephone related services | 3,000 | 400 | 366 | 34 |
| Radio maintenance | 200 | - | - | - |
| Maintenance and service contracts | 11,000 | 11,200 | 11,023 | 177 |
| Machine and equipment repairs | 7,000 | 8,000 | 7,900 | 100 |
| Building maintenance | 4,000 | 9,160 | 8,989 | 171 |
| Uniform and clothing | 2,000 | 2,250 | 2,155 | 95 |
| Food and supplies | 43,000 | 92,600 | 92,427 | 173 |
| Employee training | - | 200 | 125 | 75 |
| Professional services | 19,000 | 21,250 | 21,248 | 2 |
| Special department supplies | 33,000 | 40,200 | 40,126 | 74 |
| Gas and oil | 14,000 | 10,900 | 10,767 | 133 |
| Water usage | 13,000 | 27,450 | 27,448 | 2 |
| Marketing and promotion | 12,000 | 53,800 | 54,022 | (222) |
| School use | 500 | - | - | - |
| Tournaments | 1,000 | 600 | 600 | - |
| Upgrade and painting | - | 84,000 | 63,985 | 20,015 |
| Capital outlay | - | 26,200 | 8,169 | 18,031 |
| TOTAL ATHLETIC PROGRAMS | 982,620 | 1,054,170 | 1,013,533 | 40,637 |
| TOTAL CULTURE AND RECREATION | 2,223,570 | 2,402,680 | 2,318,585 | 84,095 |
| Non-Departmental | | | | |
| Employee relations | 25,000 | 24,000 | 23,986 | 14 |
| Unemployment compensation | 15,000 | 12,000 | 11,854 | 146 |
| Property & liability insurance | 280,000 | 292,200 | 292,108 | 92 |
| Small claims | 15,000 | 109,100 | 108,958 | 142 |
| Employee W/C small claims | 60,000 | 92,000 | 91,766 | 234 |
| 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 | - |
| Lot clearing & demolition | - | 300,000 | 21,900 | 278,100 |
| City-County Complex operations | 205,100 | 244,900 | 214,766 | 30,134 |
| Contingency | 100,000 | - | - | - |
| Street lights | 595,000 | 615,000 | 613,211 | 1,789 |
| Brownfields grant | - | 750,000 | 892,346 | (142,346) |
| EPA grants | - | 282,000 | 275,419 | 6,581 |
| Rail to trail project | 502,000 | 414,000 | 413,448 | 552 |
| Boards and commissions | 300 | 300 | 275 | 25 |
| Land grant match | - | 25,000 | 12,077 | 12,923 |
| IT Upgrade | - | 122,800 | 118,631 | 4,169 |
| IT Support Services | 92,600 | 92,600 | 92,592 | 8 |

