

CITY OF FLORENCE, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011



PREPARED BY

CITY OF FLORENCE, SOUTH CAROLINA

FINANCE DEPARTMENT

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INTRODUCTORY SECTION

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

November 30, 2011

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

State law requires that all general-purpose local governments annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Florence (City) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by WebsterRogers LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

*A CITY OF
CHARACTER*

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

Profile of the Government

The City, chartered in 1890, is located in the northeastern region of South Carolina approximately 60 miles from the Atlantic Ocean. Florence is situated in the heart of the seven counties known as the Pee Dee region. The City of Florence is the largest city in Florence County and serves as the county seat. The City currently occupies a land area of approximately 21 square miles and serves a population in excess of 38,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation which occurs periodically when deemed appropriate by governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests to begin developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level. Budget appropriations may be amended by council as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each major governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 29 as part of the basic financial statements for the governmental funds.

Local economy

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

Florence County is home to many domestic and international businesses and ranks as one of the strongest internationally diverse economies in the state. The investments in the Florence area of companies such as Roche Carolina, Honda, Nan Ya Plastics, Johnson Controls, QVC, Monster.com, and the H.J. Heinz Co. have contributed significantly to overall capital investments and job creation in the area.

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

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

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

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

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

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

Long Term Financial Planning

As part of City Council's assessment of essential long-term capital projects and initiatives related to the City's general governmental operations, the City of Florence issued a \$5.3 million General Obligation Bond in August 2010 to finance, over a period of fifteen (15) years, certain capital improvements, equipment purchases, and related issuance costs. A number of capital improvement projects were approved by City Council to be funded with proceeds of the bond issue, including the construction of a fire station, purchase of four new fire trucks, purchase and construction of ISO-related fire equipment and facilities, purchase of two sanitation trucks, construction of downtown parking and related underground utilities and streetscapes, and several improvements in the City's park system.

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

Relevant Financial Policies

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

Major Initiatives

Wastewater Management Facility – In 2006, based on alternatives presented in a regional Water and Sewer System Master Plan, City Council determined that the City's wastewater treatment functions should be completely redesigned and rebuilt at the existing site located off National Cemetery Road. The preliminary engineering report (PER) for the new facility, prepared by the engineering team of CDM, Inc., BP Barber & Associates, and Davis & Brown, Inc., was presented to City Council in January 2008. The report included an implementation schedule and cost estimates for redevelopment of the plant at the current site. A contract was then negotiated with CDM for design engineering and has since been completed. Construction for the project has been divided into two contracts. Bids for Contract 1, a project that includes influent pumps, headworks, secondary clarifiers, and effluent disinfection facilities, were received in May 2009. Seaside Utilities of Moncks Corner, South Carolina, was selected as the contractor for this project. Contract 1 construction, at an approximate total cost of \$18 million, was begun in August 2009 and is scheduled for completion in early 2012. Bids for Contract 2, a project that includes aeration basins, additional secondary clarifiers, sludge handling facilities, an odor control system, effluent pumping works, and a laboratory and administration building, were received in February 2010. Encore Construction Company of Winter Garden, Florida, was selected as the contractor for this project. Contract 2 construction, at an approximate total cost of \$68 million, was begun in July 2010 and is scheduled for completion in 2013. Together, the facilities to be constructed in Contract 1 and 2 will completely replace the current wastewater treatment plant and will increase the treatment capacity from 15 million gallons per day to 18 million gallons per day.

Wastewater Management Facility Funding – Financing for Contract 1 is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 stimulus funds. On May 4, 2010, the City of Florence issued a total of \$99,000,000 revenue bonds for its water and sewer system. The bonds included \$31,005,000 of refunding bonds and \$67,995,000 million of new-money bonds. The refunding bonds will save the City's utility system more than \$5,500,000 by refinancing bonds originally issued in 1993 and 2000. The proceeds from the new-money borrowing are being used to complete the rehabilitation of the wastewater treatment facility as well as expand treatment capacity at what will now be known as the Florence Regional Wastewater Management Facility. The new money issue was sold as a taxable Build America Bonds (BABs) which was a creation of the American Recovery and Reinvestment Act of 2009. The "Direct Payment" BABs will pay the City of Florence a federal subsidy by the U.S. Treasury Department in an amount equal to 35% of the total interest payable on the bonds.

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 fiscal year 2005-06, City Council was presented with over 20 significant stormwater projects, the total size and scope of which required that the City obtain long-term capital financing through a revenue bond issue. In June 2006, City Council adopted a General Bond Ordinance authorizing and providing for the issuance of the Stormwater System Revenue Bonds and a supplemental bond ordinance authorizing financing from BB&T in the amount of \$4,000,000 for 15 years at an interest rate of 4.18% to fund the projects identified as the most critical major problem areas to be addressed. These projects were substantially completed in fiscal year 2010-11.

Downtown Redevelopment – A multi-partnership endeavor has resulted in the further establishment of downtown Florence as the cultural and economic center of the Pee Dee region. The Drs. Bruce and Lee Foundation awarded a \$15 million grant for assistance in the construction of a performing arts center and \$10 million grant for the construction of a new facility for the Florence Little Theatre. The new Florence Little Theatre was completed in September 2008 in time to open its 2008-09 season in the new 35,000 square foot facility. The new theatre is located on Dargan Street between Pine and Elm Streets, north of the Drs. Bruce and Lee Foundation Library. The theatre includes a 400-seat auditorium as well as other much needed administrative and operational space. Construction on the performing arts center began in January 2009. The 900-seat multi-purpose facility, located on approximately 4 acres of property, bounded by Dargan, Cheves, and Palmetto Streets, is owned and operated by Francis Marion University. The total cost of the facility is in excess of \$30 million. To supplement the grant funding, the performing arts center has received additional funding in the amount of \$12 million from state appropriations and \$3 million from the City of Florence. Construction of the performing arts center was completed this year with grand opening events held in September 2011. 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 reflect key elements of identity, architecture, and public improvement, all of which are outlined in the City's design guidelines.

Tennis Complex – In 2006, the Florence Tennis Association (FTA) and the City of Florence began discussions regarding the possibility of providing additional tennis courts for Florence residents. Dr. Edward Floyd donated 24 acres of property, located between Highway 52 (Lucas Street) and North Cashua Drive, for this project. In addition, the Nucor Corporation donated three acres of land off North Cashua Drive for a public access road to the complex. In December 2006, the FTA made a request to City Council for assistance with the proposed tennis complex. At that time, City Council approved a feasibility study for the construction and operation of a tennis complex. The City received a \$44,000 grant from the Drs. Bruce and Lee Foundation and contracted with the consulting firm Wood & Partners, Inc. for master plan design services. In November 2007, funding of \$5 million for the complex was approved by City Council. Of this total, Florence County contributed \$522,000 for the construction of a public access road and related utilities, and the Drs. Bruce and Lee Foundation contributed \$1.5 million in grant funds for the construction of a tennis activity center at the complex. In March 2009, City Council adopted a lease-purchase ordinance authorizing financing from BB&T for 15 years at an interest rate of 3.79% to fund capital projects to include \$4.5 million for the construction of the tennis complex. This amount represents a \$3 million facility cost and \$1.5 million for the tennis activity center. The Drs. Bruce and Lee Foundation contributed an additional \$500,000 in grant funds in fiscal year 2011 for the construction of six clay courts at the complex. All phases of construction including a public access road and related utilities, 24 asphalt tennis courts and related site improvements, the tennis activity center, and six clay courts were completed in 2011. A grand opening ceremony was held on July 20, 2011, for the Florence Tennis Complex facility.

Animal Shelter – The City, in partnership for funding with the Florence Area Humane Society and the Drs. Bruce and Lee Foundation, began the construction of a new animal shelter in December 2009. Bids were received for the construction of this facility in the spring of 2009, and the contract was awarded to Hanco of South Carolina, Inc. Site preparation and grading, as well as construction of the stormwater system and outfall, were performed by City crews. The cost of this state of the art facility was approximately \$1 million and is located on City property adjacent to the Public Works Department on McCurdy Road. Construction of the facility was substantially completed in fiscal year 2010-11.

Fire Station, Training Facility, and Fire Equipment – As part of the \$5.3 million General Obligation Bond issued in August 2010, the City constructed a new fire station and education center located on Redbud Lane off South Irby Street near South Florence High School for a cost of approximately \$1.4 million. The new fire station, an 8,000 square foot multipurpose facility complete with crew quarters, a kitchen and dining area, and a day room, houses four fire fighters, a pumper, and a brush truck. Construction on the facility, which began in the fall of 2010, was completed by Mashburn Construction Company of Myrtle Beach in the spring of 2011. Additionally, the Fire Department has acquired through this bond funding additional and replacement fire equipment including two pumpers, a ladder truck, a service truck, ISO related equipment, and training center improvements for a cost of approximately \$2 million.

Downtown Parking Lot – As part of its commitment to redevelopment of the downtown area and in support of the Francis Marion University Performing Arts Center and future site of the Florence Museum, the City of Florence committed to construct a surface level parking lot on City-owned property adjacent to Cheves Street. This construction project consisting of landscaped pedestrian walkways; a permeable parking area to provide for a downtown events venue; underground utilities; removal of metal facades from adjacent historic buildings; lighting and landscaping, was approved in fiscal year 2009-10, and construction was begun in late 2010. The project, funded by REDLG Loan Funds, Hospitality Funds, and a portion of the proceeds from the General Obligation Bond issued in August 2010, was substantially completed in September 2011. The total cost of the project is expected to be approximately \$1.7 million.

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, 2010. 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 2010 marks the 13th consecutive year the award has been received by the City of Florence. We believe that this comprehensive annual financial report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

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

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

Respectfully submitted,



Thomas W. Chandler
Finance Director

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, 2010

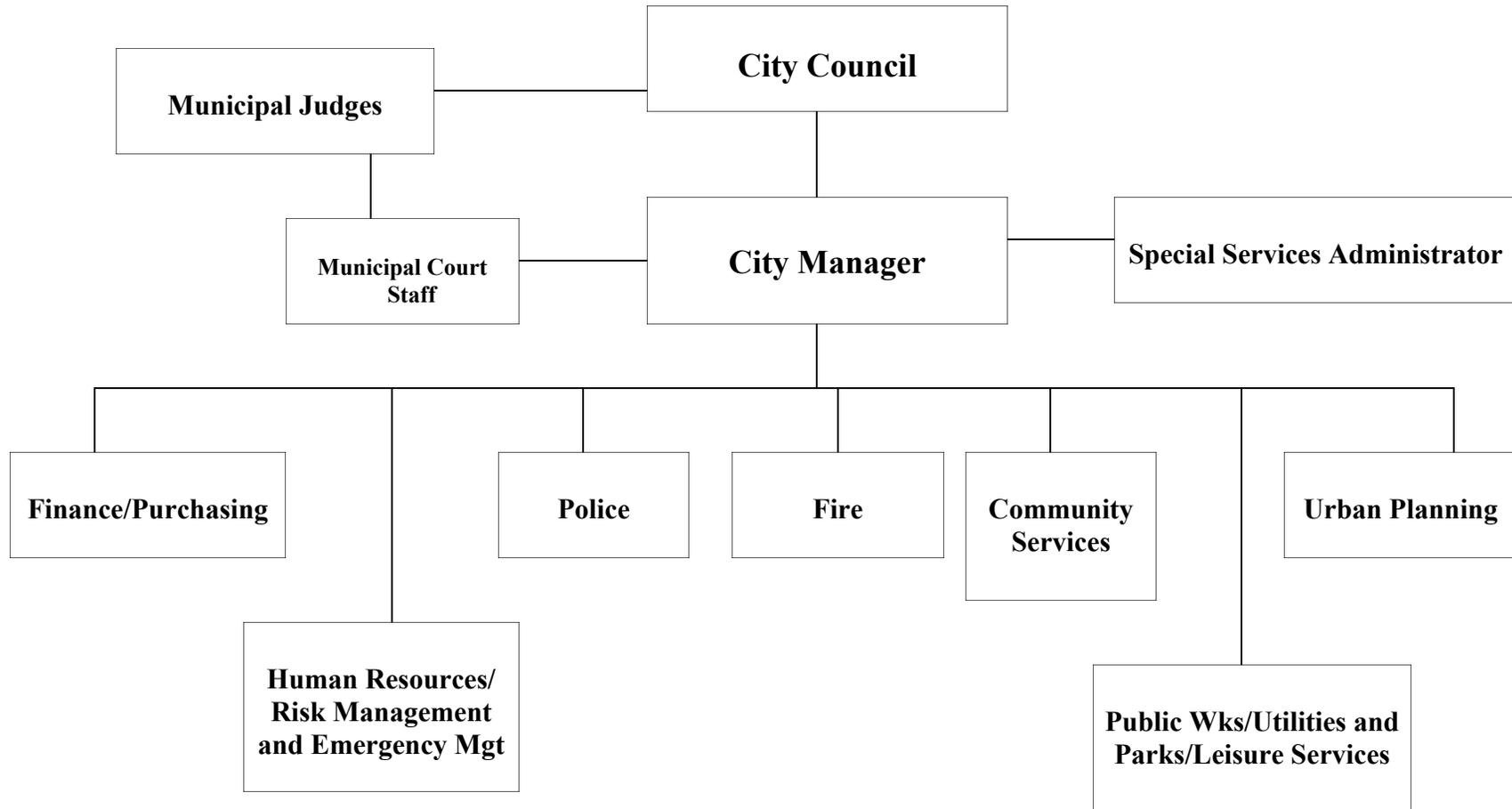
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FY 2010-11**



CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2011

GOVERNING BODY

Stephen J. Wukela, Mayor

Frank J. Brand, II, Mayor Pro Tempore

Edward Robinson

Octavia Williams-Blake

Stephen C. Powers

Teresa Myers Ervin

Glynn F. Willis

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

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FINANCIAL SECTION

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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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the hospitality fee fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, 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 12 through 22 and the Schedules of Funding Progress and Employer Contributions – Other Postemployment Benefits on page 61, are not a required part of the basic financial statements but are 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.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Fines, Assessments, and Surcharges – Special Revenue Fund – Victims Services Fund on page 91, listed in the table of contents under Other Financial Information, is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 122, listed in the table of contents under the Single Audit Section, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the City of Florence, South Carolina. The combining and individual fund statements and schedules, the Schedule of Fines, Assessments, and Surcharges, and the Schedule of Expenditures of Federal Awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wisotus Rogus LLP

Florence, South Carolina
November 30, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which immediately follows this section, and our letter of transmittal in the preceding Introductory Section.