City of Florence, South Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual--Continued
General Fund
Year Ended June 30, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|---------------------------------------|-------------------------|---------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Expenditures--Continued | | | | |
| Non-Departmental--Continued | | | | |
| Animal shelter improvements | - | 10,000 | 9,041 | 959 |
| Gateway and beautification | - | 133,360 | 100,396 | 32,964 |
| Airport Gateway SCDOT | - | 7,500 | 7,360 | 140 |
| Older Driver Signage SCDOT | 19,500 | 6,000 | 5,905 | 95 |
| Northside LL renovation | - | 12,300 | 12,250 | 50 |
| Special projects | 45,000 | 260,770 | 345,552 | (84,782) |
| Tennis court site study | - | 18,800 | 18,610 | 190 |
| 218 W Evans Building Upgrade | - | <u>110,000</u> | - | <u>110,000</u> |
| TOTAL NON-DEPARTMENTAL | <u>2,059,500</u> | <u>4,039,630</u> | <u>3,787,451</u> | <u>252,179</u> |
| Debt Service | | | | |
| Principal | 371,000 | 371,000 | 370,857 | 143 |
| Interest | <u>35,200</u> | <u>35,200</u> | <u>35,178</u> | <u>22</u> |
| TOTAL DEBT SERVICE | <u>406,200</u> | <u>406,200</u> | <u>406,035</u> | <u>165</u> |
| TOTAL EXPENDITURES | <u>24,350,000</u> | <u>26,501,760</u> | <u>26,057,633</u> | <u>444,127</u> |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER EXPENDITURES | | | | |
| | <u>(2,284,000)</u> | <u>(4,184,300)</u> | <u>(2,072,096)</u> | <u>2,112,204</u> |
| Other Financing Sources (Uses) | | | | |
| Long-term debt issued | - | 625,000 | 25,402 | (599,598) |
| Transfers in | 2,334,000 | 2,335,900 | 2,337,842 | 1,942 |
| Transfers out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> |
| TOTAL OTHER FINANCING | | | | |
| SOURCES (USES) | <u>2,284,000</u> | <u>2,910,900</u> | <u>2,313,244</u> | <u>(597,656)</u> |
| NET CHANGE | | | | |
| IN FUND BALANCE | | | | |
| | - | (1,273,400) | 241,148 | 1,514,548 |
| Fund balance at beginning of year | <u>8,187,370</u> | <u>8,187,370</u> | <u>8,187,370</u> | <u>-</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 8,187,370</u> | <u>\$ 6,913,970</u> | <u>\$ 8,428,518</u> | <u>\$ 1,514,548</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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|-----------------------------------|-------------------------|-------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Revenues | | | | |
| Water service fees | \$ 12,280,000 | \$ 12,560,000 | \$ 12,915,293 | \$ 355,293 |
| Sewer service fees | 11,000,000 | 10,950,000 | 11,287,304 | 337,304 |
| Sewer surcharges | 50,000 | 55,000 | 59,654 | 4,654 |
| Cut on fees | 165,000 | 155,000 | 178,735 | 23,735 |
| Water tap fees | 850,000 | 740,000 | 752,485 | 12,485 |
| Sewer tap fees | 357,000 | 270,000 | 278,003 | 8,003 |
| Service charges | 305,000 | 287,000 | 290,606 | 3,606 |
| Late fees | 160,000 | 160,000 | 164,823 | 4,823 |
| Miscellaneous income | <u>120,000</u> | <u>90,000</u> | <u>103,955</u> | <u>13,955</u> |
| TOTAL OPERATING REVENUES | <u>25,287,000</u> | <u>25,267,000</u> | <u>26,030,858</u> | <u>763,858</u> |
| Operating Expenses | | | | |
| Engineering | | | | |
| Personnel services | 532,060 | 555,100 | 554,408 | 692 |
| Retirement | 49,000 | 49,310 | 49,148 | 162 |
| Health insurance | 47,220 | 47,350 | 47,340 | 10 |
| Workers' compensation | 18,160 | 18,160 | 18,135 | 25 |
| Social security | 40,700 | 37,830 | 37,594 | 236 |
| Printing and supplies | 2,000 | 2,000 | 1,522 | 478 |
| Postage | 500 | 500 | 253 | 247 |
| Membership and dues | 500 | 500 | 400 | 100 |
| Travel and conference | 1,500 | 8,500 | 8,289 | 211 |
| Auto operating expense | 1,800 | 2,550 | 2,408 | 142 |
| Electricity | 20,000 | 20,500 | 20,282 | 218 |
| Telephone and telegraph | 5,000 | 4,000 | 3,832 | 168 |
| Telephone related services | 5,000 | 3,900 | 3,267 | 633 |
| Heating fuel | 7,000 | 6,000 | 5,416 | 584 |
| Radio maintenance | 300 | 300 | - | 300 |
| Maintenance and service contracts | 30,000 | 17,400 | 17,235 | 165 |
| Building maintenance | 8,000 | 7,350 | 6,619 | 731 |
| Uniforms & clothing | 3,000 | 3,300 | 3,193 | 107 |
| Public notices | 150 | 150 | 242 | (92) |
| Employee training | 3,000 | 2,300 | 1,730 | 570 |
| Professional service | 70,000 | 108,300 | 78,227 | 30,073 |
| Special departmental supplies | 13,500 | 31,200 | 30,059 | 1,141 |
| Gas and oil | 8,000 | 9,900 | 9,694 | 206 |
| Water usage | <u>9,500</u> | <u>7,600</u> | <u>7,329</u> | <u>271</u> |
| TOTAL ENGINEERING | <u>875,890</u> | <u>944,000</u> | <u>906,622</u> | <u>37,378</u> |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--------------------------------------|-------------------------|----------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Expenses--Continued | | | | |
| Utility Finance | | | | |
| Personnel services | 391,250 | 367,420 | 366,808 | 612 |
| Retirement | 36,090 | 34,140 | 33,754 | 386 |
| Health insurance | 61,140 | 56,080 | 58,201 | (2,121) |
| Workers' compensation | 26,250 | 26,250 | 26,215 | 35 |
| Social security | 29,930 | 27,240 | 27,113 | 127 |
| Printing and supplies | 2,000 | 1,500 | 1,398 | 102 |
| Postage | 115,500 | 108,500 | 107,540 | 960 |
| Membership and dues | 200 | 200 | 80 | 120 |
| Travel and conference | 1,000 | 1,200 | 1,119 | 81 |
| Auto operating expense | 200 | 100 | 42 | 58 |
| Electricity | 7,500 | 8,500 | 7,968 | 532 |
| Telephone and telegraph | 6,000 | 4,300 | 3,511 | 789 |
| Telephone related services | 1,700 | 700 | 71 | 629 |
| Radio maintenance | 200 | 100 | - | 100 |
| Maintenance and service contracts | 38,500 | 38,700 | 38,667 | 33 |
| Building maintenance | 1,500 | 1,500 | 88 | 1,412 |
| Employee training | 1,000 | 500 | - | 500 |
| Professional service | 1,000 | 100 | 60 | 40 |
| Special departmental supplies | 78,700 | 96,200 | 58,663 | 37,537 |
| Gas and oil | 150 | 250 | 162 | 88 |
| Water usage | 500 | 600 | 599 | 1 |
| Building & fixed equipment | - | 10,200 | 9,923 | 277 |
| Furniture & fixtures | 2,000 | 20,000 | - | 20,000 |
| TOTAL UTILITY FINANCE | <u>802,310</u> | <u>804,280</u> | <u>741,982</u> | <u>62,298</u> |
| Wastewater Treatment | | | | |
| Personnel services | 832,590 | 727,710 | 727,073 | 637 |
| Retirement | 76,660 | 66,880 | 66,271 | 609 |
| Health insurance | 103,490 | 88,920 | 91,623 | (2,703) |
| Workers' compensation | 46,290 | 46,290 | 46,235 | 55 |
| Social security | 63,690 | 53,310 | 53,007 | 303 |
| Printing and supplies | 500 | 500 | 9 | 491 |
| Postage | 500 | 500 | 263 | 237 |
| Membership and dues | 7,800 | 6,800 | 11,185 | (4,385) |
| Travel and conference | 750 | 750 | - | 750 |
| Auto operating expense | 10,000 | 10,000 | 7,570 | 2,430 |
| Electricity | 840,000 | 842,180 | 841,781 | 399 |
| Telephone and telegraph | 2,600 | 2,100 | 1,437 | 663 |
| Telephone related services | 3,100 | 3,500 | 3,333 | 167 |
| Heating fuel | 100 | 100 | - | 100 |
| Radio maintenance | 1,000 | 1,500 | 1,288 | 212 |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Expenses--Continued | | | | |
| Wastewater Treatment--Continued | | | | |
| Maintenance and service contracts | 2,000 | 1,000 | 42 | 958 |
| Machine and equipment repairs | 340,000 | 416,210 | 308,640 | 107,570 |
| Building maintenance | 6,000 | 6,000 | 5,610 | 390 |
| Landfill service | 236,000 | 226,990 | 226,981 | 9 |
| Uniforms and clothing | 10,500 | 8,500 | 7,385 | 1,115 |
| Compost supplies | 30,000 | 13,650 | 12,418 | 1,232 |
| Chemicals | 67,000 | 73,270 | 73,266 | 4 |
| Lab supplies | 12,000 | 14,000 | 13,645 | 355 |
| Public notices | 500 | 500 | - | 500 |
| Employee training | 4,000 | 4,000 | 3,124 | 876 |
| Professional services | 60,000 | 40,000 | 35,341 | 4,659 |
| Special departmental supplies | 100,000 | 43,000 | 39,762 | 3,238 |
| Gas and oil | 50,000 | 55,200 | 54,959 | 241 |
| Water usage | 23,000 | 29,190 | 29,181 | 9 |
| Upgrade and painting | <u>90,000</u> | <u>90,000</u> | <u>-</u> | <u>90,000</u> |
| TOTAL WASTEWATER TREATMENT | <u>3,020,070</u> | <u>2,872,550</u> | <u>2,661,429</u> | <u>211,121</u> |
| Water Production--Surface Water | | | | |
| Personnel services | 385,240 | 343,850 | 343,278 | 572 |
| Retirement | 35,480 | 31,880 | 31,742 | 138 |
| Health insurance | 56,480 | 42,640 | 42,513 | 127 |
| Workers' compensation | 22,200 | 22,200 | 22,175 | 25 |
| Social security | 29,470 | 25,770 | 25,615 | 155 |
| Printing and supplies | 1,700 | 1,500 | 1,327 | 173 |
| Postage | 500 | 500 | 125 | 375 |
| Membership and dues | 1,200 | 780 | 770 | 10 |
| Travel and conference | 800 | - | - | - |
| Auto operating expense | 2,200 | 3,500 | 2,816 | 684 |
| Electricity | 291,000 | 304,320 | 303,858 | 462 |
| Telephone and telegraph | 3,350 | 3,550 | 3,395 | 155 |
| Telephone related services | 350 | 610 | 709 | (99) |
| Heating fuel | 20,000 | 16,470 | 16,464 | 6 |
| Radio maintenance | 1,000 | 210 | - | 210 |
| Maintenance and service contracts | 2,000 | 4,430 | 4,430 | - |
| Machine and equipment repairs | 35,000 | 68,290 | 68,145 | 145 |
| Building maintenance | 15,000 | 24,570 | 24,443 | 127 |
| Uniforms and clothing | 4,500 | 4,770 | 4,665 | 105 |
| Chemicals | 232,000 | 295,330 | 294,811 | 519 |
| Lab supplies | 42,000 | 45,580 | 45,467 | 113 |
| Public notices | 500 | 220 | 216 | 4 |
| Employee training | 1,000 | 1,000 | 935 | 65 |
| Professional services | 40,000 | 20,670 | 21,764 | (1,094) |
| Special departmental supplies | 45,000 | 70,120 | 70,848 | (728) |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | <u>Variance</u> With Final Budget - Positive (Negative) |
|---|-------------------------|------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Expenses--Continued | | | | |
| Water Production--Surface Water--Continued | | | | |
| Gas and oil | 9,500 | 9,630 | 9,375 | 255 |
| Water usage | 950 | 1,200 | 1,042 | 158 |
| Upgrade and painting | <u>190,000</u> | <u>166,400</u> | <u>166,078</u> | <u>322</u> |
| TOTAL WATER | | | | |
| PRODUCTION--SURFACE WATER | <u>1,468,420</u> | <u>1,509,990</u> | <u>1,507,006</u> | <u>2,984</u> |
| Water Production--Ground Water | | | | |
| Personnel services | 279,380 | 258,140 | 257,415 | 725 |
| Retirement | 25,730 | 23,820 | 23,684 | 136 |
| Health insurance | 37,570 | 33,580 | 33,321 | 259 |
| Workers' compensation | 18,160 | 18,160 | 18,135 | 25 |
| Social security | 21,370 | 18,930 | 18,854 | 76 |
| Printing and supplies | 500 | 500 | 262 | 238 |
| Postage | 100 | 100 | 78 | 22 |
| Membership and dues | 850 | 850 | 590 | 260 |
| Travel and conference | 300 | 290 | - | 290 |
| Auto operating expense | 6,500 | 7,940 | 6,339 | 1,601 |
| Electricity | 700,000 | 739,710 | 739,710 | - |
| Telephone and telegraph | 2,100 | 7,200 | 6,983 | 217 |
| Telephone related services | 22,000 | 17,900 | 17,746 | 154 |
| Heating fuel | 150 | 200 | 198 | 2 |
| Radio maintenance | 1,000 | 460 | 187 | 273 |
| Machine and equipment repairs | 80,000 | 61,760 | 60,687 | 1,073 |
| Building maintenance | 7,000 | 6,000 | 5,662 | 338 |
| Uniforms and clothing | 3,400 | 3,300 | 3,146 | 154 |
| Chemicals | 90,000 | 111,740 | 111,736 | 4 |
| Lab supplies | 10,000 | 9,530 | 9,243 | 287 |
| Employee training | 1,000 | 1,470 | 1,468 | 2 |
| Professional services | 45,000 | 54,100 | 54,096 | 4 |
| Well repairs | 75,000 | 63,400 | 62,937 | 463 |
| Special departmental supplies | 12,000 | 10,170 | 10,691 | (521) |
| Gas and oil | 25,000 | 23,500 | 23,123 | 377 |
| Water usage | 5,200 | 5,890 | 5,696 | 194 |
| Upgrade and painting | <u>65,000</u> | <u>67,500</u> | <u>67,495</u> | <u>5</u> |
| TOTAL WATER | | | | |
| PRODUCTION--GROUND WATER | <u>1,534,310</u> | <u>1,546,140</u> | <u>1,539,482</u> | <u>6,658</u> |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--------------------------------------|-------------------------|------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Expenses--Continued | | | | |
| Utility Operations | | | | |
| Personnel services | 1,407,610 | 1,311,040 | 1,310,380 | 660 |
| Retirement | 129,640 | 121,120 | 120,902 | 218 |
| Health insurance | 220,730 | 201,960 | 209,820 | (7,860) |
| Workers' compensation | 88,530 | 88,530 | 88,429 | 101 |
| Social security | 107,680 | 96,550 | 96,399 | 151 |
| Printing and supplies | 2,000 | 1,800 | 1,106 | 694 |
| Postage | 850 | 850 | 788 | 62 |
| Membership and dues | 440 | 540 | 539 | 1 |
| Travel and conference | 1,200 | 300 | 250 | 50 |
| Auto operating expense | 45,000 | 49,450 | 47,883 | 1,567 |
| Electricity | 10,500 | 10,500 | 9,670 | 830 |
| Telephone and telegraph | 600 | 600 | 545 | 55 |
| Telephone related services | 2,150 | 2,450 | 2,361 | 89 |
| Radio maintenance | 1,000 | 1,000 | 513 | 487 |
| Maintenance and service contracts | 1,000 | 1,000 | 906 | 94 |
| Machine and equipment repairs | 40,000 | 59,800 | 59,303 | 497 |
| Building maintenance | 1,800 | 2,100 | 2,073 | 27 |
| Traffic lights | 9,000 | 8,200 | 7,591 | 609 |
| Uniforms and clothing | 21,000 | 22,200 | 21,975 | 225 |
| Meters, parts and supplies | 160,000 | 113,150 | 110,612 | 2,538 |
| Pipe fittings and hydrants | 260,000 | 157,800 | 155,503 | 2,297 |
| Paving materials and supplies | 23,000 | 26,100 | 26,405 | (305) |
| Employee training | 1,500 | 1,500 | 83 | 1,417 |
| Professional services | 12,000 | 9,100 | 8,668 | 432 |
| Special departmental supplies | 124,000 | 290,900 | 253,660 | 37,240 |
| Gas and oil | <u>120,000</u> | <u>156,000</u> | <u>154,592</u> | <u>1,408</u> |
| TOTAL UTILITY OPERATIONS | <u>2,791,230</u> | <u>2,734,540</u> | <u>2,690,956</u> | <u>43,584</u> |
| Utility Construction | | | | |
| Personnel services | 108,350 | 96,600 | 95,643 | 957 |
| Retirement | 9,980 | 9,770 | 8,796 | 974 |
| Health insurance | 18,770 | 16,890 | 16,626 | 264 |
| Workers' compensation | 8,000 | 8,000 | 7,990 | 10 |
| Social security | 8,290 | 7,100 | 6,965 | 135 |
| Auto operating expense | 1,000 | 1,000 | 21 | 979 |
| Radio maintenance | 200 | 200 | - | 200 |
| Machine and equipment repairs | 2,000 | 1,000 | 205 | 795 |
| Uniforms and clothing | 800 | 800 | 351 | 449 |
| Pipe fittings and hydrants | 55,000 | 51,500 | 50,720 | 780 |
| Paving materials and supplies | 5,000 | 1,500 | 935 | 565 |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|--|-------------------------|----------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Expenses--Continued | | | | |
| Utility Construction--Continued | | | | |
| Special departmental supplies | 1,000 | 1,000 | 270 | 730 |
| Gas and oil | <u>2,500</u> | <u>2,500</u> | <u>1,704</u> | <u>796</u> |
| TOTAL UTILITY CONSTRUCTION | <u>220,890</u> | <u>197,860</u> | <u>190,226</u> | <u>7,634</u> |
| Non-departmental | | | | |
| Depreciation | 6,291,180 | 6,451,180 | 4,336,795 | 2,114,385 |
| Bank charges | 24,000 | 21,500 | 25,621 | (4,121) |
| Employee relations | 18,000 | 16,000 | 15,301 | 699 |
| Unemployment compensation | 10,000 | 1,000 | 304 | 696 |
| Property & liability insurance | 177,000 | 182,000 | 181,167 | 833 |
| Amortization of bond issue costs | - | - | 45,479 | (45,479) |
| Small claims | 15,000 | 36,700 | 36,369 | 331 |
| Employee W/C small claims | 10,000 | 31,500 | 30,693 | 807 |
| City-County complex operations | 205,100 | 244,900 | 214,767 | 30,133 |
| Contingency | 106,000 | 230,460 | - | 230,460 |
| IT support services | 74,100 | 74,100 | 74,074 | 26 |
| IT upgrade | - | 223,100 | 7,420 | 215,680 |
| Special projects | <u>100,000</u> | <u>156,000</u> | <u>381,422</u> | <u>(225,422)</u> |
| TOTAL NON-DEPARTMENTAL | <u>7,030,380</u> | <u>7,668,440</u> | <u>5,349,412</u> | <u>2,319,028</u> |
| TOTAL OPERATING EXPENSES | <u>17,743,500</u> | <u>18,277,800</u> | <u>15,587,115</u> | <u>2,690,685</u> |
| OPERATING INCOME | <u>7,543,500</u> | <u>6,989,200</u> | <u>10,443,743</u> | <u>3,454,543</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Investment earnings | 250,000 | 270,000 | 623,309 | 353,309 |
| Interest expense | <u>(6,256,500)</u> | <u>(6,220,700)</u> | <u>(2,762,914)</u> | <u>3,457,786</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(6,006,500)</u> | <u>(5,950,700)</u> | <u>(2,139,605)</u> | <u>3,811,095</u> |
| INCOME BEFORE TRANSFERS | 1,537,000 | 1,038,500 | 8,304,138 | 7,265,638 |
| Capital contributions | - | - | 268,549 | 268,549 |
| Transfers out | <u>(1,537,000)</u> | <u>(1,537,000)</u> | <u>(1,537,000)</u> | <u>-</u> |
| Change in net assets | - | (498,500) | 7,035,687 | 7,534,187 |
| Net assets at beginning of year | <u>68,746,607</u> | <u>68,746,607</u> | <u>68,746,607</u> | <u>-</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 68,746,607</u> | <u>\$ 68,248,107</u> | <u>\$ 75,782,294</u> | <u>\$ 7,534,187</u> |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> Amounts | <u>Variance</u> <u>With Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u> |
|----------------------------------|-------------------------|------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Operating Revenues | | | | |
| Stormwater service fees | \$ 1,141,000 | \$ 1,142,000 | \$ 1,198,218 | \$ 56,218 |
| Miscellaneous income | <u>-</u> | <u>1,000</u> | <u>14,912</u> | <u>13,912</u> |
| TOTAL OPERATING REVENUES | <u>1,141,000</u> | <u>1,143,000</u> | <u>1,213,130</u> | <u>70,130</u> |
| Operating Expenses | | | | |
| Personnel services | 371,720 | 371,290 | 370,556 | 734 |
| Retirement | 34,240 | 35,530 | 35,249 | 281 |
| Health insurance | 51,680 | 51,810 | 53,531 | (1,721) |
| Workers' compensation | 22,020 | 22,020 | 21,993 | 27 |
| Social security | 28,440 | 27,400 | 27,171 | 229 |
| Printing and supplies | 500 | 300 | 152 | 148 |
| Membership and dues | 1,000 | 500 | 75 | 425 |
| Postage | 200 | 200 | - | 200 |
| Travel and conference | 500 | 500 | 346 | 154 |
| Auto operating expense | 10,000 | 7,000 | 6,119 | 881 |
| Electricity | 4,000 | 3,700 | 3,075 | 625 |
| Telephone and telegraph | - | 100 | 19 | 81 |
| Telephone related services | 200 | 200 | 105 | 95 |
| Radio maintenance | 500 | 100 | - | 100 |
| Machine and equipment repairs | 16,000 | 15,500 | 15,400 | 100 |
| Uniforms and clothing | 5,000 | 3,460 | 3,156 | 304 |
| Pipe fittings and hydrants | 8,000 | 5,300 | 4,819 | 481 |
| Employee training | 1,000 | 1,140 | 1,140 | - |
| Professional services | 15,000 | 17,500 | 16,617 | 883 |
| Special departmental supplies | 6,000 | 4,900 | 4,529 | 371 |
| Gas and oil | 26,000 | 31,700 | 31,455 | 245 |
| Depreciation | 239,570 | 237,570 | 162,973 | 74,597 |
| Bank charges | 3,500 | 3,500 | 3,824 | (324) |
| Employee relations | 2,500 | 2,500 | 878 | 1,622 |
| Unemployment compensation | 30 | 30 | 23 | 7 |
| Property & liability insurance | 4,800 | 5,000 | 4,873 | 127 |
| Amortization of bond issue costs | - | - | 1,403 | (1,403) |
| Small claims | 100 | 100 | (3) | 103 |
| Contingency fund | 9,000 | 12,450 | - | 12,450 |
| Special projects | 6,000 | 6,100 | 127,537 | (121,437) |
| IT support services | 18,500 | 18,600 | 18,518 | 82 |
| IT upgrade | <u>-</u> | <u>22,000</u> | <u>499</u> | <u>21,501</u> |
| TOTAL OPERATING EXPENSES | <u>886,000</u> | <u>908,000</u> | <u>916,032</u> | <u>(8,032)</u> |
| OPERATING INCOME | <u>255,000</u> | <u>235,000</u> | <u>297,098</u> | <u>62,098</u> |

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, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget - Positive (Negative)</u> |
|--|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Non-Operating Revenues (Expenses) | | | | |
| Investment earnings | 4,000 | 2,000 | 135,958 | 133,958 |
| Interest expense | <u>(159,000)</u> | <u>(159,000)</u> | <u>(158,334)</u> | <u>666</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(155,000)</u> | <u>(157,000)</u> | <u>(22,376)</u> | <u>134,624</u> |
| INCOME BEFORE TRANSFERS | 100,000 | 78,000 | 274,722 | 196,722 |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Transfers out | <u>(150,000)</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>-</u> |
| Change in net assets | - | (22,000) | 174,722 | 196,722 |
| Net assets at beginning of year | <u>2,392,123</u> | <u>2,392,123</u> | <u>2,392,123</u> | <u>-</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 2,392,123</u> | <u>\$ 2,370,123</u> | <u>\$ 2,566,845</u> | <u>\$ 196,722</u> |

City of Florence, South Carolina
Schedule of Fines, Assessments and Surcharges
Special Revenue Fund--Victim's Rights Fund
Year Ended June 30, 2008

Court Fines

| | |
|---|---------------------|
| Court fines collected | \$ 787,640 |
| Court fines retained by City | <u>787,640</u> |
| Court fines remitted to the State Treasurer | <u>\$ _____</u> |

Court Assessments

| | |
|---|-----------------------|
| Court assessments collected | \$ 840,618 |
| Court assessments retained by City | <u>(94,399)</u> |
| Court assessments remitted to the State Treasurer | <u>\$ 746,219</u> |

Court Surcharges

| | |
|---------------------------------------|----------------------|
| Court surcharges collected | <u>\$ 26,831</u> |
| Court surcharges retained by City | <u>\$ 26,831</u> |

Victims Services

| | |
|--|-------------------|
| Court assessments allocated to Victim Services | \$ 94,399 |
| Court surcharges allocated to Victim Services | 26,831 |
| Investment income | <u>7,457</u> |
| Funds allocated to Victim Services | 128,687 |
| Victim Services expenditures | <u>(120,395)</u> |
| Funds provided in current year | 8,292 |
| Funds available for carryforward from prior year | <u>194,918</u> |
| Funds available for carryforward at end of year | <u>\$ 203,210</u> |

STATISTICAL SECTION

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

| Contents | Page |
|---|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. | 118 |
| Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax. | 126 |
| Debt Capacity 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. | 130 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. | 135 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report related to the services the city provides and the activities it performs. | 140 |