Financial Highlights

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

- The assets of the City of Florence exceeded its liabilities at the close of the most recent fiscal year by \$133,545,865 (*net assets*). Of this amount, \$25,191,341 (*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 \$12,548,924 during the fiscal year ended June 30, 2011, with a \$2,227,121 increase resulting from governmental activities and a \$10,321,803 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported a combined ending fund balances of \$15,989,780, a decrease of \$843,481 in comparison with the prior year. Approximately 54.66% of this total amount, \$8,740,538, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,740,538, or 33.61% of the total general fund expenditures.
- The City of Florence had \$144.5 million in bonds and notes outstanding versus \$130.5 million last year, an increase of 10.73%.

Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City of Florence's assets and liabilities with the difference between the two reported as *net assets*. Over time, increases and decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Florence include general government, public safety, community services, and parks and leisure services. The business-type activities of the City of Florence include water and sewer services and storm water services.

The government-wide financial statements can be found on pages 23 and 24 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Florence, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Hospitality Fund, and the Capital Projects 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 Fund. Budgetary comparison statements have been provided for the General Fund and Hospitality Fund to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 25-28 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for each of the major governmental funds can be found on page 29. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Hospitality Fund can be found on page 30.

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 storm water 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 storm water operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 31-34 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 statement can be found on page 35 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 36-60 of this report.

Other supplemental information. In addition to the basic financial statements and accompanying notes, the report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 of this report.

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 62-91 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 \$133,545,865 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (69%) 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, \$25,191,341, 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 all categories of net assets, both for the government as a whole as well as for its separate governmental and 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 19,507,188	\$ 19,943,709	\$ 86,763,582	\$100,758,833	\$106,270,770	\$120,702,542
Capital assets	33,815,576	26,259,048	166,333,291	122,933,839	200,148,867	149,192,887
Total assets	<u>53,322,764</u>	<u>46,202,757</u>	<u>253,096,873</u>	<u>223,692,672</u>	<u>306,419,637</u>	<u>269,895,429</u>
Long-term liabilities	19,259,982	14,791,215	138,019,597	129,082,679	157,279,579	143,873,894
Other liabilities	3,390,593	2,966,475	12,203,600	2,058,120	15,594,193	5,024,595
Total liabilities	<u>22,650,575</u>	<u>17,757,690</u>	<u>150,223,197</u>	<u>131,140,799</u>	<u>172,873,772</u>	<u>148,898,489</u>
Net assets:						
Invested in capital assets, net of related debt	17,158,331	13,871,015	79,843,049	63,713,249	97,001,380	77,584,264
Restricted	5,029,732	30,000	6,323,412	5,075,799	11,353,144	5,105,799
Unrestricted	8,484,126	14,544,052	16,707,215	23,762,825	25,191,341	38,306,877
Total net assets	<u>\$ 30,672,189</u>	<u>\$ 28,445,067</u>	<u>\$102,873,676</u>	<u>\$ 92,551,873</u>	<u>\$133,545,865</u>	<u>\$120,996,940</u>

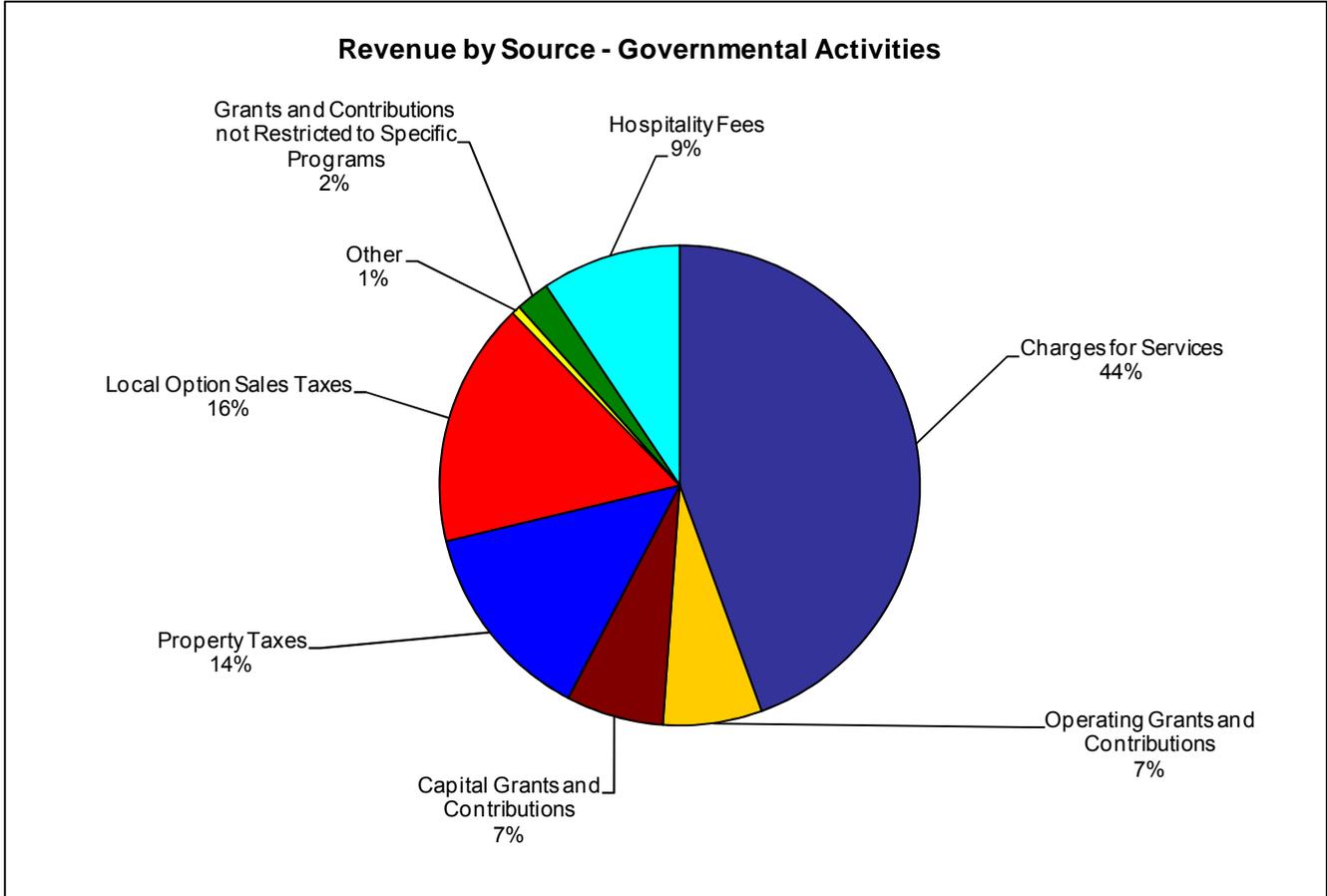
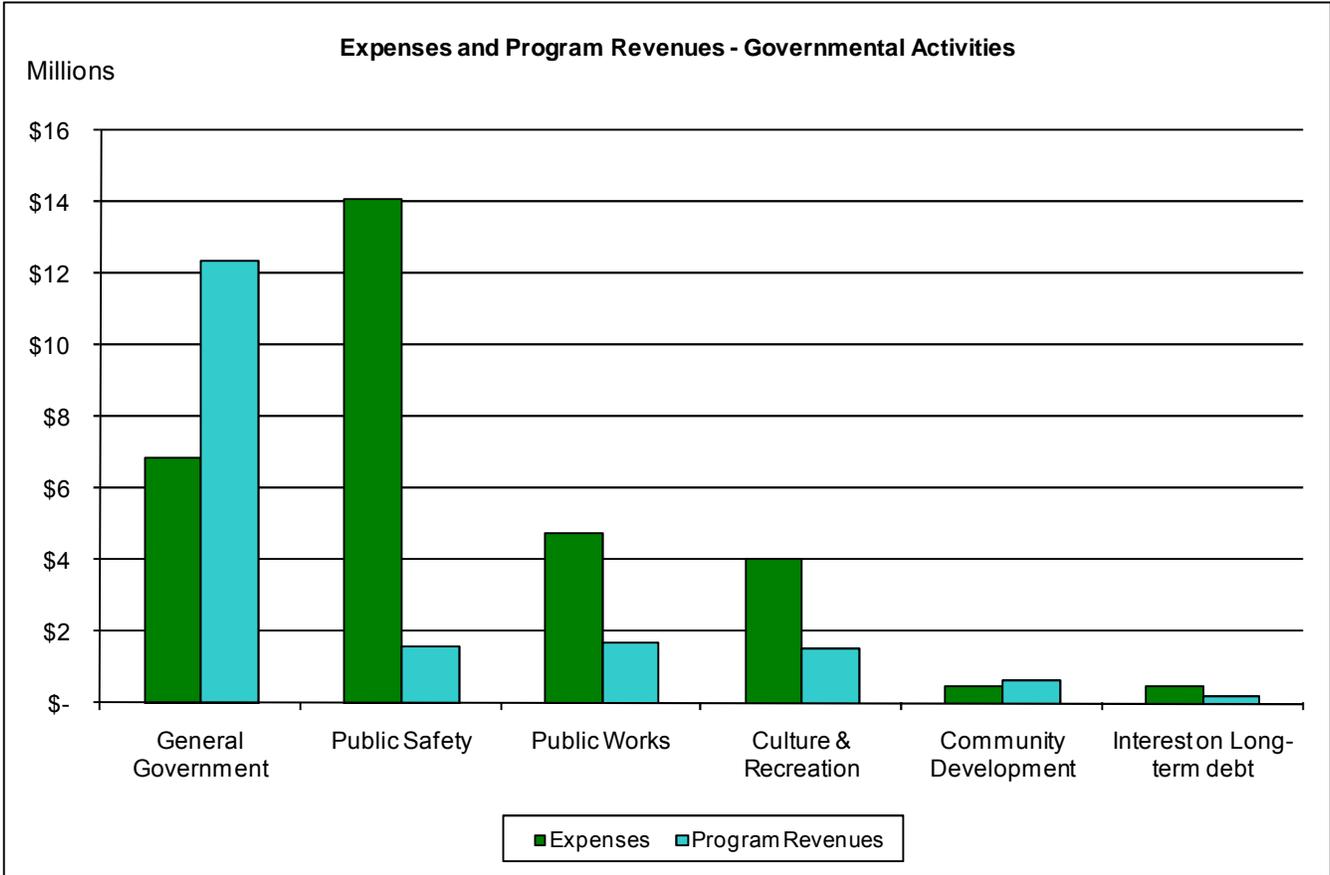
Governmental activities. Governmental activities increased the City of Florence's net assets by \$2,227,121, thereby accounting for 17.75% increase in the net assets of the City. Key elements of this increase are as follows:

In August 2010, the City of Florence issued general obligation bonds and received a total of \$5,345,000 for the sale of the bonds. During fiscal year 2010-11, the City expended a portion of these bond funds for the construction of Fire Station #5, the purchase of fire trucks, apparatus and equipment, two sanitation trucks, improvements at Levy Park, and a downtown parking facility.

The City of Florence expended approximately \$2,900,000 in lease/purchase funds for construction costs at the Tennis Center Complex. The City received \$500,000 from the Drs. Bruce & Lee Foundation for the construction of six clay tennis courts at the Tennis Center Complex. Of the \$500,000 received as of June 30, 2011, the City had expended \$172,000 toward the clay court construction.