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

Table 01

**CITY OF FLORENCE, SOUTH CAROLINA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)**

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| 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 | \$ 20,703,751 | \$ 21,001,938 |
| Restricted | | | | - | - | - | - | - | 167,439 | 20,000 |
| Unrestricted | | | | 12,048,544 | 10,478,230 | 9,618,837 | 9,426,872 | 9,759,013 | 9,853,296 | 11,745,471 |
| Total governmental activities net assets | | | | <u>\$ 31,502,869</u> | <u>\$ 30,252,768</u> | <u>\$ 30,918,210</u> | <u>\$ 32,480,014</u> | <u>\$ 32,383,837</u> | <u>\$ 30,724,486</u> | <u>\$ 32,767,409</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,551,787 | \$ 24,577,936 | \$ 32,242,757 | \$ 31,971,063 | \$ 41,575,877 | \$ 47,714,364 | \$ 49,295,162 | \$ 53,017,659 | \$ 54,491,789 | \$ 55,854,407 |
| Restricted | - | - | - | - | - | - | - | - | 280,988 | - |
| Unrestricted | 15,829,537 | 16,801,489 | 13,176,933 | 17,083,030 | 12,570,127 | 13,654,173 | 14,553,098 | 13,696,663 | 16,365,953 | 22,494,732 |
| Total business-type activities net assets | <u>\$ 38,381,324</u> | <u>\$ 41,379,425</u> | <u>\$ 45,419,690</u> | <u>\$ 49,054,093</u> | <u>\$ 54,146,004</u> | <u>\$ 61,368,537</u> | <u>\$ 63,848,260</u> | <u>\$ 66,714,322</u> | <u>\$ 71,138,730</u> | <u>\$ 78,349,139</u> |
| Primary government totals | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 22,551,787 | \$ 24,577,936 | \$ 32,242,757 | \$ 51,425,388 | \$ 61,350,415 | \$ 69,013,737 | \$ 72,348,304 | \$ 75,642,483 | \$ 75,195,540 | \$ 76,856,345 |
| Restricted | - | - | - | - | - | - | - | - | 448,427 | 20,000 |
| Unrestricted | 15,829,537 | 16,801,489 | 13,176,933 | 29,131,574 | 23,048,357 | 23,273,010 | 23,979,970 | 23,455,676 | 26,219,249 | 34,240,203 |
| Total primary government net assets | <u>\$ 38,381,324</u> | <u>\$ 41,379,425</u> | <u>\$ 45,419,690</u> | <u>\$ 80,556,962</u> | <u>\$ 84,398,772</u> | <u>\$ 92,286,747</u> | <u>\$ 96,328,274</u> | <u>\$ 99,098,159</u> | <u>\$ 101,863,216</u> | <u>\$ 111,116,548</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.

Table 02

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 6,191,940 | \$ 5,882,028 | \$ 5,502,778 | \$ 6,008,887 | \$ 5,988,907 | \$ 7,903,075 |
| Public safety | 10,100,303 | 10,467,776 | 10,982,959 | 11,683,483 | 12,365,574 | 12,733,887 |
| Public works | 4,328,155 | 4,107,632 | 4,191,109 | 4,449,471 | 4,451,755 | 4,579,662 |
| Culture and recreation | 1,343,332 | 1,919,012 | 3,029,951 | 3,282,275 | 7,588,055 | 4,407,663 |
| Community development | 741,417 | 759,905 | 1,031,915 | 363,629 | 477,068 | 216,096 |
| Interest on debt | 1,264 | 27,823 | 2,083 | 21,608 | 165,107 | 147,403 |
| Total governmental activities expenses | 22,706,411 | 23,164,176 | 24,740,795 | 25,809,353 | 31,036,466 | 29,987,786 |
| Business-type activities: | | | | | | |
| Water & Sewer | 15,435,783 | 16,141,725 | 17,277,622 | 17,786,812 | 17,674,784 | 18,350,029 |
| Stormwater | 643,199 | 634,494 | 655,871 | 877,543 | 1,050,567 | 1,074,366 |
| Total business-type activities expenses | 16,078,982 | 16,776,219 | 17,933,493 | 18,664,355 | 18,725,351 | 19,424,395 |
| Total primary government expenses | 38,785,393 | 39,940,395 | 42,674,288 | 44,473,708 | 49,761,817 | 49,412,181 |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services | 10,006,919 | 11,531,609 | 12,689,299 | 12,948,872 | 13,966,132 | 16,289,368 |
| Operating grants and contributions | 1,827,960 | 1,270,774 | 1,906,380 | 1,182,273 | 2,655,129 | 2,761,350 |
| Capital grants and contributions | - | 500,000 | 1,294,186 | 564,662 | 723,680 | 697,194 |
| Total governmental activities program revenues | 11,834,879 | 13,302,383 | 15,889,865 | 14,695,807 | 17,344,941 | 19,747,912 |
| 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 |
| Stormwater | 1,058,348 | 1,046,266 | 1,066,694 | 1,090,893 | 1,124,063 | 1,213,130 |
| Capital grants and contributions | 1,910,569 | 4,772,555 | - | 21,000 | 228,060 | 257,666 |
| Total business-type activities revenues | 22,115,899 | 25,433,666 | 21,597,189 | 22,528,408 | 24,031,664 | 27,501,654 |
| Total primary government revenues | 33,950,778 | 38,736,049 | 37,487,054 | 37,224,215 | 41,376,605 | 47,249,566 |
| Net (expense)/revenue | | | | | | |
| Governmental activities | (10,871,532) | (9,861,793) | (8,850,930) | (11,113,546) | (13,691,525) | (10,239,874) |
| Business-type activities | 6,036,917 | 8,657,447 | 3,663,696 | 3,864,053 | 5,306,313 | 8,077,259 |
| Total primary government net expense | (4,834,615) | (1,204,346) | (5,187,234) | (7,249,493) | (8,385,212) | (2,162,615) |

(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
(Continued)**

**CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)**

| | Fiscal Year | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Revenues and Other Changes in Net Assets | | | | | | |
| 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 |
| Unrestricted grants and contributions | 974,076 | 1,422,854 | 941,113 | 1,006,529 | 1,143,389 | 987,666 |
| Investment earnings | 135,677 | 57,738 | 116,464 | 255,196 | 479,844 | 439,199 |
| Miscellaneous | 115,078 | 242,415 | 435,721 | 344,108 | 603,307 | 869,250 |
| Transfers | 1,185,396 | 1,512,000 | 1,412,000 | 1,455,058 | 1,612,000 | 1,626,117 |
| Total governmental activities | 9,621,431 | 10,527,235 | 10,412,734 | 11,017,369 | 12,032,174 | 12,282,797 |
| Business-type activities | | | | | | |
| Investment earnings | 240,390 | 77,086 | 228,027 | 457,067 | 730,095 | 759,267 |
| Transfers | (1,185,396) | (1,512,000) | (1,412,000) | (1,455,058) | (1,612,000) | (1,626,117) |
| Total business-type activities | (945,006) | (1,434,914) | (1,183,973) | (997,991) | (881,905) | (866,850) |
| Total Primary government | 8,676,425 | 9,092,321 | 9,228,761 | 10,019,378 | 11,150,269 | 11,415,947 |
| Changes in Net Assets | | | | | | |
| Governmental activities | (1,250,101) | 665,442 | 1,561,804 | (96,177) | (1,659,351) | 2,042,923 |
| Business-type activities | 5,091,911 | 7,222,533 | 2,479,723 | 2,866,062 | 4,424,408 | 7,210,409 |
| Total primary government | \$ 3,841,810 | \$ 7,887,975 | \$ 4,041,527 | \$ 2,769,885 | \$ 2,765,057 | \$ 9,253,332 |

(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 03

CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST TEN FISCAL YEARS (1)
(accrual basis of accounting)

| Fiscal Year | Property Tax | Business License/ Franchise Fees | Hospitality Fee (2) | Fines and Forfeitures | Total |
|--------------------|---------------------|---|--------------------------------|----------------------------------|---------------|
| 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 |

(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 | | | | | | | | | |
|------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 300,000 |
| Unreserved | <u>9,110,528</u> | <u>9,186,704</u> | <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>8,128,518</u> |
| Total General Fund | \$ 9,110,528 | \$ 9,186,704 | \$ 10,389,423 | \$ 11,118,386 | \$ 10,080,026 | \$ 8,548,666 | \$ 8,206,188 | \$ 8,004,650 | \$ 8,187,370 | \$ 8,428,518 |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,988,084 | \$ 1,151,487 |
| Unreserved | | | | | | | | | | |
| Special revenue funds | <u>1,270,271</u> | <u>1,036,564</u> | <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>1,691,698</u> | <u>3,750,499</u> |
| Total all other governmental funds | \$ 1,270,271 | \$ 1,036,564 | \$ 549,878 | \$ 719,494 | \$ 450,929 | \$ 1,282,068 | \$ 1,383,486 | \$ 2,023,353 | \$ 4,679,782 | \$ 4,901,986 |