City of Florence's Changes in Net Assets

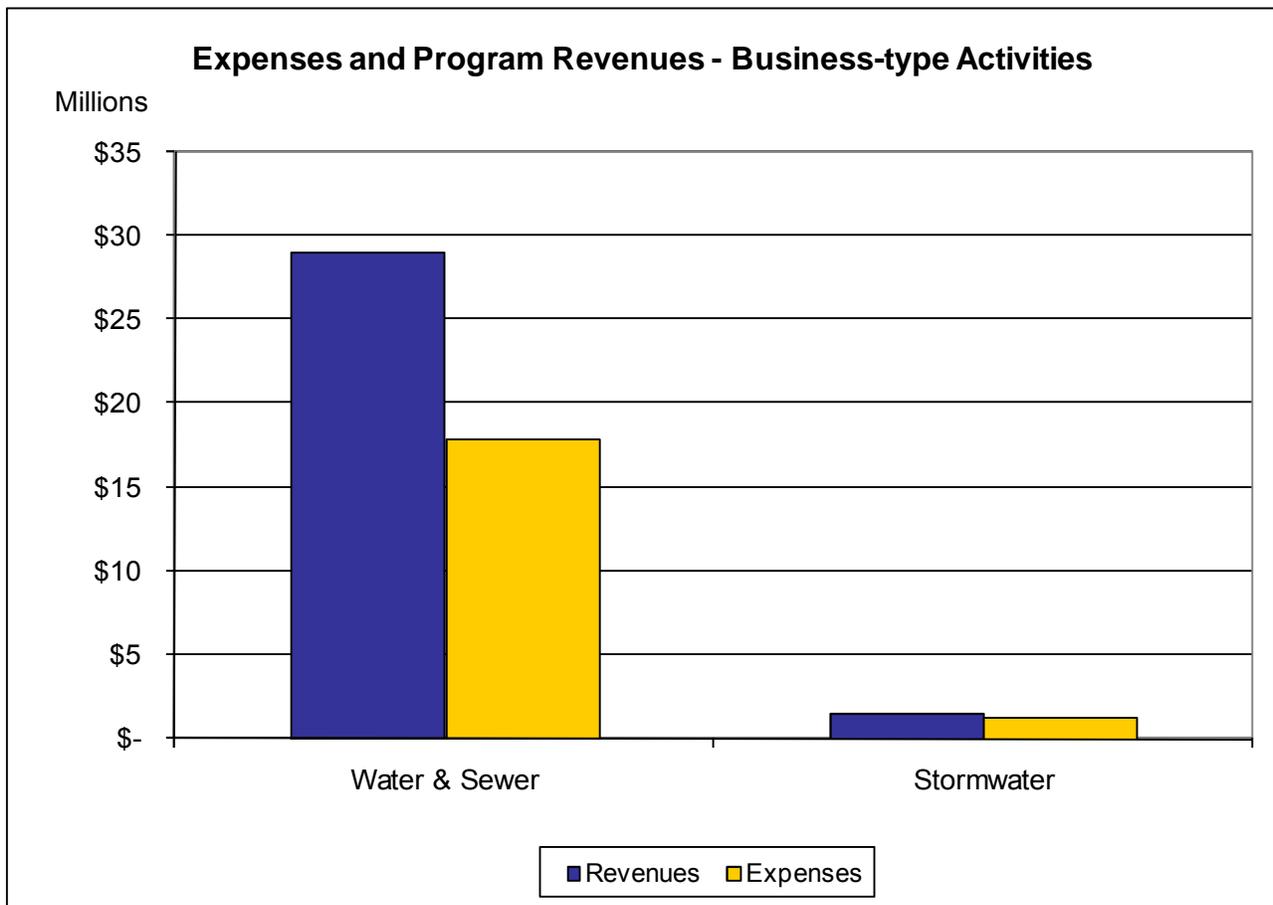
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 13,867,188	\$ 14,532,169	\$ 29,802,481	\$ 28,850,196	\$ 43,669,669	\$ 43,382,365
Operating grants and contributions	4,073,237	3,313,840	-	-	4,073,237	3,313,840
Capital grants and contributions	51,000	285,763	741,858	574,568	792,858	860,331
General Revenues:						
Property taxes	9,375,114	8,766,376	-	-	9,375,114	8,766,376
Hospitality fees	2,926,340	2,841,585	-	-	2,926,340	2,841,585
Grants and contributions not restricted to specific programs	711,684	790,254	-	-	711,684	790,254
Other	180,937	233,808	982,079	1,727,261	1,163,016	1,961,069
Total revenue	<u>31,185,500</u>	<u>30,763,795</u>	<u>31,526,418</u>	<u>31,152,025</u>	<u>62,711,918</u>	<u>61,915,820</u>
Expenses:						
General Government	6,910,887	7,307,747	-	-	6,910,887	7,307,747
Public Safety	14,139,828	13,409,835	-	-	14,139,828	13,409,835
Public Works	4,868,876	5,172,572	-	-	4,868,876	5,172,572
Culture and Recreation	4,030,009	4,318,364	-	-	4,030,009	4,318,364
Community Development	502,885	1,697,060	-	-	502,885	1,697,060
Interest on long-term debt	525,463	365,197	-	-	525,463	365,197
Water and Sewer	-	-	17,974,450	19,267,013	17,974,450	19,267,013
Stormwater	-	-	1,210,596	1,159,819	1,210,596	1,159,819
Total expenses	<u>30,977,948</u>	<u>32,270,775</u>	<u>19,185,046</u>	<u>20,426,832</u>	<u>50,162,994</u>	<u>52,697,607</u>
Increase (decrease) in net assets before transfers	207,552	(1,506,980)	12,341,372	10,725,193	12,548,924	9,218,213
Transfers	2,019,569	2,124,000	(2,019,569)	(2,124,000)	-	-
Increase (decrease) in net assets	2,227,121	617,020	10,321,803	8,601,193	12,548,924	9,218,213
Net assets - beginning	28,445,068	27,828,048	92,551,873	83,950,680	120,996,941	111,778,728
Net assets - ending	<u>\$ 30,672,189</u>	<u>\$ 28,445,068</u>	<u>\$ 102,873,676</u>	<u>\$ 92,551,873</u>	<u>\$ 133,545,865</u>	<u>\$ 120,996,941</u>

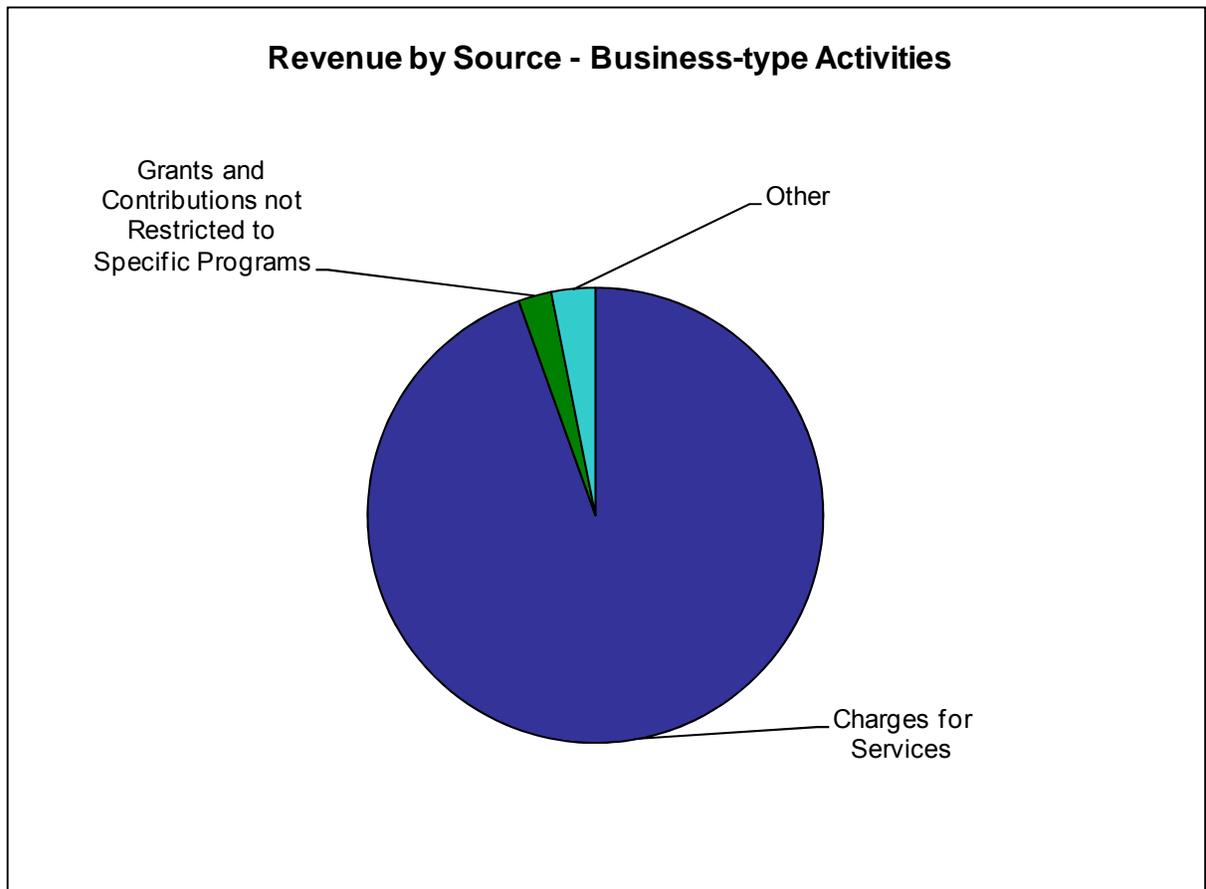


Business-type activities. Business-type activities increased the City of Florence's net assets by \$10,321,803, accounting for 82.25% of the total growth in the government's net assets. Key elements of this increase are as follows:

Capital Water and Sewer Projects – The City has continued to expand its water and sewer infrastructure over the past year. Projects related to this expansion provide new services or upgrade existing services to City residents and customers. The combined cost of these newly completed projects was \$1,133,982. In fiscal year 2009-10, the City of Florence signed the first contract to begin the construction of the Florence Regional Wastewater Management Facility. Financing for this contract is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010, the City of Florence issued approximately \$68 million in new revenue bonds for the next contract to continue the construction of the facility. To date, the City has expended \$9,474,095 in engineering costs with \$2,094,348 being spent in fiscal year 2010-11. The City expended \$44,531,711 on the construction of the facility to date with \$40,359,945 being expended in fiscal year 2010-11. Additional details regarding the Wastewater Management Facility construction project are provided in the Transmittal Letter.

Stormwater Improvement Projects – The City continues to work to improve its storm drainage system through a variety of projects completed this year. The combined cost of these newly completed projects was \$535,632. Additional details regarding the City's stormwater improvement construction projects are provided in the Transmittal Letter.





Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Florence's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$15,989,780, a decrease of \$843,481 in comparison with the prior year. Approximately 54.66% of this total amount (\$8,740,538) constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable (\$275,931), restricted (\$1,943,579), committed (\$3,141,642), or assigned (\$1,888,090) to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,888,090), 2) to pay debt service (\$1,877,364), or 3) for a variety of other restricted purposes (\$3,228,582).

The General Fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,740,538, while total fund balance was \$9,899,262. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 33.61% of total General Fund expenditures, while total fund balance represents 38.07% of that same amount.

The fund balance of the City's General Fund increased by \$606,031 during the current fiscal year. While a number of factors contributed to this increase in fund balance, the increase is largely attributable to a mid-year budget reduction, a deferral in the purchase of certain capital equipment, and the delay of an annual cost of living raise by six months to its employees.

The Hospitality Fund has a total fund balance of \$3,726,834, a decrease of \$1,551,894 from the prior year. Of the total fund balance, \$110,000 is assigned to construction projects. In fiscal year 2010-11, the City received from the Drs. Bruce & Lee Foundation a payment of \$1,500,000, a grant previously awarded to the City for a Tennis Activity Center, as well as an additional \$500,000 in grant funds for the construction of six clay courts at the complex.

A Capital Projects Fund was created to account for the City's issuance of \$5.3 million in General Obligation Bonds for the construction and equipping of a new fire station and education center, new sanitation trucks, improvements to Levy Park, and the construction of a downtown parking lot. The total fund balance of \$625,128 is restricted for these projects.

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 \$16,707,215. The total growth in the net assets was \$10,321,803. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Florence's business-type activities.

General Fund Budgetary Highlights

City Council amended the General Fund budget on five separate occasions during the fiscal year 2010-11. As a result of these amendments, the General Fund's final amended budgeted revenues were \$340,000 less than the original adopted budget. The following changes were made to the original budget:

- From Unappropriated Surplus was funded by an ordinance adopted on June 12, 2010, in the amount of \$25,000 from undesignated fund balance. The \$25,000 was budgeted to provide additional funding for the PDRTA Transit System.
- From Unappropriated Surplus was funded by an ordinance adopted on January 18, 2011, in the amount of \$598,000 and Miscellaneous Grants increased by \$19,500. These funds were appropriated as follows:
 - § \$2,000 for filing cabinets to be used in City Court
 - § \$4,100 for miscellaneous office machines for City Court
 - § \$30,000 for respirator physicals managed by Human Resources/Risk Management
 - § \$4,600 for miscellaneous office machines to be used by the Police Department
 - § \$10,000 for 10 patrol rifles for the Police Department
 - § \$45,000 for repairs to the roof at Fire Station #1
 - § \$10,000 for furnishings for use in the Fire Stations
 - § \$5,000 for 2 new computers for the Fire Department
 - § \$11,000 for the replacement of a mower for Streets & Beautification
 - § \$4,000 for the replacement of a hydraulic lift for Equipment Maintenance
 - § \$3,300 for Parks & Leisure Services for tree and plant replacement at the Veterans Park
 - § \$17,000 for Parks & Leisure Services to provide funding for the Summer Youth Program
 - § \$32,500 for Parks & Leisure Services to match a PARD Grant for funding fencing at Freedom Florence
 - § \$70,000 for the replacement of 3 vehicles in Parks & Leisure Services
 - § \$6,000 to replace a mower used in Parks & Leisure Services
 - § \$2,000 to increase expenditures for marketing and promotion for Athletic Programs
 - § \$22,000 to replace the concessions HVAC unit and replace fencing at Freedom Florence
 - § \$18,800 to replace equipment used in field maintenance at Freedom Florence
 - § \$5,700 for painting at Freedom Florence
 - § \$23,600 for miscellaneous building repair for Urban Planning & Development
 - § \$86,000 to increase funding for uncompleted comprehensive plan development
 - § \$90,000 in Non-Departmental for lot clearing and demolition
 - § \$12,000 in Non-Departmental for City-County Complex projects not completed in fiscal year 2009-10
 - § \$50,000 in Non-Departmental to increase funding for the Contingency Fund for unanticipated projects
 - § \$17,500 in Non-Departmental to provide funding for DHEC grant-funded trail system
 - § \$12,900 in Non-Departmental to provide matching funds for land for trail and green space development

- § \$16,500 in Non-Departmental to increase funding for the citywide IT upgrades
- § \$6,000 in Non-Departmental for the acquisition of video equipment for City Council Chambers.

- By an ordinance adopted on April 11, 2011, appropriations in the General Fund budgets for Unappropriated Surplus were increased by \$84,000. Additionally, expenditures for the Management System Software were increased by \$84,000.
- By an ordinance adopted on April 11, 2011, appropriations in the General Fund budgets for categories of General Property Tax, Licenses and Fees, Intergovernmental, Charges for Service, Fines and Forfeitures, Investment Earnings, Interfund Transfers and Other Revenues were reduced by a net \$800,000. Additionally, in various departments, expenditures were reduced by \$800,000.

Hospitality Fund Budgetary Highlights

City Council amended the Hospitality Fund budget on two separate occasions during fiscal year 2010-11. As a result of these amendments, the Hospitality Fund's final amended budgeted revenues and budgeted expenditures were \$733,000 greater than the original adopted budget. These amendments appropriated funds from Unappropriated Fund Balance funded continued construction for the Downtown Parking/Streetscape project, provide funding for Clay Tennis Courts located at the City's Tennis Center Complex, and capital improvements at Timrod Park.

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, 2011, amounts to \$200,148,867 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and infrastructure. The total increases in the City's investment in capital assets for the current fiscal year was \$58,004,686 (a 19.11% increase for governmental activities and a 26.65% increase for business-type activities).

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

- The Police Department purchased 3 vehicles totaling \$51,550
- The Fire Department purchased 4 fire trucks totaling \$1,797,900
- The City constructed a new Fire Station totaling \$1,277,051
- The Fire Department purchased a new air compressor for \$40,490
- The access road to the Tennis Center Complex was construction completed for a total of \$357,519
- Improvements to the Radio Drive area was completed for a total of \$974,735
- The construction of the Animal Shelter was completed totaling \$1,060,940
- The City acquired land adjacent to the downtown parking lot for \$26,532
- The Sanitation Department purchased 2 new sanitation trucks totaling \$409,633
- Freedom Florence added/replaced fencing at the athletic facility totaling \$33,784
- Freedom Florence purchased equipment to maintain the athletic fields in the amount of \$12,041
- The City purchased IT servers and other equipment for the new Management Software System totaling \$108,793
- Wastewater purchased 2 new vehicles totaling \$36,891
- Surface Water purchased a new mower for \$13,322
- Ground Water purchased a vehicle for \$15,256
- Distribution Operations purchased 6 new vehicles totaling \$139,749
- Collection Operations purchased 4 new vehicles totaling \$172,684
- Stormwater Operations purchased 2 new vehicles totaling \$74,330
- The Water & Sewer Fund Construction In Process increased by approximately \$47 million. The majority of the increase is due to the construction of a new Regional Wastewater Management Facility.
- The General Fund Construction In Process increased by approximately \$3.5 million. The majority of this increase is due to the construction of the Tennis Complex and the Performing Arts Parking Lot.

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

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 6,323,002	\$ 6,296,470	\$ 1,733,596	\$ 1,733,596	\$ 8,056,598	\$ 8,030,066
Buildings and systems	6,146,563	3,965,533	104,275,897	106,229,715	110,422,460	110,195,248
Infrastructure	9,589,016	8,798,359	-	-	9,589,016	8,798,359
Machinery and equipment	5,200,266	4,075,113	1,641,368	1,370,520	6,841,634	5,445,633
Construction in process	6,556,729	3,123,573	58,682,430	13,600,008	65,239,159	16,723,581
Totals	\$ 33,815,576	\$ 26,259,048	\$ 166,333,291	\$ 122,933,839	\$ 200,148,867	\$ 149,192,887

Additional information on the City's capital assets can be found in note IV.C. beginning on page 47 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt outstanding of \$153,312,701. All of the City's debt represents bonds secured solely by specified revenue sources.

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

	Governmental activities		Business-type activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ -	\$ -	\$ 108,625,000	\$ 110,240,000	\$ 108,625,000	\$ 110,240,000
General Obligation Bonds	5,345,000	-	-	-	5,345,000	-
Notes Payable	1,829,137	2,041,438	27,950,456	17,419,575	29,779,593	19,461,013
Capital Leases	9,563,108	10,466,595	-	-	9,563,108	10,466,595
Totals	\$ 16,737,245	\$ 12,508,033	\$ 136,575,456	\$ 127,659,575	\$ 153,312,701	\$ 140,167,608

The City's total debt shows a net increase of \$13,145,093 (9.38%) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8% of its total assessed valuation. The current debt limitation for the City of \$12,726,894 exceeds the City of Florence's outstanding general obligation debt of \$5,345,000 by \$7,381,894.

Additional information on the City of Florence's long-term debt can be found in note IV.F. beginning on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Amounts available in fiscal year 2011-12 for appropriation in the general fund are for \$29.215 million, an increase of 4.85% over the fiscal year 2010-11 final revised budget of \$27.368 million. The City's budget amendments were reviewed earlier in this report.

- In fiscal year 2010-11, City's total millage rate increased 1.8 mills from the prior year. In the prior year, the operating millage was 54.9, and there was no debt service millage. In fiscal year 2010-11, the operating millage decreased 1.2 mills to 53.7 mills due to the property tax reassessment. In fiscal year 2010-11, the City added 3 mills to service the General Obligation debt issued in fiscal year 2010-11.
- The Florence area experienced a .7% increase in the unemployment rate from fiscal year 2010.

As for the City's business-type activities, we expect that the 2012 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. Additional revenues to support the project may be provided from agency grants. During fiscal year 2010-11, the City expended \$2,094,348 in engineering costs and a total of \$9,474,095 over the life of the project. The first construction contract for Phase 1 of the Florence Regional Wastewater Management Facility project was signed and construction began in fiscal year 2009-10. The second contract was signed and construction began in fiscal year 2010-11. The City expended \$46,607,211 on the construction in fiscal year 2010-11 and a total of \$58,992,383 over the life of the project. The Financing for this contact is being provided by a loan from the South Carolina Water Quality Revolving Fund Authority that was closed on June 25, 2009. This loan, to be repaid over a period of 20 years from utility system revenues, includes \$4 million at 0% interest and the balance of the loan at 3.5% interest for a total blended interest rate of 2.81%. The \$4 million at 0% interest was provided through the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds. In May 2010, the City issued approximately \$68 million in new revenue bonds for the second contract for construction of the new facility.

In response to the current economic downturn, the City of Florence is continuing its commitment to closely monitor actual revenues against its projected revenues and controlling expenses. In fiscal year 2010-11, the City of Florence reduced revenue estimates and expenditures.

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,051,168	\$ 7,471,955	\$ 16,523,123
Receivables	3,281,613	5,111,797	8,393,410
Inventories	275,931	350,332	626,263
Investments	5,478,356	15,365,452	20,843,808
Restricted cash and cash equivalents	1,301,025	57,222,106	58,523,131
Unamortized bond issuance costs	108,095	1,241,940	1,350,035
Deposit on equipment	11,000	-	11,000
Capital assets not being depreciated:			
Land	6,323,002	1,733,596	8,056,598
Construction in progress	6,556,729	58,682,430	65,239,159
Capital assets net of accumulated depreciation:			
Buildings and system	6,146,563	104,275,897	110,422,460
Machinery and equipment	5,200,266	1,641,368	6,841,634
Infrastructure	9,589,016	-	9,589,016
Total Assets	53,322,764	253,096,873	306,419,637
LIABILITIES			
Accounts payable	1,216,314	10,055,226	11,271,540
Accrued interest payable	99,203	1,977,949	2,077,152
Other liabilities	791,919	143,166	935,085
Unearned revenue	1,283,157	-	1,283,157
Customer deposits	-	27,259	27,259
Noncurrent liabilities:			
Due within one year	1,713,033	3,931,150	5,644,183
Due in more than one year	17,546,949	134,088,447	151,635,396
Total liabilities	22,650,575	150,223,197	172,873,772
NET ASSETS			
Invested in capital assets, net of related debt	17,158,331	79,843,049	97,001,380
Restricted	5,029,732	6,323,412	11,353,144
Unrestricted	8,484,126	16,707,215	25,191,341
Total net assets	\$ 30,672,189	\$ 102,873,676	\$ 133,545,865

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

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 6,910,887	\$ 10,296,750	\$ 2,084,179	\$ 51,000
Public safety	14,139,828	1,031,300	595,951	-
Public works	4,868,876	1,728,571	-	-
Culture and recreation	4,030,009	805,772	737,347	-
Community development	502,885	4,795	655,760	-
Interest on long-term debt	525,463	-	-	-
Total governmental activities	<u>30,977,948</u>	<u>13,867,188</u>	<u>4,073,237</u>	<u>51,000</u>
Business-type activities				
Water and sewer	17,974,450	28,554,598	-	441,858
Stormwater	1,210,596	1,247,883	-	300,000
Total business-type activities	<u>19,185,046</u>	<u>29,802,481</u>	<u>-</u>	<u>741,858</u>
Total primary government	<u>\$ 50,162,994</u>	<u>\$ 43,669,669</u>	<u>\$ 4,073,237</u>	<u>\$ 792,858</u>
		General revenues:		
		Property taxes		
		Hospitality fees		
		Unrestricted intergovernmental		
		Investment earnings		
		Miscellaneous		
		Transfers		
		Total general revenues and transfers		
		Change in net assets		
		Net assets - beginning		
		Net assets - ending		

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

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ 5,521,042 (12,512,577) (3,140,305) (2,486,890) 157,670 (525,463) <hr style="border-top: 1px solid black;"/> (12,986,523) <hr style="border-top: 1px solid black;"/>	\$ - - - - - - <hr style="border-top: 1px solid black;"/> - <hr style="border-top: 1px solid black;"/>	\$ 5,521,042 (12,512,577) (3,140,305) (2,486,890) 157,670 (525,463) <hr style="border-top: 1px solid black;"/> (12,986,523) <hr style="border-top: 1px solid black;"/>
-	11,022,006	11,022,006
-	337,287	337,287
-	11,359,293	11,359,293
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
(12,986,523)	11,359,293	(1,627,230)
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
9,375,114	-	9,375,114
2,926,340	-	2,926,340
711,684	-	711,684
22,815	53,504	76,319
158,122	928,575	1,086,697
2,019,569	(2,019,569)	-
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
15,213,644	(1,037,490)	14,176,154
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
2,227,121	10,321,803	12,548,924
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
28,445,068	92,551,873	120,996,941
<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
\$ 30,672,189	\$ 102,873,676	\$ 133,545,865