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 | | | | | | | | | |
|---|-------------------|---------------------|-------------------|-------------------|-----------------------|---------------------|---------------------|--------------------|---------------------|--------------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Revenues | | | | | | | | | | |
| Property Taxes | \$5,916,270 | \$6,792,442 | \$6,976,218 | \$7,018,246 | \$ 7,320,927 | \$ 7,280,753 | \$ 7,409,461 | \$7,813,788 | \$7,954,442 | \$8,172,899 |
| Licenses and fees | 5,723,003 | 5,899,590 | 6,828,618 | 7,250,910 | 7,671,638 | 8,581,809 | 10,222,663 | 10,499,074 | 11,228,029 | 13,011,915 |
| Intergovernmental | 2,227,148 | 1,990,282 | 2,710,397 | 3,609,720 | 2,802,036 | 2,169,463 | 2,621,052 | 2,448,800 | 4,099,227 | 3,609,493 |
| Charges for services | 1,331,466 | 1,338,042 | 1,395,519 | 1,426,616 | 1,317,815 | 1,448,821 | 1,487,413 | 1,615,327 | 1,787,838 | 1,980,238 |
| Fines and forfeitures | 757,677 | 930,993 | 950,840 | 918,356 | 785,772 | 628,344 | 591,924 | 688,837 | 825,692 | 827,954 |
| Investment earnings | - | - | - | - | 135,677 | 57,738 | 116,464 | 255,196 | 479,844 | 439,199 |
| Miscellaneous | 906,358 | 995,069 | 1,416,112 | 971,951 | 442,748 | 1,678,382 | 1,680,684 | 450,306 | 956,527 | 2,165,312 |
| Total revenues | <u>16,861,922</u> | <u>17,946,418</u> | <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> |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 3,535,462 | 3,965,258 | 5,276,377 | 5,472,909 | 6,116,046 | 5,362,932 | 4,967,408 | 5,439,557 | 5,446,156 | 7,389,797 |
| Public safety | 6,981,256 | 7,986,596 | 8,627,319 | 8,742,561 | 9,450,501 | 9,669,395 | 10,335,380 | 10,774,687 | 11,587,658 | 11,921,922 |
| Public works | 2,750,540 | 3,468,575 | 3,514,149 | 3,213,734 | 3,470,619 | 3,564,636 | 3,747,404 | 3,970,308 | 4,024,636 | 4,251,485 |
| Culture and recreation | 1,721,535 | 1,583,666 | 1,714,786 | 1,760,442 | 1,075,979 | 1,611,730 | 2,715,224 | 2,940,458 | 5,242,151 | 4,072,780 |
| Community development | 710,668 | 797,438 | 455,409 | 1,027,411 | 741,417 | 759,905 | 1,031,915 | 363,629 | 477,068 | 216,096 |
| Debt Service | | | | | | | | | | |
| Principal | 93,974 | 362,269 | 370,972 | 355,597 | 48,664 | 243,651 | 240,921 | 272,252 | 505,051 | 543,977 |
| Interest | 18,461 | 14,007 | 32,144 | 18,063 | 1,984 | 20,676 | 9,998 | - | 162,476 | 154,483 |
| Debt issuance cost | - | - | - | - | - | - | - | - | 35,867 | 7,584 |
| Capital Outlay | <u>1,205,227</u> | <u>1,859,239</u> | <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> |
| Total expenditures | <u>17,017,123</u> | <u>20,037,048</u> | <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> |
| Excess of revenues over (under) expenditures | <u>(155,201)</u> | <u>(2,090,630)</u> | <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> |
| Other financing sources (uses) | | | | | | | | | | |
| Operating transfers in | 958,282 | 1,232,625 | 1,421,847 | 1,617,838 | 1,822,215 | 1,983,406 | 2,244,169 | 1,850,987 | 2,320,701 | 2,337,842 |
| Operating transfers out | (32,099) | (54,700) | (65,703) | (210,011) | (235,331) | (471,406) | (832,169) | (426,829) | (708,701) | (700,842) |
| Long-term debt issued | - | 756,172 | 47,856 | - | - | 472,241 | - | 785,378 | 3,761,000 | 1,325,402 |
| Total other financing sources (uses) | <u>926,183</u> | <u>1,934,097</u> | <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> |
| Net change in governmental fund balance | <u>\$ 770,982</u> | <u>\$ (156,533)</u> | <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> |
| Debt service as a percentage of non-capital expenditures | 0.7% | 1.9% | 2.0% | 1.8% | 0.2% | 1.1% | 1.0% | 1.2% | 2.6% | 2.5% |

Table 06

CITY OF FLORENCE, SOUTH CAROLINA
CHANGES IN NET ASSETS OF ENTERPRISE FUNDS
LAST TEN FISCAL YEARS

| | Fiscal Year | | | | | | | | | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Revenues | | | | | | | | | | |
| Water & Sewer Service Fees | \$ 12,932,733 | \$ 13,404,850 | \$ 15,052,406 | \$ 15,823,076 | \$ 18,073,785 | \$ 18,633,285 | \$ 19,247,289 | \$ 20,289,696 | \$ 21,368,185 | \$ 24,202,597 |
| Sewer Surcharges | 159,676 | 65,539 | 129,507 | 175,638 | 81,558 | 100,107 | 144,525 | 78,501 | 97,078 | 59,654 |
| Cut on Fees | 46,690 | 49,400 | 48,787 | 51,475 | 72,300 | 57,405 | 63,075 | 65,245 | 74,325 | 178,735 |
| Water & Sewer Tap Fees | 461,534 | 532,128 | 584,981 | 414,443 | 489,342 | 554,213 | 610,873 | 671,204 | 835,823 | 1,030,488 |
| Service Charges | 84,665 | 88,935 | 80,425 | 81,475 | 197,763 | 116,150 | 127,780 | 129,788 | 125,372 | 290,606 |
| Late Fees | 59,898 | 57,070 | 57,423 | 59,911 | 73,895 | 76,308 | 77,990 | 81,019 | 87,053 | 164,823 |
| Concessions Sales (1) | 76,968 | 70,095 | 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 |
| Investment earnings | 662,716 | 1,032,765 | 2,259,981 | 687,827 | 240,390 | 77,086 | 228,027 | 457,067 | 730,095 | 759,267 |
| Miscellaneous | 44,842 | 32,610 | 141,545 | 315,926 | 211,903 | 80,653 | 258,963 | 123,654 | 321,912 | 376,533 |
| Total revenues | <u>14,529,722</u> | <u>15,333,392</u> | <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> |
| Expenses | | | | | | | | | | |
| Current | | | | | | | | | | |
| Engineering | 557,185 | 447,343 | 586,538 | 708,699 | 659,660 | 634,732 | 713,268 | 776,610 | 809,866 | 906,622 |
| Utility Finance | 367,072 | 441,493 | 508,925 | 483,717 | 557,960 | 580,154 | 583,610 | 678,718 | 727,049 | 741,982 |
| Wastewater Treatment | 1,759,859 | 2,041,221 | 2,358,987 | 2,293,916 | 2,392,892 | 2,472,668 | 2,554,603 | 2,668,538 | 2,596,617 | 2,661,429 |
| Water Production | 1,660,348 | 2,103,870 | 1,980,260 | 1,595,177 | 2,252,778 | 2,216,561 | 2,351,240 | 2,492,365 | 2,742,980 | 3,046,488 |
| Utility Operations | 1,535,621 | 1,499,526 | 1,610,475 | 1,726,644 | 1,808,572 | 1,949,015 | 2,103,824 | 2,299,328 | 2,424,662 | 2,690,956 |
| Utility Construction | - | 81,240 | 137,483 | 210,092 | 172,437 | 130,579 | 187,231 | 194,431 | 109,020 | 190,226 |
| Concessions | 64,927 | 65,134 | 59,369 | 74,756 | - | - | - | - | - | - |
| Stormwater | - | - | - | 469,412 | 643,199 | 634,494 | 655,871 | 877,543 | 883,581 | 916,032 |
| Non-departmental | 3,997,424 | 4,477,539 | 5,783,454 | 5,911,485 | 7,591,484 | 8,158,016 | 8,783,846 | 8,676,822 | 8,431,576 | 8,270,660 |
| Net Interdepartmental Transfer | <u>926,183</u> | <u>1,177,925</u> | <u>1,356,144</u> | <u>1,407,827</u> | <u>1,610,366</u> | <u>1,512,000</u> | <u>1,412,000</u> | <u>1,455,058</u> | <u>1,612,000</u> | <u>1,626,117</u> |
| Total expenses | <u>10,868,619</u> | <u>12,335,291</u> | <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> |
| Net change in net assets | <u>\$ 3,661,103</u> | <u>\$ 2,998,101</u> | <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> |

(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)**

| Fiscal Year | Property Tax | Business License/ Franchise Fees | Hospitality Fee (1) | Fines and Forfeitures | Total |
|--------------------|---------------------|---|--------------------------------|----------------------------------|---------------|
| 1999 | \$ 5,916,270 | \$ 5,723,003 | \$ - | \$ 829,179 | \$ 12,468,452 |
| 2000 | 6,792,442 | 5,899,590 | - | 919,609 | 13,611,641 |
| 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 |

(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**

| 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 | | | | | |
| 1999 | 1998 | \$ 50,676,839 | \$ - | \$ 14,207,430 | \$ 17,016,242 | \$ 1,520,901 | \$ 80,379,610 | 68.4 | \$ 1,303,145,612 | 6.17% |
| 2000 | 1999 | 69,047,533 | - | 15,641,910 | 22,392,292 | 1,615,504 | 105,466,231 | 60.8 | 1,736,069,752 | 6.07 |
| 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 |

Source: Florence County

(1) Commercial Property amount is not available prior to tax year 2000. Total real property (residential and commercial) are accounted for under Residential Property for tax years prior to 2000.

Table 09

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

| Fiscal Year | Tax Year | Overlapping Rates (1) | | | | | | | | | | |
|-------------|----------|-----------------------|----------------------|--------------------|-------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------------|----------------------------------|
| | | City of Florence | | | Florence County | | | School District One | | | Technical College Millage | Total Direct & Overlapping Rates |
| | | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total School Millage | | |
| 1999 | 1998 | 68.4 | 0.0 | 68.4 | 68.9 | 0.0 | 68.9 | 92.9 | 17.0 | 109.9 | 3.8 | 251.0 |
| 2000 | 1999 | 60.8 | 0.0 | 60.8 | 64.5 | 0.0 | 64.5 | 97.2 | 14.0 | 111.2 | 3.5 | 240.0 |
| 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 |