**CITY OF FLORENCE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 4,688,666	\$ 2,736,974	\$ 219,327	\$ 1,406,201	\$ 9,051,168
Receivables:					
Property taxes, less allowance for doubtful accounts	207,419	-	-	-	207,419
Due from other governmental agencies	2,530,495	-	-	263,783	2,794,278
Other	4,372	275,544	-	-	279,916
Due from other funds	172,518	-	-	-	172,518
Investments	4,305,913	272,203	507,422	392,818	5,478,356
Inventories	255,201	-	-	20,730	275,931
Restricted cash and cash equivalents	210,000	1,091,025	-	-	1,301,025
Total assets	<u>\$ 12,374,584</u>	<u>\$ 4,375,746</u>	<u>\$ 726,749</u>	<u>\$ 2,083,532</u>	<u>\$ 19,560,611</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 257,974	\$ 648,912	\$ 101,621	\$ 207,807	\$ 1,216,314
Due to other funds	50,000	-	-	122,518	172,518
Other liabilities	791,919	-	-	-	791,919
Deferred revenue	106,923	-	-	-	106,923
Unearned revenue	1,268,506	-	-	14,651	1,283,157
Total liabilities	<u>2,475,322</u>	<u>648,912</u>	<u>101,621</u>	<u>344,976</u>	<u>3,570,831</u>
Fund balances:					
Nonspendable	255,201	-	-	20,730	275,931
Restricted	210,000	-	625,128	1,108,451	1,943,579
Committed	-	2,532,267	-	609,375	3,141,642
Assigned	693,523	1,194,567	-	-	1,888,090
Unassigned	8,740,538	-	-	-	8,740,538
Total fund balances	<u>9,899,262</u>	<u>3,726,834</u>	<u>625,128</u>	<u>1,738,556</u>	<u>15,989,780</u>
Total liabilities and fund balances	<u>\$ 12,374,584</u>	<u>\$ 4,375,746</u>	<u>\$ 726,749</u>	<u>\$ 2,083,532</u>	<u>\$ 19,560,611</u>

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

**CITY OF FLORENCE, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total fund balances of governmental funds	\$ 15,989,780
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, reported at original cost (\$60,944,008) less accumulated depreciation (\$27,128,432).	33,815,576
Funds expended for deposit on capital assets are reported as capital outlay in the fund financial statements.	11,000
Unamortized loan expense used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,095
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within 60 days of year end.	106,923
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(19,359,185)</u>
Total net assets of total governmental activities	<u><u>\$ 30,672,189</u></u>

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

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property taxes	\$ 8,877,813	\$ -	\$ -	\$ 467,658	\$ 9,345,471
Licenses, permits and fees	10,347,941	2,926,340	-	-	13,274,281
Intergovernmental	1,725,288	1,424	-	988,544	2,715,256
Charges for services	1,890,983	-	-	237,999	2,128,982
Fines and forfeitures	695,789	-	-	-	695,789
Investment earnings	16,213	3,822	7,190	2,781	30,006
Miscellaneous	156,011	2,269,236	-	576,404	3,001,651
Total revenues	<u>23,710,038</u>	<u>5,200,822</u>	<u>7,190</u>	<u>2,273,386</u>	<u>31,191,436</u>
EXPENDITURES					
Current:					
General government	5,766,065	926,677	-	73,123	6,765,865
Public safety	12,830,139	-	-	116,906	12,947,045
Public works	4,254,787	-	-	-	4,254,787
Culture and recreation	2,324,774	746,905	-	565,382	3,637,061
Community development	-	-	-	502,885	502,885
Debt service:					
Principal	564,135	533,352	-	65,326	1,162,813
Interest	33,016	374,089	-	130,085	537,190
Bond issue costs	-	-	37,000	-	37,000
Capital outlay	229,164	3,601,693	4,627,783	1,305,515	9,764,155
Total expenditures	<u>26,002,080</u>	<u>6,182,716</u>	<u>4,664,783</u>	<u>2,759,222</u>	<u>39,608,801</u>
Deficiency of revenues over expenditures	<u>(2,292,042)</u>	<u>(981,894)</u>	<u>(4,657,593)</u>	<u>(485,836)</u>	<u>(8,417,365)</u>
OTHER FINANCING SOURCES (USES)					
Capital leases	47,025	-	-	-	47,025
General obligation bonds issued	-	-	5,345,000	-	5,345,000
Transfers in	2,851,048	-	-	-	2,851,048
Transfers out	-	(570,000)	-	(99,189)	(669,189)
Total other financing sources and uses	<u>2,898,073</u>	<u>(570,000)</u>	<u>5,345,000</u>	<u>(99,189)</u>	<u>7,573,884</u>
Net change in fund balances	606,031	(1,551,894)	687,407	(585,025)	(843,481)
Fund balances - beginning	9,293,231	5,278,728	(62,279)	2,323,581	16,833,261
Fund balances - ending	<u>\$ 9,899,262</u>	<u>\$ 3,726,834</u>	<u>\$ 625,128</u>	<u>\$ 1,738,556</u>	<u>\$ 15,989,780</u>

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

**CITY OF FLORENCE, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Net change in fund balances of total governmental funds: \$ (843,481)

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

Governmental funds report capital outlays as expenditure. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlay exceeded depreciation in the current period. 7,669,840

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 10,995

Long-term debt issued provides current financial resources to governmental funds, but incurring debt increases long-term liabilities in the statement of net assets. Payment of long-term debt principal is an expenditure in governmental funds, but the payment reduces long-term liabilities in the government-wide statement of net assets. This is the amount by which proceeds exceed repayments. (4,229,212)

Governmental funds do not report transfers of prior year capital outlays as transfers. However, in the statement of activities, the transfer of work-in-process to proprietary fund accounts is recorded as a transfer. (162,289)

Governmental funds report debt issuance cost as an expenditure. However, in the statement of activities, this cost is allocated over the life of the debt and reported as amortization expense. This amount represents current debt issuance costs net of amortization of debt issuance costs. 9,096

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. (227,828)

Change in net assets of governmental activities \$ 2,227,121

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

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 8,929,500	\$ 9,328,300	\$ 8,877,813	\$ (450,487)
Licenses, permits and fees	10,950,000	10,495,000	10,347,941	(147,059)
Intergovernmental	1,655,000	1,705,700	1,725,288	19,588
Charges for services	1,893,500	1,884,000	1,890,983	6,983
Fines and forfeitures	959,600	738,000	695,789	(42,211)
Investment earnings	35,400	15,000	16,213	1,213
Miscellaneous	223,000	140,000	156,011	16,011
Total revenues	<u>24,646,000</u>	<u>24,306,000</u>	<u>23,710,038</u>	<u>(595,962)</u>
EXPENDITURES				
Current:				
General government	5,949,020	6,236,470	5,766,065	(470,405)
Public safety	13,611,200	13,080,150	12,830,139	(250,011)
Public works	4,701,220	4,508,380	4,254,787	(253,593)
Culture and recreation	2,576,460	2,490,920	2,324,774	(166,146)
Debt Service:				
Principal	549,100	565,000	564,135	(865)
Interest	34,000	33,000	33,016	16
Capital Outlay	136,000	454,290	229,164	(225,126)
Total expenditures	<u>27,557,000</u>	<u>27,368,210</u>	<u>26,002,080</u>	<u>(1,366,130)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,911,000)</u>	<u>(3,062,210)</u>	<u>(2,292,042)</u>	<u>770,168</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	25,000	121,000	47,025	(73,975)
Transfers in	2,886,000	2,941,210	2,851,048	(90,162)
Total other financing sources and uses	<u>2,911,000</u>	<u>3,062,210</u>	<u>2,898,073</u>	<u>(164,137)</u>
Net change in fund balances	-	-	606,031	606,031
Fund balances - beginning	<u>9,293,231</u>	<u>9,293,231</u>	<u>9,293,231</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,293,231</u>	<u>\$ 9,293,231</u>	<u>\$ 9,899,262</u>	<u>\$ 606,031</u>

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

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
HOSPITALITY FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$ 2,805,000	\$ 2,805,000	\$ 2,926,340	\$ 121,340
Intergovernmental	-	-	1,424	1,424
Investment earnings	7,000	7,000	3,822	(3,178)
Miscellaneous	178,000	911,000	2,269,236	1,358,236
Total revenues	<u>2,990,000</u>	<u>3,723,000</u>	<u>5,200,822</u>	<u>1,477,822</u>
EXPENDITURES				
Current:				
General government	1,482,300	1,482,300	926,677	(555,623)
Culture and recreation	30,000	30,000	746,905	716,905
Debt Service:				
Principal	500,000	500,000	533,352	33,352
Interest	407,700	407,700	374,089	(33,611)
Capital Outlay	-	733,000	3,601,693	2,868,693
Total expenditures	<u>2,420,000</u>	<u>3,153,000</u>	<u>6,182,716</u>	<u>3,029,716</u>
Excess (deficiency) of revenues over expenditures	<u>570,000</u>	<u>570,000</u>	<u>(981,894)</u>	<u>(1,551,894)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(570,000)</u>	<u>(570,000)</u>	<u>(570,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(570,000)</u>	<u>(570,000)</u>	<u>(570,000)</u>	<u>-</u>
Net change in fund balances	-	-	(1,551,894)	(1,551,894)
Fund balance at beginning of year	<u>5,278,728</u>	<u>5,278,728</u>	<u>5,278,728</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 5,278,728</u></u>	<u><u>\$ 5,278,728</u></u>	<u><u>\$ 3,726,834</u></u>	<u><u>\$(1,551,894)</u></u>

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

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water and Sewer Fund	Stormwater Utility Fund	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 7,083,264	\$ 388,691	\$ 7,471,955
Accounts receivable, net	4,246,794	152,554	4,399,348
Other receivables	712,449	-	712,449
Investments	14,947,290	418,162	15,365,452
Due from other funds	-	58,806	58,806
Inventories	350,332	-	350,332
Total current assets	27,340,129	1,018,213	28,358,342
Noncurrent assets:			
Restricted cash and cash equivalents	57,159,276	62,830	57,222,106
Unamortized bond issue costs	1,227,910	14,030	1,241,940
Capital assets			
Land	1,328,088	405,508	1,733,596
Buildings and system	153,331,589	7,086,819	160,418,408
Construction in progress	58,670,579	11,851	58,682,430
Machinery and equipment	7,226,370	707,906	7,934,276
Less accumulated depreciation	<u>(59,066,729)</u>	<u>(3,368,690)</u>	<u>(62,435,419)</u>
Total capital assets (net of accumulated depreciation)	161,489,897	4,843,394	166,333,291
Total noncurrent assets	219,877,083	4,920,254	224,797,337
Total assets	247,217,212	5,938,467	253,155,679
LIABILITIES			
Current liabilities:			
Accounts payable	10,037,643	17,583	10,055,226
Accrued interest	1,967,843	10,106	1,977,949
Other liabilities	134,112	9,054	143,166
Customer deposits	27,259	-	27,259
Due to other funds	58,806	-	58,806
Compensated absences - current	30,000	3,000	33,000
Notes payable - current	1,033,150	-	1,033,150
Revenue bonds payable - current	2,625,000	240,000	2,865,000
Total current liabilities	15,913,813	279,743	16,193,556
Noncurrent liabilities:			
Accrued compensated absences	611,013	49,478	660,491
Notes payable	26,917,306	-	26,917,306
Revenue bonds payable	103,070,000	2,690,000	105,760,000
Unamortized bond premium	750,650	-	750,650
Total noncurrent liabilities	131,348,969	2,739,478	134,088,447
Total liabilities	147,262,782	3,019,221	150,282,003
NET ASSETS			
Invested in capital assets, net of related debt	77,929,655	1,913,394	79,843,049
Restricted for debt service	6,323,412	-	6,323,412
Unrestricted	15,701,363	1,005,852	16,707,215
Total net assets	\$ 99,954,430	\$ 2,919,246	\$ 102,873,676

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

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds		
	Major Fund Water and Sewer Fund	Non-Major Fund Stormwater Utility Fund	Total
OPERATING REVENUES			
Current use charges	\$ 28,151,177	\$ -	\$ 28,151,177
Miscellaneous	868,335	60,240	928,575
Water and sewer tap fees	403,421	-	403,421
Stormwater service fees	-	1,247,883	1,247,883
Total operating revenues	<u>29,422,933</u>	<u>1,308,123</u>	<u>30,731,056</u>
OPERATING EXPENSES			
Personnel	3,981,924	281,378	4,263,302
Employee benefits	1,429,933	105,851	1,535,784
Purchased services	4,107,676	209,600	4,317,276
Supplies and materials	1,356,394	9,002	1,365,396
Other operating expenses	875,657	18,091	893,748
Depreciation and amortization	4,422,965	455,387	4,878,352
Total operating expenses	<u>16,174,549</u>	<u>1,079,309</u>	<u>17,253,858</u>
OPERATING INCOME	<u>13,248,384</u>	<u>228,814</u>	<u>13,477,198</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	51,862	1,642	53,504
Loss on disposal of assets	(132,306)	-	(132,306)
Interest expense	(1,667,595)	(131,287)	(1,798,882)
Total nonoperating revenues (expenses)	<u>(1,748,039)</u>	<u>(129,645)</u>	<u>(1,877,684)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	11,500,345	99,169	11,599,514
CAPITAL CONTRIBUTIONS	<u>547,289</u>	<u>300,000</u>	<u>847,289</u>
INCOME BEFORE TRANSFERS	<u>12,047,634</u>	<u>399,169</u>	<u>12,446,803</u>
TRANSFERS			
Transfers out	(1,957,000)	(168,000)	(2,125,000)
Total transfers	<u>(1,957,000)</u>	<u>(168,000)</u>	<u>(2,125,000)</u>
CHANGE IN NET ASSETS	10,090,634	231,169	10,321,803
TOTAL NET ASSETS - BEGINNING	<u>89,863,796</u>	<u>2,688,077</u>	<u>92,551,873</u>
TOTAL NET ASSETS - ENDING	<u>\$ 99,954,430</u>	<u>\$ 2,919,246</u>	<u>\$ 102,873,676</u>

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

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water & Sewer Fund	Stormwater Utility Fund	
Cash flows from operating activities			
Receipts from customers and users	\$ 37,332,838	\$ 1,218,752	\$ 38,551,590
Payments to employees for services	(3,766,787)	(290,627)	(4,057,414)
Payments to suppliers for goods and services	(7,769,660)	(404,970)	(8,174,630)
Other receipts	868,335	60,240	928,575
Net cash provided by operating activities	<u>26,664,726</u>	<u>583,395</u>	<u>27,248,121</u>
Cash flows from noncapital financing activities			
Transfers out	(1,957,000)	(168,000)	(2,125,000)
Net cash used in noncapital financing activities	<u>(1,957,000)</u>	<u>(168,000)</u>	<u>(2,125,000)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(46,837,569)	(272,548)	(47,110,117)
Principal payments on revenue bonds and notes	(2,355,966)	(230,000)	(2,585,966)
Proceeds from issuance of bonds and notes	11,501,847	-	11,501,847
Interest on bonds and notes	(815,301)	(132,088)	(947,389)
Net cash used in capital and related financing activities	<u>(38,506,989)</u>	<u>(634,636)</u>	<u>(39,141,625)</u>
Cash flows from investing activities			
Investment income	54,968	1,642	56,610
Net cash provided by investing activities	<u>54,968</u>	<u>1,642</u>	<u>56,610</u>
Net decrease in cash and cash equivalents	(13,744,295)	(217,599)	(13,961,894)
Cash and cash equivalents at beginning of year	77,986,835	669,120	78,655,955
Cash and cash equivalents at end of year	<u>\$ 64,242,540</u>	<u>\$ 451,521</u>	<u>\$ 64,694,061</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalent - current	\$ 7,083,264	\$ 388,691	\$ 7,471,955
Restricted cash and cash equivalent - noncurrent	57,159,276	62,830	57,222,106
Total cash and cash equivalents	<u>\$ 64,242,540</u>	<u>\$ 451,521</u>	<u>\$ 64,694,061</u>

(Continued)

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Funds		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Water & Sewer Fund</u>	<u>Stormwater Utility Fund</u>	
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 13,248,384	\$ 228,814	\$ 13,477,198
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,345,003	453,984	4,798,987
Amortization	77,962	1,403	79,365
(Increase) decrease in:			
Receivables	(90,732)	(29,131)	(119,863)
Inventories	132,405	-	132,405
Increase (decrease) in:			
Accounts payable	8,858,231	(62,426)	8,795,805
Accrued expenses	15,177	(898)	14,279
Compensated absences	78,820	(8,351)	70,469
Customer deposits	(524)	-	(524)
Cash flow from operating activities	<u>\$ 26,664,726</u>	<u>\$ 583,395</u>	<u>\$ 27,248,121</u>
Noncash investing, capital and financing activities:			
Contribution of capital asset	<u>\$ 547,289</u>	<u>\$ 300,000</u>	<u>\$ 847,289</u>

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

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2011**

Assets

Cash and cash equivalents	\$ 303,245
Investments	<u>59,819</u>

Total assets	<u>\$ 363,064</u>
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Liabilities

Due to others	<u>\$ 363,064</u>
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Total liabilities	<u>\$ 363,064</u>
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The Notes to Financial Statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The City is a participant with Florence County in a joint venture to operate the Florence City-County Civic Center. Both the City and County contributed \$397,300 as its share of the debt-service of the Civic Center. Any additional funding shortfall is to be paid equally by the City and County. The Civic Center Commission is comprised of nine members, four appointed by the City, four appointed by the County, and one by the members of the Commission. Neither of the participating governments have any equity interest in the joint venture; therefore, no equity interest has been reflected in the financial statements. Complete financial statements for the Florence City-County Civic Center can be obtained from the Director at 3300 West Radio Drive, Florence, South Carolina 29501.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all non-fiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund types

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. The funds consist of Hospitality, Housing Partnership, HOME Program, Community Development Block Grant, Rollcart Repair and Replacement, E-911, Victims Services, Drug Control, Federal Equitable Sharing, Tobacco/Alcohol Compliance, BJA Grant, NSP Grant, Accommodation Tax, DOJ Grant, Recreation Registration, Animal Shelter Development, and Public Safety Grants.

Capital Projects Fund – The Capital Projects Fund is used to account for the proceeds of bond indebtedness received specifically for capital construction projects.

Debt Service Fund - The Debt Service Fund is a governmental fund that is used to account for funds needed to make principal and interest payments on outstanding debt issues.

Proprietary fund types

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These funds consist of Water and Sewer Utilities and Stormwater Utility Funds.

Fiduciary fund types

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities which are presented as internal balances and eliminated in the total column. Interfund services provided and used are not eliminated. Governmental activities which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

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

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

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and investments

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

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

2. Receivables and payables

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

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

3. Inventory

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

4. Restricted assets

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

5. Capital assets

Governmental Funds

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

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital assets (Continued)

Proprietary Fund Types

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

Interest costs are capitalized as a part of the historical cost of acquiring certain business-type activity assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. The City capitalized \$2,860,760 in interest costs on construction projects during the year ended June 30, 2011.

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

6. Deferred and unearned revenues

Deferred revenues in the General Fund represent delinquent property taxes receivable expected to be collected later than 60 days after the end of the fiscal year. Unearned revenues in the General Fund represent local option sales taxes collected in the current year, but used to reduce property taxes in the subsequent year. Unearned revenues in the Special Revenue Fund represent money received in advance for a project or grant in which the expenditure will be made in a subsequent year.

7. Property taxes

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

Assessed values are established by the Florence County Tax Assessor and the South Carolina Department of Revenue and were approximately \$159 million for the 2010 tax year. The City's property tax rate for fiscal year 2011 was 56.7 mills (operating 53.7, debt service 3.0). Property taxes are billed and collected by Florence County under a joint billing and collection agreement.

All property taxes, with the exception of vehicle taxes, are mailed in October of each year and are levied on the assessed value established as of the prior January 1. The lien date is December 31 of each year. These property taxes are due and payable by January 15 of each year. A 3% penalty is assessed on unpaid taxes on January 16. On February 2, unpaid taxes are assessed an additional 7% for a total of 10%. On March 17, unpaid taxes are assessed an additional 5% for a total of 15%, and additional collection costs are added. Unpaid delinquent property taxes for real property and mobile homes may be subject to collection through a public property sale by Florence County.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Property taxes (Continued)

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

8. Compensated absences

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

9. Long-term obligations

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

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

10. Net assets/fund equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Net assets/fund equity (Continued)

Fund Statements

As of these financial statements, the City has adopted GASB Statement No. 54 which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned — Amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned — All amounts not included in other spendable classifications.

Beginning fund balances for the City's governmental funds have been restated to reflect the above classifications.

11. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

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

Accrued interest payable	\$ (99,203)
Capital leases payable	(9,563,108)
Notes payable	(1,829,137)
General obligation bonds payable	(5,345,000)
Compensated absences	<u>(2,522,737)</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	<u><u>\$ (19,359,185)</u></u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

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

Capital outlay	\$ 9,764,155
Depreciation expense	<u>(2,094,315)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 7,669,840</u>

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

In the statement of activities, only the gain on the disposal of capital assets is reported. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ 10,995</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 10,995</u>

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

Capital lease proceeds	\$ (47,025)
Proceeds from general obligation bond issuance	(5,345,000)
Payment of long-term debt principal	<u>1,162,813</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (4,229,212)</u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

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

Bond issue costs	\$ 37,000
Amortization expense	<u>(27,904)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 9,096</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences - current year	\$ (2,522,737)
Compensated absences - prior year	2,283,182
Accrued interest - current year accrual	(99,203)
Accrued interest - prior year accrual	<u>110,930</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (227,828)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

1. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Hospitality Fund, and Enterprise Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Legal budgets are adopted only for the General Fund, Hospitality Fund, and Enterprise Funds. Thus, the budgetary financial statements included in this report do not include non-budgeted 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 the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the original amounts and the final authorized amounts as revised during the year. The City made a mid-year budget reduction.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's policy requires deposits to be secured by collateral, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina, or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC). Deposits of the City of \$18,056,892 at June 30, 2011, are insured or collateralized with securities held by the pledging financial institutions' trust department in the name of the City.

Restricted cash of \$1,301,025 at June 30, 2011, in the Governmental Funds includes \$1,091,025 of unspent proceeds of capital leases and notes payable to be used for the purchase and construction of capital assets and \$210,000 to be used for debt service. Restricted cash of \$57,222,106 in the Enterprise Fund includes \$44,110,098 of unspent proceeds of revenue bonds to be used for the purchase and construction of capital assets.

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

Investments

As of June 30, 2011, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities</u> (in years)		<u>Credit Ratings</u>
		<u>Less Than 1</u>	<u>1 - 5</u>	
South Carolina Local Government Investment Pool	<u>\$ 20,843,808</u>	<u>\$20,843,808</u>	<u>\$ -</u>	N/A

Interest Rate Risk

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

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As a result, as of June 30, 2011, none of the City's investments are exposed to custodial credit risk.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

Concentrations of Credit Risk

The City places no limit on the amount that the City may be invested in any one issuer or type of investment. Credit quality distribution for securities with credit exposure as a percentage of total investments are as follows. As of June 30, 2011, all of the City's investments were with the South Carolina Local Government Investment Pool which is exempt from risk categorization because third-party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under regulatory oversight. The City owns no identifiable securities, but is a shareholder of a percentage of the South Carolina Local Government Investment Pool. Fair value was provided by the South Carolina Local Government Investment Pool and is the same as the value of the pool shares.

Credit Risk

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. As of June 30, 2011, none of the City's investments are exposed to credit risk.

B. Receivables

Receivables as of June 30, 2011, 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</u>	<u>Non-Major</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>
Accounts	\$ -	\$ -	\$ -	\$ 4,330,368	\$ 154,572
Taxes	255,397	-	-	-	-
Intergovernmental	2,530,495	-	263,783	-	-
Other	<u>4,372</u>	<u>275,544</u>	<u>-</u>	<u>712,449</u>	<u>-</u>
Gross receivables	2,790,264	275,544	263,783	5,042,817	154,572
Less allowance for uncollectibles	<u>(47,978)</u>	<u>-</u>	<u>-</u>	<u>(83,574)</u>	<u>(2,018)</u>
	<u><u>\$ 2,742,286</u></u>	<u><u>\$ 275,544</u></u>	<u><u>\$ 263,783</u></u>	<u><u>\$ 4,959,243</u></u>	<u><u>\$ 152,554</u></u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2011, 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	\$ 106,923	\$ -
Grant drawdowns prior to meeting all eligibility requirements	-	14,651
Local option sales tax receivable	<u>-</u>	<u>1,268,506</u>
	<u><u>\$ 106,923</u></u>	<u><u>\$ 1,283,157</u></u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

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

	Balances June 30, 2010	Increases	Decreases	Transfers	Balances June 30, 2011
Capital assets not being depreciated:					
Land	\$ 6,296,470	\$ -	\$ -	\$ 26,532	\$ 6,323,002
Construction in progress	3,123,573	7,292,222	-	(3,859,066)	6,556,729
Total capital assets not being depreciated	9,420,043	7,292,222	-	(3,832,534)	12,879,731
Capital assets being depreciated:					
Buildings	6,865,405	-	-	2,337,991	9,203,396
Infrastructure	18,711,012	84,784	-	1,332,254	20,128,050
Machinery and equipment	16,364,461	2,438,147	69,777	-	18,732,831
Total capital assets being depreciated	41,940,878	2,522,931	69,777	3,670,245	48,064,277
Less accumulated depreciation for:					
Buildings	2,899,872	156,961	-	-	3,056,833
Infrastructure	9,912,653	626,381	-	-	10,539,034
Machinery and equipment	12,289,348	1,310,973	67,756	-	13,532,565
Total accumulated depreciation	25,101,873	2,094,315	67,756	-	27,128,432
Total capital assets being depreciated, net	16,839,005	428,616	2,021	3,670,245	20,935,845
Governmental activities capital assets, net	\$ 26,259,048	\$ 7,720,838	\$ 2,021	\$ (162,289)	\$ 33,815,576