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 | 2008 | | | 1999 | | |
|-------------------------------------|------------------|------|--------------------------------------|------------------|------|--------------------------------------|
| | Taxable Assessed | Rank | Percentage of Total Taxable Assessed | Taxable Assessed | Rank | Percentage of Total Taxable Assessed |
| | Value | | Value (1) | Value | | Value (2) |
| QHG of South Carolina, Inc. | \$ 9,416,170 | 1 | 6.59% | \$ 4,602,600 | 1 | 5.62% |
| McLeod Regional Medical Center | 5,140,055 | 2 | 3.60% | 1,564,250 | 5 | 1.91% |
| BellSouth Telecommunications | 3,163,480 | 3 | 2.21% | 3,141,840 | 2 | 3.84% |
| Magnolia, LLC | 2,830,130 | 4 | 1.98% | - | - | 0.00% |
| Carolina Power and Light | 2,800,270 | 5 | 1.96% | 2,098,630 | 3 | 2.56% |
| Raldex, Inc. | 1,755,220 | 6 | 1.23% | - | - | 0.00% |
| Holcombe Land Development | 1,293,800 | 7 | 0.91% | 529,030 | 9 | 0.65% |
| Edens & Avent Fin. Ltd. Partnership | 967,320 | 8 | 0.68% | - | - | 0.00% |
| Lowe's Home Improvement | 780,590 | 9 | 0.55% | - | - | 0.00% |
| South Carolina Electric & Gas | 777,400 | 10 | 0.54% | 638,720 | 7 | 0.78% |
| Byrd Properties, Inc. | | | | 1,670,460 | 4 | 2.04% |
| La-Z-Boy Chair Company | | | | 725,320 | 6 | 0.89% |
| Fleet Real Estate Fund Corp. | | | | 576,400 | 8 | 0.70% |
| Fairfield Associates LTD Partner | | | | 495,800 | 10 | 0.61% |

Source: Florence County

(1) Total Assessed Value for 2008 was \$142,875,477

(2) Total Assessed Value for 1999 was \$81,900,511

Table 11

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

| Fiscal Year | Tax Year | Original Tax Levy | Collections within the Fiscal Year of the Levy | | Collections of Prior Tax Year's Levy in Subsequent Fiscal Years | Total Collections to Date | |
|--------------------|-----------------|--------------------------|---|---------------------------|--|----------------------------------|---------------------------|
| | | | Amount | Percentage of Levy | | Collected | Percentage of Levy |
| 1999 | 1998 | \$ 5,601,995 | \$ 5,541,752 | 98.9% | \$ 45,015 | \$ 5,586,767 | 99.7% |
| 2000 | 1999 | 6,518,873 | 6,381,085 | 97.9 | 61,753 | 6,442,838 | 98.8 |
| 2001 | 2000 | 6,980,688 | 6,552,838 | 93.9 | 72,911 | 6,625,749 | 94.9 |
| 2002 | 2001 | 6,779,253 | 6,620,054 | 97.7 | 53,643 | 6,673,697 | 98.4 |
| 2003 | 2002 | 6,959,625 | 6,904,209 | 99.2 | 61,816 | 6,966,025 | 99.9 |
| 2004 | 2003 | 7,127,729 | 6,858,315 | 96.2 | 56,607 | 6,914,922 | 97.0 |
| 2005 | 2004 | 7,127,180 | 6,993,031 | 98.1 | 76,227 | 7,069,258 | 99.2 |
| 2006 | 2005 | 7,526,956 | 7,382,948 | 98.1 | 57,638 | 7,440,586 | 98.9 |
| 2007 | 2006 | 7,609,207 | 7,526,794 | 98.9 | 63,534 | 7,590,328 | 99.8 |
| 2008 | 2007 | 7,843,843 | 7,733,752 | 98.6 | 41,319 | 7,775,071 | 99.1 |

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 | Per Capita (1) |
|------------------------|---|---|--------------------------|---------------------------|---------------------------------|--------------------------|---|---------------------------|
| | General Obligation Bonds | Special Assessment Bonds | Notes Payable | Capital Leases | Revenue Bonds | Notes Payable | | |
| 1999 | \$ - | \$ - | \$ - | \$ 346,621 | \$ 10,785,159 | \$ 20,708,123 | \$ 31,839,903 | \$ 1,048 |
| 2000 | - | - | - | 740,525 | 35,369,486 | 21,911,358 | 58,021,369 | 1,918 |
| 2001 | - | - | - | 416,592 | 34,203,813 | 26,233,748 | 60,854,153 | 1,997 |
| 2002 | - | - | - | 60,995 | 32,608,141 | 29,610,931 | 62,280,067 | 2,035 |
| 2003 | - | - | - | 12,331 | 39,282,468 | 33,344,134 | 72,638,933 | 2,369 |
| 2004 | - | - | - | 240,921 | 39,511,795 | 32,958,638 | 72,711,354 | 2,348 |
| 2005 | - | - | - | - | 37,641,122 | 31,125,861 | 68,766,983 | 2,205 |
| 2006 | - | - | - | 4,274,126 | 39,670,000 | 29,111,139 | 73,055,265 | 2,335 |
| 2007 | - | - | - | 3,769,075 | 37,090,000 | 27,028,107 | 67,887,182 | 2,130 |
| 2008 | - | - | 1,280,000 | 3,270,500 | 36,265,000 | 24,873,896 | 65,689,396 | 2,022 |

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

Table 13

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

| Fiscal Year | Population (1) | Assessed Value | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Per Capita |
|--------------------|-----------------------|-----------------------|---------------------------------|---|------------------------|---|-------------------|
| 1999 | 30,392 | \$ 81,900,511 | \$0 | \$0 | \$0 | 0.00% | \$0 |
| 2000 | 30,248 | 107,218,298 (2) | 0 | 0 | 0 | 0.00 | 0 |
| 2001 | 30,475 | 114,813,946 | 0 | 0 | 0 | 0.00 | 0 |
| 2002 | 30,603 | 111,500,869 | 0 | 0 | 0 | 0.00 | 0 |
| 2003 | 30,667 | 114,467,523 | 0 | 0 | 0 | 0.00 | 0 |
| 2004 | 30,961 | 117,232,391 | 0 | 0 | 0 | 0.00 | 0 |
| 2005 | 31,180 | 117,223,352 | 0 | 0 | 0 | 0.00 | 0 |
| 2006 | 31,284 | 137,103,032 (2) | 0 | 0 | 0 | 0.00 | 0 |
| 2007 | 31,878 | 138,601,220 | 0 | 0 | 0 | 0.00 | 0 |
| 2008 | 32,483 | 142,875,106 | 0 | 0 | 0 | 0.00 | 0 |

(1) Source: Fiscal Year 2000 is U.S. Census figure; all others estimated by S.C. Budget & Control Board, Office of Research and Statistics or City of Florence Finance Department.

(2) Reassessment

Table 14

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2008**

| <u>Jurisdiction</u> | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Percentage Applicable to Government</u> | <u>Amount Applicable to Government</u> |
|---------------------|---|--|--|
| Direct: | | | |
| 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>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Debt Limit | \$ 6,552,041 | \$ 8,577,464 | \$ 9,185,116 | \$ 8,920,070 | \$ 9,157,402 | \$ 9,378,591 | \$ 9,377,868 | \$ 10,968,243 | \$ 11,088,098 | \$ 11,430,008 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | <u>\$ 6,552,041</u> | <u>\$ 8,577,464</u> | <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> |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2008

| | |
|--|-----------------------|
| Taxable Assessed Value - 2007 Levy | \$ 138,612,477 |
| Add back: exempt real property | 4,262,629 |
| Total Assessed Value | <u>\$ 142,875,106</u> |
| Debt Limit (8% of Total Assessed Value Without Referendum) | \$ 11,430,008 |
| Debt applicable to limit: | |
| Total Bonded Debt | \$ 0 |
| Less Deductions Allowed by Law | 0 |
| Total Net Debt Applicable to Limit | <u>0</u> |
| Legal Debt Margin | <u>\$ 11,430,008</u> |

Table 16

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

| Fiscal Year | Gross Revenue (1) | Less: Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------------|--|---------------------------|--------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 1999 | \$ 14,452,754 | \$ 6,172,865 | \$ 8,279,889 | \$ 1,964,212 | \$ 1,757,291 | \$ 3,721,503 | 2.22 |
| 2000 | 15,262,996 | 7,075,386 | 8,187,610 | 2,282,988 | 1,491,354 | 3,774,342 | 2.17 |
| 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 |

(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> |
|--------------------|-----------------------|--|---------------------------------------|-------------------------------------|------------------------------|
| 1999 | 30,392 | \$4,054 | \$21,150 | 14,124 | 5.7% |
| 2000 | 30,248 | 4,203 | 21,817 | 14,149 | 6.1 |
| 2001 | 30,475 | 4,486 | 23,209 | 13,634 | 5.2 |
| 2002 | 30,603 | 4,679 | 24,115 | 13,424 | 7.8 |
| 2003 | 30,667 | 4,799 | 24,600 | 14,309 | 9.2 |
| 2004 | 30,961 | 4,950 | 25,204 | 14,117 | 8.7 |
| 2005 | 31,180 | 5,208 | 26,399 | 13,905 | 8.4 |
| 2006 | 31,284 | 5,445 | 27,551 | 14,715 | 7.5 |
| 2007 | 31,878 | * | * | 15,510 | 6.1 |
| 2008 | 32,483 | * | * | 15,490 | 6.7 |

* Information not yet available

(1) Fiscal Year 2000 is U.S. Census figure; all others estimated by S.C. Budget and Control Board, Office of Research & Statistics 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 1999 - 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.

Table 18

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

| <u>Employer</u> | <u>2008</u> | | | <u>1999</u> | | |
|---|----------------------------|-------------|--|----------------------------|-------------|--|
| | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment (1)</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment (1)</u> |
| McLeod Regional Medical Center | 3,151 | 1 | 4.9% | 4,200 | 1 | NA |
| Florence School District One | 1,718 | 2 | 2.7 | - | - | - |
| Carolina Hospital System | 1,640 | 3 | 2.6 | 2,408 | 2 | NA |
| Palmetto Gov't Benefits/TRICARE | 1,600 | 4 | 2.5 | - | - | - |
| Florence County | 898 | 5 | 1.4 | 625 | 6 | NA |
| The Assurant Group | 675 | 6 | 1.1 | - | - | - |
| Wal-Mart | 620 | 7 | 1.0 | - | - | - |
| SC DHEC | 600 | 8 | 0.9 | - | - | - |
| City of Florence | 469 | 9 | 0.7 | - | - | - |
| Florence Co. Disabilities & Spec. Needs | 350 | 10 | 0.5 | - | - | - |
| Blue Cross Blue Shield of SC | | | | 1,500 | 3 | NA |
| Fleet Real Estate Fund Corp. | | | | 880 | 4 | NA |
| The ESAB Group | | | | 820 | 5 | NA |
| Amana, Inc. | | | | 600 | 7 | NA |
| DuPont Film Enterprises | | | | 550 | 8 | NA |
| Francis Marion University | | | | 520 | 9 | NA |
| La-Z-Boy East | | | | 475 | 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 | 2008 | | | 1999 | | |
|----------------------------------|------------------|------|-------------------|-------------------------------------|------|-------------------|-------------------------------------|
| | | Rank | Billed Revenues | Percentage of Total Billed Revenues | Rank | Billed Revenues | Percentage of Total Billed Revenues |
| McLeod Regional Hospital | Medical Services | 1 | \$ 143,019 | 1.16% | 2 | \$ 96,036 | 1.59% |
| Francis Marion University | University | 2 | 138,515 | 1.13 | 4 | 71,050 | 1.17 |
| Johnson Controls | Manufacturing | 3 | 111,215 | 0.90 | - | - | - |
| General Electric | Manufacturing | 4 | 110,672 | 0.90 | 3 | 93,906 | 1.55 |
| Carolinas Hospital System | Medical Services | 5 | 80,940 | 0.66 | 10 | 31,217 | 0.52 |
| Roche Carolina | Manufacturing | 6 | 80,662 | 0.66 | - | - | - |
| Rental Uniforms | Industrial | 7 | 62,193 | 0.51 | 7 | 40,576 | 0.67 |
| PET Dairy | Manufacturing | 8 | 56,837 | 0.46 | - | - | - |
| Institutional Food Service | Manufacturing | 9 | 52,045 | 0.42 | - | - | - |
| Florence County Detention Center | Government | 10 | 51,386 | 0.42 | - | - | - |
| Florence County | Government | | | | 1 | 302,533 | 5.00 |
| Flav O Rich | Manufacturing | | | | 5 | 70,388 | 1.16 |
| Amana | Manufacturing | | | | 6 | 49,539 | 0.82 |
| Pepsi Cola | Manufacturing | | | | 8 | 34,748 | 0.57 |
| Oaks Mobile Home Park | Residential | | | | 9 | 33,318 | 0.55 |
| TOTALS | | | <u>\$ 887,484</u> | <u>7.22%</u> | | <u>\$ 823,311</u> | <u>13.60%</u> |

Table 20

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

| Customer | Type of Business | 2008 | | | 1999 | | |
|----------------------------------|------------------|------|--------------------|-------------------------------------|------|-------------------|-------------------------------------|
| | | Rank | Billed Revenues | Percentage of Total Billed Revenues | Rank | Billed Revenues | Percentage of Total Billed Revenues |
| Koppers | Manufacturing | 1 | \$207,291 | 1.82% | 4 | \$ 91,696 | 1.33% |
| McLeod Regional Hospital | Medical Services | 2 | 193,626 | 1.70 | 2 | 124,691 | 1.81 |
| Francis Marion University | University | 3 | 179,973 | 1.58 | 5 | 91,471 | 1.32 |
| PET Dairy | Manufacturing | 4 | 118,208 | 1.04 | - | - | - |
| ESAB | Manufacturing | 5 | 117,470 | 1.03 | 7 | 68,468 | 0.99 |
| Rental Uniforms | Industrial | 6 | 98,411 | 0.87 | 8 | 61,841 | 0.90 |
| Roche Carolina | Manufacturing | 7 | 87,172 | 0.77 | 6 | 74,145 | 1.07 |
| Carolinas Hospital System | Medical Services | 8 | 86,508 | 0.76 | 9 | 39,956 | 0.58 |
| Darlington County | Government | 9 | 75,019 | 0.66 | - | - | - |
| Florence County Detention Center | Government | 10 | <u>68,711</u> | <u>0.60</u> | - | - | - |
| Flav O Rich | Manufacturing | | | | 1 | 167,964 | 2.43 |
| Dupont | Manufacturing | | | | 3 | 111,426 | 1.61 |
| Young Pecan | Manufacturing | | | | 10 | <u>39,707</u> | <u>0.57</u> |
| TOTALS | | | <u>\$1,232,389</u> | <u>10.83%</u> | | <u>\$ 871,365</u> | <u>12.61%</u> |

Table 21

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

| | Fiscal Year | | | | | | | | | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 (1) | 2004 | 2005 | 2006 | 2007 | 2008 |
| Water Customers: | | | | | | | | | | |
| Residential | 17,563 | 18,307 | 18,716 | 19,133 | 23,902 | 24,647 | 25,259 | 25,957 | 26,610 | 27,189 |
| Commercial | <u>3,003</u> | <u>2,866</u> | <u>2,797</u> | <u>2,869</u> | <u>2,694</u> | <u>2,739</u> | <u>2,763</u> | <u>2,802</u> | <u>2,849</u> | <u>2,970</u> |
| Total | <u>20,566</u> | <u>21,173</u> | <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> |
| Sewer Customers: | | | | | | | | | | |
| Residential | 12,671 | 13,094 | 13,421 | 13,752 | 14,375 | 14,989 | 15,421 | 16,241 | 16,761 | 17,190 |
| Commercial | <u>2,141</u> | <u>2,044</u> | <u>2,006</u> | <u>2,071</u> | <u>2,031</u> | <u>2,068</u> | <u>2,086</u> | <u>2,119</u> | <u>2,157</u> | <u>2,247</u> |
| Total | <u>14,812</u> | <u>15,138</u> | <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> |
| Total Utility Customers: | <u>35,378</u> | <u>36,311</u> | <u>36,940</u> | <u>37,825</u> | <u>43,002</u> | <u>44,443</u> | <u>45,529</u> | <u>47,119</u> | <u>48,377</u> | <u>49,596</u> |

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

Table 22

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

| Function | Full-time Equivalent City Government Positions | | | | | | | | | |
|-------------------------------|--|------|------|------|------|------|------|------|------|----------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 (1) |
| General Government Admin. | 10 | 10 | 10 | 11 | 18 | 19 | 19 | 13 | 15 | 12 |
| Finance Department | 10 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 |
| Personnel Department | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Community Services Department | 3 | 3 | 3 | 5 | 5 | 5 | 5 | 5 | 7 | 8 |
| Public Safety | | | | | | | | | | |
| Police | 100 | 110 | 112 | 114 | 123 | 127 | 138 | 140 | 138 | 140 |
| Fire | 68 | 71 | 71 | 71 | 71 | 71 | 71 | 71 | 70 | 71 |
| Total Public Safety | 168 | 181 | 183 | 185 | 194 | 198 | 209 | 211 | 208 | 211 |
| Public Works Department | | | | | | | | | | |
| Streets and Beautification | 24 | 28 | 30 | 28 | 28 | 28 | 28 | 30 | 30 | 30 |
| Sanitation | 21 | 21 | 21 | 23 | 23 | 23 | 23 | 24 | 24 | 27 |
| Equipment Maintenance | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 |
| Total Public Works | 52 | 57 | 59 | 59 | 59 | 59 | 59 | 62 | 62 | 64 |
| Parks and Recreation | 36 | 29 | 31 | 31 | 31 | 17 | 23 | 23 | 35 | 39 |
| Urban Planning & Development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 |
| Water and Sewer | 86 | 97 | 97 | 97 | 105 | 114 | 115 | 116 | 117 | 117 |
| Stormwater | 0 | 0 | 0 | 0 | 11 | 11 | 12 | 12 | 11 | 11 |
| Total Employees | 368 | 390 | 396 | 401 | 436 | 436 | 456 | 456 | 469 | 485 |

Source: City of Florence Budget

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

Table 23

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

| Function | 1999 | 2000 | 2001 | 2002 | 2003 (1) | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|-------------|-------------|-------------|-------------|-----------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Physical Arrests | 2,866 | 3,218 | 3,904 | 2,800 | 2,569 | 2,737 | 2,918 | 2,881 | 3,003 | 3,523 |
| Traffic Violations | 6,606 | 8,257 | 8,055 | 7,499 | 4,765 | 4,366 | 6,345 | 8,876 | 9,323 | 9,598 |
| Parking Violations | 573 | 1,189 | 1,178 | 1,228 | 838 | 966 | 1,020 | 1,153 | 757 | 623 |
| Fire | | | | | | | | | | |
| Calls Answered | 2,540 | 3,416 | 3,300 | 3,855 | 2,060 | 2,603 | 2,162 | 2,324 | 2,413 | 2,236 |
| Inspections | 458 | 802 | 998 | 998 | 705 | 780 | 941 | 974 | 1,021 | 837 |
| Water System | | | | | | | | | | |
| Service Connections | 20,500 | 21,365 | 21,365 | 22,100 | 26,813 | 27,475 | 28,166 | 28,759 | 29,459 | 30,238 |
| Average daily consumptions (in millions of gallons) | 11.70 | 12.10 | 12.10 | 11.70 | 11.70 | 12.06 | 12.06 | 12.50 | 13.00 | 14.00 |
| Maximum daily capacity (in millions of gallons) | 16.80 | 16.80 | 25.00 | 27.00 | 37.00 | 37.00 | 37.00 | 37.00 | 37.00 | 37.00 |
| Wastewater System | | | | | | | | | | |
| Service connections | 15,006 | 15,267 | 15,541 | 15,900 | NA | 17,154 | 17,632 | 18,360 | 18,918 | 19,486 |
| Average daily treatment (in millions of gallons) | 9.40 | 9.10 | 7.40 | 7.70 | 10.10 | 10.10 | 10.10 | 8.90 | 10.00 | 9.82 |
| Maximum daily capacity (in millions of gallons) | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.10 | 15.00 | 15.00 | 15.00 | 15.00 |