Included in additions are capital contributions in the amount of \$51,000.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

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

	Balances June 30, 2010	Increases	Decreases	Transfers	Balances June 30, 2011
Capital assets not being depreciated:					
Land	\$ 1,733,596	\$ -	\$ -	\$ -	\$ 1,733,596
Construction in progress	<u>13,600,008</u>	<u>46,771,869</u>	<u>19,833</u>	<u>(1,669,614)</u>	<u>58,682,430</u>
Total capital assets not being depreciated	<u>15,333,604</u>	<u>46,771,869</u>	<u>19,833</u>	<u>(1,669,614)</u>	<u>60,416,026</u>
Capital assets being depreciated:					
Buildings and system	158,183,005	842,457	340,124	1,733,070	160,418,408
Machinery and equipment	<u>7,339,992</u>	<u>575,207</u>	<u>79,756</u>	<u>98,833</u>	<u>7,934,276</u>
Total capital assets being depreciated	<u>165,522,997</u>	<u>1,417,664</u>	<u>419,880</u>	<u>1,831,903</u>	<u>168,352,684</u>
Less accumulated depreciation for:					
Buildings and system	51,953,290	4,424,837	207,351	(28,265)	56,142,511
Machinery and equipment	<u>5,969,472</u>	<u>374,133</u>	<u>78,962</u>	<u>28,265</u>	<u>6,292,908</u>
Total accumulated depreciation	<u>57,922,762</u>	<u>4,798,970</u>	<u>286,313</u>	<u>-</u>	<u>62,435,419</u>
Total capital assets being depreciated, net	<u>107,600,235</u>	<u>(3,381,306)</u>	<u>133,567</u>	<u>1,831,903</u>	<u>105,917,265</u>
Business-type activities capital assets, net	<u>\$ 122,933,839</u>	<u>\$ 43,390,563</u>	<u>\$ 153,400</u>	<u>\$ 162,289</u>	<u>\$ 166,333,291</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 123,656
Public safety	982,799
Public works	602,015
Culture and recreation	<u>385,845</u>
Total depreciation - governmental activities	<u>\$ 2,094,315</u>
Business-Type Activities	
Water and sewer	\$ 4,347,405
Stormwater	<u>453,984</u>
Total depreciation - business-type activities	<u>\$ 4,801,389</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2011, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 172,518	\$ 50,000
Nonmajor governmental	-	122,518
Stormwater utility	58,806	-
Water & sewer	-	58,806
Total	<u><u>\$ 231,324</u></u>	<u><u>\$ 231,324</u></u>

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

Interfund transfers for the year ended June 30, 2011, are as follows:

	<u>Transfer In</u>
	<u>General Fund</u>
Transfer Out	
Hospitality fund	\$ 570,000
Nonmajor governmental funds	99,189
Water and sewer enterprise fund	2,013,859
Nonmajor enterprise funds	168,000
Total transfers out	<u><u>\$ 2,851,048</u></u>

The transfers consist primarily of \$2,013,859 to General Fund from Water and Sewer Enterprise Fund and \$570,000 to General Fund from Hospitality Fund based on budgetary authorization.

E. Capital Leases

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

Machinery & Equipment	\$ 2,420,217
Infrastructure	2,448,959
Less: Accumulated Depreciation	<u>(1,248,226)</u>
Total	<u><u>\$ 3,620,950</u></u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these lease payments at June 30, 2011, were as follows:

Years Ending June 30.

2012	\$ 1,514,887
2013	1,511,273
2014	1,260,274
2015	835,522
2016	840,741
2017-2021	4,156,525
2022-2025	1,696,280
	<u>11,815,502</u>
Less amount representing interest	<u>2,252,394</u>
	<u><u>\$ 9,563,108</u></u>

F. Long-Term Debt

A summary of the changes in long-term liabilities for the year ended June 30, 2011, is as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
General obligations					
bonds	\$ -	\$ 5,345,000	\$ -	\$ 5,345,000	\$ 252,095
Capital leases	10,466,595	47,025	950,512	9,563,108	1,147,863
Notes payable	2,041,438	-	212,301	1,829,137	213,075
Compensated absences	2,283,182	1,255,364	1,015,809	2,522,737	100,000
	<u>\$ 14,791,215</u>	<u>\$ 6,647,389</u>	<u>\$ 2,178,622</u>	<u>\$ 19,259,982</u>	<u>\$ 1,713,033</u>
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 107,080,000	\$ -	\$ 1,385,000	\$ 105,695,000	\$ 2,625,000
Stormwater	3,160,000	-	230,000	2,930,000	240,000
Less deferred amounts					
Bond premium	800,082	-	49,432	750,650	-
Total bonds payable	111,040,082	-	1,664,432	109,375,650	2,865,000
Notes payable					
Water and sewer	17,419,575	11,501,845	970,964	27,950,456	1,033,150
Compensated absences					
Water and sewer	562,193	386,969	308,149	641,013	30,000
Stormwater	60,829	27,522	35,873	52,478	3,000
	<u>\$ 129,082,679</u>	<u>\$ 11,916,336</u>	<u>\$ 2,979,418</u>	<u>\$ 138,019,597</u>	<u>\$ 3,931,150</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Notes payable in the governmental activities are not general obligations of the City. Repayment is budgeted in the General Fund and Special Revenue Fund. For governmental activities, compensated absences are liquidated by the General Fund, and capital leases are liquidated by the General Fund and Special Revenue Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Bond and notes payable from governmental activities at June 30, 2011, are as follows:

In August 2010, the City issued a \$5,345,000 General Obligation Bond. The bond is for capital improvements, equipment purchases, and related issuance costs. The bond has a 3.16% interest rate and requires semi-annual interest payments and annual principal payments. The bond matures September 30, 2026. \$ 5,345,000

In June 2008, the City borrowed \$1,000,000 on a note guaranteed under Section 108 of the U.S. Department of Housing and Urban Development bearing interest from 2.62% to 5.19%. Interest is paid semi-annually, and principal payments of \$65,000 in 2009 to 2022 and a final payment of \$90,000 in 2023 are paid annually. The proceeds may be spent for the purpose of acquisition and rehabilitation of real property. 870,000

In July 2008, the City borrowed \$804,800 on a note guaranteed under the South Carolina Brownsfields Cleanup Revolving Loan Fund (BCLRF) bearing a 1% interest rate. Principal and interest payments of \$42,386 are due semi-annually through October 2019. 689,137

In October 2008, the City entered into an agreement with Batwing, LLC for the reimbursement of certain capital infrastructure improvements associated with the relocation of an existing railroad crossing in the amount of \$200,000. Payments are due November 1 each year for five years in the amount of \$40,000 with zero interest through November 2012 from Hospitality Fee revenues. 80,000

In November 2007, the City borrowed \$300,000 on a note from Pee Dee Electric Cooperative, Inc., bearing 0% interest. Principal payments are variable ranging from \$2,750 to \$2,525 per month plus a service charge of 1% of the unpaid balance for each year of the life of the note. The note matures in 2017. The proceeds may be spent solely to promote rural economic development. The note is collateralized by restricted cash of \$210,000 in the General Fund. 190,000

Total notes payable 1,829,137

\$ 7,174,137

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

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

Year Ending June 30	General Obligation Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 252,095	\$ 164,919	\$ 213,075	\$ 44,960	\$ 465,170	\$ 209,879
2013	264,807	156,752	213,858	41,817	478,665	198,569
2014	277,974	148,176	174,648	38,485	452,622	186,661
2015	291,609	139,177	175,447	35,042	467,056	174,219
2016	305,730	129,739	176,253	31,482	481,983	161,221
2017-2021	1,758,584	490,654	655,856	101,282	2,414,440	591,936
2022-2026	<u>2,194,201</u>	<u>179,332</u>	<u>220,000</u>	<u>18,322</u>	<u>2,414,201</u>	<u>197,654</u>
	<u>\$ 5,345,000</u>	<u>\$ 1,408,749</u>	<u>\$ 1,829,137</u>	<u>\$ 311,390</u>	<u>\$ 7,174,137</u>	<u>\$ 1,720,139</u>

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

	Date of Issuance	Original Issue	Interest Rate	Final Maturity	Balance June 30, 2010
Revenue Bonds	Series 2002	\$ 8,360,000	3.80	9/1/2017	\$ 5,845,000
	Series 2003B	2,000,000	3.90	9/1/2018	1,265,000
	Series 2006	4,000,000	4.18	6/2/2021	2,930,000
	Series 2010A	31,005,000	2.00 to 4.00	9/1/2024	30,590,000
	Series 2010B	67,995,000	5.625 to 6.280	9/1/2039	67,995,000
					<u>\$ 108,625,000</u>
Notes Payable	May 1999	2,767,997	3.50	3/1/2020	\$ 1,449,439
	May 2000	6,210,343	3.50	1/1/2032	4,929,791
	May 2000	4,062,403	4.25	6/1/2032	3,326,175
	October 2002	3,821,332	0.00	1/1/2012	382,134
	January 2003	2,517,834	3.75	2/1/2034	2,101,490
	June 2009	19,015,957	2.81	4/1/2031	15,761,427
				<u>\$ 27,950,456</u>	

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

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

Year Ending June 30	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,865,000	\$ 5,416,391	\$ 1,033,150	\$ 655,659	\$ 3,898,150	\$ 6,072,050
2013	2,935,000	5,335,522	1,239,596	903,433	4,174,596	6,238,955
2014	3,065,000	5,252,389	1,277,430	865,599	4,342,430	6,117,988
2015	3,190,000	5,166,234	1,316,646	826,383	4,506,646	5,992,617
2016	3,290,000	5,075,005	1,357,297	785,732	4,647,297	5,860,737
2017-2021	14,935,000	32,074,440	7,204,675	3,175,922	22,139,675	35,250,362
2022-2026	13,760,000	30,867,991	7,617,718	2,166,889	21,377,718	33,034,880
2027-2031	18,970,000	17,007,909	8,747,149	873,096	27,717,149	17,881,005
2032-2036	22,940,000	10,745,845	1,411,325	329,100	24,351,325	11,074,945
2037-2040	22,675,000	2,982,215	-	-	22,675,000	2,982,215
	108,625,000	119,923,941	31,204,986	10,581,813	139,829,986	130,505,754
Less: Amounts currently not drawn	** -	-	(3,254,530)	-	(3,254,530)	-
	<u>\$ 108,625,000</u>	<u>\$ 119,923,941</u>	<u>\$ 27,950,456</u>	<u>\$ 10,581,813</u>	<u>\$ 136,575,456</u>	<u>\$ 130,505,754</u>

** The City began drawing down on a note payable from the South Carolina Water Quality Revolving Fund Authority in July 2009. The total loan amount available to the City for the upgrade of the City's wastewater treatment plant is \$19,015,957. As of June 30, 2011, the City had drawn \$15,761,427 of this amount which is included in construction in process and in notes payable.

G. Fund Balances – Governmental Funds

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned — Amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority.

Unassigned — All amounts not included in other spendable classifications.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Fund Balances – Governmental Funds (Continued)

As of June 30, 2011, fund balances are composed of the following:

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Nonspendable	\$ 255,201	\$ -	\$ -	\$ 20,730	\$ 275,931
Restricted for					
REDLG Loan Security	210,000	-	-	-	210,000
Housing Partnership	-	-	-	2,500	2,500
HOME Program	-	-	-	316,243	316,243
E-911	-	-	-	149,805	149,805
Victim Services	-	-	-	140,198	140,198
Drug Control	-	-	-	64,781	64,781
Federal Equitable Sharing	-	-	-	26,676	26,676
Tobacco/Alcohol Compliance	-	-	-	5,245	5,245
NSP Grant	-	-	-	7,077	7,077
Accommodation Tax	-	-	-	10,315	10,315
Debt Service	-	-	-	377,639	377,639
Capital projects	-	-	625,128	-	625,128
Public Safety Grants	-	-	-	7,972	7,972
	<u>210,000</u>	<u>-</u>	<u>625,128</u>	<u>1,108,451</u>	<u>1,943,579</u>
Committed to					
Rollcart Repair & Replacement	-	-	-	607,271	607,271
Recreation Registration Fund	-	-	-	2,104	2,104
Debt Service	-	1,500,000	-	-	1,500,000
Civic Center Operations	-	758,824	-	-	758,824
Veteran's Park/Radio Dr	-	2,045	-	-	2,045
Tennis Center Construction	-	271,398	-	-	271,398
	<u>-</u>	<u>2,532,267</u>	<u>-</u>	<u>609,375</u>	<u>3,141,642</u>
Assigned to					
Subsequent Year's Expenditures	659,600	110,000	-	-	769,600
Recreation Projects	16,810	-	-	-	16,810
Park Commission	3,045	-	-	-	3,045
Recreation Programs	6,781	-	-	-	6,781
Drug Free Florence	3,331	-	-	-	3,331
Hospitality Fund	-	1,084,567	-	-	1,084,567
Employee Assistance	3,956	-	-	-	3,956
	<u>693,523</u>	<u>1,194,567</u>	<u>-</u>	<u>-</u>	<u>1,888,090</u>
Unassigned	8,740,538	-	-	-	8,740,538
Total Fund Balances	<u>\$ 9,899,262</u>	<u>\$ 3,726,834</u>	<u>\$ 625,128</u>	<u>\$ 1,738,556</u>	<u>\$ 15,989,780</u>

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

V. OTHER INFORMATION

A. Employee Benefits

1. State retirement plans

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

Generally, all full-time employees whose principal duties are the preservation of public order, protection, or prevention and control of property destruction by fire are eligible to participate in the SCPORS. The basic pension program is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate for retirement is 11.13%. Additionally, as part of the retirement program, the City provides group life insurance and accidental death to all SCPORS participants, and the employer's contribution for group life and accidental death insurance is .40%. There are no early retirement provisions under SCPORS. A member must have 25 years of service for full retirement or must be age 55 with 5 years of service. Both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14% of average final compensation, for each year of credited service.