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

Table 24

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

| Function | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| Resource Centers | 5 | 3 | 6 | 6 | 6 | 3 | 3 | 3 | 3 | 3 |
| Patrol units | 47 | 106 | 106 | 108 | 113 | 113 | 115 | 125 | 157 | 127 |
| Fire Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Highways and Streets | | | | | | | | | | |
| Streets (in miles) | 188 | 235 | 219 | 231 | 235 | 241 | 241 | 246 | 241 | 241 |
| Streetlights | 4,100 | 4,100 | 4,400 | 4,750 | 4,970 | 5,125 | 5,572 | 5,816 | 6,052 | 6,075 |
| Culture and Recreation | | | | | | | | | | |
| Community centers | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 4 | 3 | 4 |
| Parks | 13 | 13 | 13 | 13 | 13 | 13 | 14 | 15 | 16 | 16 |
| Park acreage | 300 | 300 | 300 | 300 | 300 | 300 | 530 | 500 | 530 | 605 |
| Swimming pools | 3 | 3 | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tennis courts | 25 | 25 | 25 | 26 | 26 | 24 | 24 | 24 | 22 | 24 |
| Water System | | | | | | | | | | |
| Water mains (in miles) | 850 | 350 | 410 | 629 | 698 | 726 | 730 | 730 | 730 | 741 |
| Fire hydrants | 1,005 | 968 | 1,075 | 1,355 | 1,000 | 1,280 | 1,524 | 1,786 | 1,801 | 1,882 |
| Wastewater System | | | | | | | | | | |
| Sanitary sewers (in miles) | 316 | 316 | 330 | 335 | 352 | 357 | 368 | 375 | 375 | 390 |
| Treatment plants | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 |
| Stormwater System | | | | | | | | | | |
| Storm sewers (in miles) | 124 | 85 | 90 | 91 | 91 | 95 | 100 | 105 | 109 | 110 |

Table 25

CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30 2008

| | |
|---|------------------|
| Date of Incorporation | 1,890 |
| Form of Government | Council/Manager |
| Total Number of Full-Time Employees | 485 |
| Area in square miles | 20.76 |
| Facilities and services not included in the primary government | |
| Cable Television System | |
| Miles of service (Florence County) | 1,260 |
| Number of satellite receiving stations | - |
| Education | |
| Number of elementary schools | 13 |
| Number of elementary school instructors | 547 |
| Number of secondary schools | 10 |
| Number of secondary school instructors | 536 |
| Facilities and services not included in the reporting entity | |
| Hospitals | |
| Number of hospitals | 3 |
| Number of patient beds | 913 |
| Other data | |
| Business Licenses issued for fiscal year 2007-2008 | 3,742 |
| New Business Licenses issued for fiscal year 2007-2008 | 741 |
| Business License Receipts | \$ 7,181,820 |
| Percent change in Business License receipts from prior year | 6.96% |
| Franchise Fee Receipts | \$ 2,167,056 |
| Percent change in Franchise Fee receipts from prior year | 16.98% |
| Population (estimated population) | 32,483 |
| City of Florence gross retail sales for calendar year 2007 | \$ 2,227,281,970 |
| Per Capita spending for calendar year 2007 | \$ 68,567.62 |
| Outstanding General Obligation Debt | \$ - |
| Outstanding Revenue Debt | \$ 61,138,896 |
| City of Florence Bond Rating | |
| Moody's Investor's Service | A1 |
| Standards and Poor's | A |
| Residential construction permits issued | 224 |
| Construction value | \$ 28,537,900 |
| Commercial construction permits issued | 27 |
| Construction value | \$ 33,236,000 |

SINGLE AUDIT SECTION

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

-MEMBERS OF-
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
S.C. ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS
DIVISION FOR CPA FIRMS
AMERICAN INSTITUTE OF CPAS

1341 W. ALICE DRIVE, 29505
P.O. DRAWER 4707
FLORENCE, SC 29502
TELEPHONE (843) 669-3142
TELECOPIER (843) 662-9255

**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 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, 2008. City of Florence, South Carolina'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 City of Florence, South Carolina's, management. Our responsibility is to express an opinion on City of Florence, South Carolina'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 City of Florence, South Carolina'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 City of Florence, South Carolina's, compliance with those requirements.

In our opinion, City of Florence, South Carolina, 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, 2008.

Internal Control Over Compliance

The management of City of Florence, South Carolina, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Florence, South Carolina's, internal control over compliance with the 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 of the effectiveness of City of Florence, South Carolina'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 federal program 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Florence, South Carolina, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 16, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise City of Florence, South Carolina's, basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the 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.

Burch, Gyser, Seale Co., CPAs, PA

September 16, 2008

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass- Through Grantors Number | Program or Award Amount | Federal Expenditures |
|---|------------------------------------|--|--|---------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Direct Programs | | | | |
| Com. Dev. Block Grant Entitlement | 14.218 | N/A | \$ 4,607,607 | \$ 391,693 |
| Com. Dev. Block Grant-Section 108 Loan Guarantees | 14.248 | N/A | 1,000,000 * | 346,243 |
| Home Program | 14.239 | M04-SG450102 | 233,947 | <u>12,871</u> |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | <u>750,807</u> |
| <u>U. S. Department of Transportation</u> | | | | |
| Passed through S.C. Dept. of Transportation | | | | |
| Urban Youth Corps Program | 20.215 | - | 20,600 | 17,637 |
| Urban Youth Corps Program | 20.215 | - | 21,800 | <u>7,165</u> |
| | | | | <u>24,802</u> |
| Airport Gateway | 20.205 | ENH-15-06 | 66,500 | 19,482 |
| Florence Rail/Trail Project | 20.205 | ENH-17-06-PIN33460 | 453,028 | <u>413,448</u> |
| | | | | <u>432,930</u> |
| Older Driver Signage | 20.200 | TRA-02-06 | 40,000 | <u>4,724</u> |
| LEN | 20.600 | 2JC-07012 | 20,000 | 8,974 |
| LEN | 20.600 | 2JC-08012 | 20,000 | <u>10,936</u> |
| | | | | <u>19,910</u> |
| TOTAL DEPARTMENT OF TRANSPORTATION | | | | <u>482,366</u> |
| <u>U.S. Department of Justice</u> | | | | |
| Direct Programs | | | | |
| Community Oriented Policing Services | 16.710 | 2005-CK-WX-0220 | 493,322 | 2,194 |
| Bureau of Justice Assistance Grant | 16.580 | 2007-DJ-BX-1183 | 53,628 | 5,188 |
| Bulletproof Vest Partnership Program | 16.607 | - | - | <u>340</u> |
| TOTAL DEPARTMENT OF JUSTICE | | | | <u>7,722</u> |

City of Florence, South Carolina
Schedule of Expenditures of Federal Awards--Continued
Year Ended June 30, 2008

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass- Through Grantors Number | Program or Award Amount | Federal Expenditures |
|---|------------------------------------|--|--|---------------------------------|
| <u>U. S. Department of Agriculture</u> | | | | |
| Passed through S. C. Forestry Comm. | 10.675 | 2006U4 | 2,600 | 623 |
| | 10.675 | 2007U3 | 6,300 | <u>3,075</u> |
| | | | | <u>3,698</u> |
| Passed through Pee Dee Electric Coop, Inc. | 10.854 | N/A | 300,000 | <u>56,208</u> |
| TOTAL DEPARTMENT OF AGRICULTURE | | | | <u>59,906</u> |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Direct Program | | | | |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-96462706 | 200,000 | 193,726 |
| Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF-96460506 | 200,000 | <u>43,579</u> |
| | | | | <u>237,305</u> |
| Passed through S.C. State Revolving Fund | | | | |
| Wastewater Treatment Plant | | | | |
| Upgrade/Expansion | 66.458 | SRF022-93-378-10 | 23,828,128 ** | - |
| Upper Middle Swamp Interceptor | 66.458 | SRF016-91-378-09 | 858,982 *** | - |
| Water Supply Improvements | 66.468 | SRF3-003-21100001-02 | 2,767,997 **** | - |
| Pee Dee Regional Water System/ Finished Water Main | 66.468 | SRF3-008-00-210001-01 | 6,210,343 ***** | - |
| Rain Water Storage | 66.468 | SRF3-014-02-2110001-04 | 1,322,378 ***** | <u>-</u> |
| TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY | | | | <u>237,305</u> |
| TOTAL FEDERAL AWARDS | | | | <u>\$ 1,538,106</u> |

- * - Loan balance \$1,000,000 at June 30, 2008.
- ** - Loan balance \$10,032,508 at June 30, 2008.
- *** - Loan balance \$234,181 at June 30, 2008.
- **** - Loan balance \$1,853,007 at June 30, 2008.
- ***** - Loan balance \$5,354,471 at June 30, 2008.
- ***** - Loan balance \$2,267,915 at June 30, 2008.

NOTE A - BASIS PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Florence, South Carolina and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

See independent auditors' report on A-133 compliance requirements.

City of Florence, South Carolina

Schedule of Findings and Questioned Costs

Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of City of Florence, South Carolina.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of City of Florence, South Carolina were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the 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.
5. The auditors' report on compliance for the major federal award programs for City of Florence, South Carolina expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for City of Florence are reported in this schedule.
7. The programs tested as major programs include: Airport Gateway - CFDA 20.205, Florence Rail/Trail Project - CFDA 20.205 and Brownfields Assessment and Cleanup Cooperative Agreements - CFDA 66.818.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Florence, South Carolina was determined to be a low-risk auditee.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

BURCH, OXNER, SEALE CO.
CERTIFIED PUBLIC ACCOUNTANTS
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S.C. ASSOCIATION OF
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**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 City of Florence, South Carolina, as of and for the year ended June 30, 2008, which collectively comprise City of Florence, South Carolina's basic financial statements and have issued our report thereon dated September 16, 2008. 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 City of Florence, South Carolina'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, South Carolina's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Florence, South Carolina's internal control over financial reporting.

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 City of Florence, South Carolina'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 City of Florence, South Carolina's financial statements that is more than inconsequential will not be prevented or detected by City of Florence, South Carolina'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 City of Florence, South Carolina'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 City of Florence, South Carolina'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 disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of City of Florence, South Carolina in a separate letter dated September 16, 2008.

This report is intended solely for the information and use of 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.

Butch, Gyner, Heale Co, CPA's, PA