During the year, the City contributed \$868,950 to the SCRS and \$885,198 to the SCPORS. Contributions by employees during the year were \$611,274 to the SCRS and \$516,962 to the SCPORS. The City's covered payroll for the SCRS and SCPORS was \$9,404,217 and \$7,953,262, respectively. Total current year payroll for all employees was \$17,462,659.

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

Three-Year Trend Information

<u>Year Ended</u>	<u>SCRS</u>		<u>SCPORS</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2009	\$ 895,144	100	\$ 810,597	100
June 30, 2010	\$ 899,467	100	\$ 848,533	100
June 30, 2011	\$ 868,950	100	\$ 885,198	100

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

V. OTHER INFORMATION

A. Employee Benefits

2. Deferred compensation plan

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

B. Postemployment Benefits Other Than Pensions

Plan description

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

As of July 1, 2009, the measurement date for the plan year 2011, there were 508 covered participants; 58 were retirees receiving benefits, and 450 were active participants.

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

Funding Policy

The City contributes a fixed-dollar amount indexed each year by the Consumer Price Index (CPI). The current average monthly premium for coverage until age 65 is approximately \$430.12 for retirees and \$887.95 for retiree and spouse. The cost of coverage for pre-65 retirees is also implicitly subsidized by the City. Spouses are implicitly subsidized until age 65. All coverage ends at the death of the retiree. The current average monthly premium is approximately \$286.73 for retirees after age 65.

For Retirees Before July 14, 2008

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

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

V. OTHER INFORMATION

B. Postemployment Benefits Other Than Pensions (Continued)

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

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

For Retirees After July 14, 2008

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

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

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

Annual OPEB Cost and Funded Status and Funding Progress

For 2011, the annual OPEB cost (expense) of \$803,200 for the Plan was equal to the ARC and was the amount contributed resulting in neither an OPEB asset or obligation. The following table shows the components of the City's annual OPEB cost for 2011.

Normal cost	\$ 134,000
30-year amortization of unfunded accrued liability (UAL)	669,200
Total annual required contribution	\$ 803,200

Contributions included \$439,705 paid by the City to the Plan to pre-fund benefits and \$363,495 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

V. OTHER INFORMATION (CONTINUED)

B. Postemployment Benefits Other Than Pensions (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the Net OPEB (obligation) asset for 2011 and the preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
6/30/2011	\$ 803,200	100%	\$ -
6/30/2010	\$ 795,000	100%	\$ -
6/30/2009	\$ 772,000	100%	\$ -

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

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

Actuarial Methods and Assumptions

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

The City uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 6.5% investment rate of return (net of both administrative and investment related expenses) and healthcare cost trend rates of 8.10% graded to 4.5% over 80 years with a 4% payroll growth rate. The asset valuation method used is market value. South Carolina state law currently restricts the investment of plan assets to certain fixed income investments. The SC ORBET Board intends to pursue a future constitutional amendment to clarify whether the trust may invest in a diversified portfolio including equities. The projected interest rate of 6.5% used to establish the actuarial accrued liability stated in this report is contingent upon a constitutional change that will allow the trust fund to invest in a diversified portfolio including equities beginning in 2015. The Plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 27 years.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

V. OTHER INFORMATION (CONTINUED)

C. Risk Management

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

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer, and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2011, the outstanding commitments total approximately \$54,780,406.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$1,157,000 for the year ended June 30, 2011, as its share of the operating, capital, and debt service costs of the Civic Center.

E. Contingencies

The City is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded.

The City participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at June 30, 2011, 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.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

V. OTHER INFORMATION (CONTINUED)

F. Restatement of Fund Balances

The City implemented Governmental Accounting Standards Board Statement No. 54 during the year. As a result of this implantation, the City reexamined the classification of several funds, and adjustments were made to restate beginning fund balance as follows:

	<u>General Fund</u>	<u>Hospitality Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances - as previously reported	\$ 9,750,270	\$ 5,278,728	\$ -	\$ 1,890,694	\$ 16,919,692
Funds moved from General Fund to Other Govern- mental Fund:					
Rollcart Repair and Replacement	(535,524)	-	-	535,524	-
Capital Projects Fund	62,279	-	(62,279)	-	-
Funds moved from Special Revenue to General Fund:					
Park Commission	2,299	-	-	(2,299)	-
Recreation Programs	6,553	-	-	(6,553)	-
Drug Free Florence	3,955	-	-	(3,955)	-
Employee Assistance	3,399	-	-	(3,399)	-
Funds moved from Special Revenue Funds to Agency Funds:					
Fire Trust	-	-	-	(86,419)	(86,419)
Veterans Park Development	-	-	-	(12)	(12)
Fund Balances - as restated	<u>\$ 9,293,231</u>	<u>\$ 5,278,728</u>	<u>\$ (62,279)</u>	<u>\$ 2,323,581</u>	<u>\$ 16,833,261</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

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**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFITS**

SCHEDULE OF FUNDING PROGRESS

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30, 2011	Annual Required Contribution	Actual Contribution	Net OPEB Liability	Percent Contributed
Primary Government				
2009	\$ 772,000	\$ 772,000	\$ -	100%
2010	\$ 795,000	\$ 795,000	\$ -	100%
2011	\$ 803,200	\$ 803,200	\$ -	100%

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OTHER FINANCIAL INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

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

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

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

Rollcart Repair and Replacement – This fund is used to account for the costs associated with the repair and replacement of garbage collection rollcarts and recycle bins within the City.

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUND

To account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Rollcart Repair and Replacement</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 316,243	\$ -	\$ 365,923
Due from other governments	60,000	-	54,027	-
Inventory	-	-	-	20,730
Investments	-	-	-	241,348
Total assets	<u>\$ 60,000</u>	<u>\$ 316,243</u>	<u>\$ 54,027</u>	<u>\$ 628,001</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 10,081	\$ -
Due to other funds	57,500	-	43,946	-
Unearned revenue	-	-	-	-
Total liabilities	<u>57,500</u>	<u>-</u>	<u>54,027</u>	<u>-</u>
Fund balances:				
Restricted	2,500	316,243	-	-
Committed	-	-	-	628,001
Total fund balances	<u>2,500</u>	<u>316,243</u>	<u>-</u>	<u>628,001</u>
Total liabilities and fund balances	<u>\$ 60,000</u>	<u>\$ 316,243</u>	<u>\$ 54,027</u>	<u>\$ 628,001</u>

Special Revenue Funds

E-911	Victims Services	Drug Control	Federal Equitable Sharing	Tobacco/ Alcohol Compliance	BJA Grant	NSP Grant
\$ 149,805	\$ 19,524	\$ 34,054	\$ 26,676	\$ 5,245	\$ 7	\$ 41,935
-	-	-	-	-	10,621	-
-	-	-	-	-	-	-
-	120,674	30,796	-	-	-	-
<u>\$ 149,805</u>	<u>\$ 140,198</u>	<u>\$ 64,850</u>	<u>\$ 26,676</u>	<u>\$ 5,245</u>	<u>\$ 10,628</u>	<u>\$ 41,935</u>
\$ -	\$ -	\$ 69	\$ -	\$ -	\$ -	\$ 34,858
-	-	-	-	-	10,628	-
-	-	-	-	-	-	-
-	-	69	-	-	10,628	34,858
149,805	140,198	64,781	26,676	5,245	-	7,077
-	-	-	-	-	-	-
<u>149,805</u>	<u>140,198</u>	<u>64,781</u>	<u>26,676</u>	<u>5,245</u>	<u>-</u>	<u>7,077</u>
<u>\$ 149,805</u>	<u>\$ 140,198</u>	<u>\$ 64,850</u>	<u>\$ 26,676</u>	<u>\$ 5,245</u>	<u>\$ 10,628</u>	<u>\$ 41,935</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2011**

	<u>Accommodation Tax</u>	<u>DOJ Grant</u>	<u>Recreation Registration</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 16,755
Due from other governments	139,135	-	-
Inventory	-	-	-
Investments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 139,135</u>	<u>\$ -</u>	<u>\$ 16,755</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 118,376	\$ -	\$ -
Due to other funds	10,444	-	-
Unearned revenue	-	-	14,651
	<u>-</u>	<u>-</u>	<u>14,651</u>
Total liabilities	<u>128,820</u>	<u>-</u>	<u>14,651</u>
Fund balances:			
Restricted	10,315	-	-
Committed	-	-	2,104
	<u>-</u>	<u>-</u>	<u>2,104</u>
Total fund balances	<u>10,315</u>	<u>-</u>	<u>2,104</u>
Total liabilities and fund balances	<u>\$ 139,135</u>	<u>\$ -</u>	<u>\$ 16,755</u>

Special Revenue Funds

Animal Shelter Development	Public Safety Grants	Debt Service	Total Nonmajor Governmental Funds
\$ 44,423	\$ 7,972	\$ 377,639	\$ 1,406,201
-	-	-	263,783
-	-	-	20,730
-	-	-	392,818
<u>\$ 44,423</u>	<u>\$ 7,972</u>	<u>\$ 377,639</u>	<u>\$ 2,083,532</u>
\$ 44,423	\$ -	\$ -	\$ 207,807
-	-	-	122,518
-	-	-	14,651
<u>44,423</u>	<u>-</u>	<u>-</u>	<u>344,976</u>
-	7,972	377,639	1,108,451
-	-	-	630,105
-	7,972	377,639	1,738,556
<u>\$ 44,423</u>	<u>\$ 7,972</u>	<u>\$ 377,639</u>	<u>\$ 2,083,532</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	Housing Partnership	HOME Program	Community Development Block Grants	Rollcart Repair and Replacement
Revenues				
Intergovernmental	\$ -	\$ 2,145	\$ 431,022	\$ -
Charges for services	-	-	-	-
Property taxes	-	-	-	-
Investment earnings	-	34	219	945
Miscellaneous	62,500	-	-	92,042
Total revenues	<u>62,500</u>	<u>2,179</u>	<u>431,241</u>	<u>92,987</u>
Expenditures				
Current				
General government	-	-	-	510
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community development	60,000	-	325,073	-
Debt service				
Debt service principal	-	-	65,326	-
Debt service interest	-	-	40,066	-
Capital outlay	-	-	353,996	-
Total expenditures	<u>60,000</u>	<u>-</u>	<u>784,461</u>	<u>510</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,500</u>	<u>2,179</u>	<u>(353,220)</u>	<u>92,477</u>
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,500	2,179	(353,220)	92,477
Fund balances at beginning of year	-	314,064	353,220	535,524
Fund balances at end of year	<u>\$ 2,500</u>	<u>\$ 316,243</u>	<u>\$ -</u>	<u>\$ 628,001</u>

Special Revenue Funds

E-911	Victims Services	Drug Control	Federal Equitable Sharing	Tobacco/ Alcohol Compliance	BJA Grant	NSP Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,358	\$124,889
141,675	-	-	-	-	-	-
-	-	-	-	-	-	-
18	450	365	7	1	-	-
-	105,116	17,667	5,991	-	-	-
<u>141,693</u>	<u>105,566</u>	<u>18,032</u>	<u>5,998</u>	<u>1</u>	<u>12,358</u>	<u>124,889</u>
71,273	-	-	-	1,340	-	-
-	-	70,703	28,893	-	12,358	-
-	-	-	-	-	-	-
-	-	-	-	-	-	117,812
-	-	-	-	-	-	-
-	-	-	-	-	-	-
36,659	-	-	-	-	-	-
<u>107,932</u>	<u>-</u>	<u>70,703</u>	<u>28,893</u>	<u>1,340</u>	<u>12,358</u>	<u>117,812</u>
33,761	105,566	(52,671)	(22,895)	(1,339)	-	7,077
-	(106,921)	-	-	-	-	-
-	(106,921)	-	-	-	-	-
33,761	(1,355)	(52,671)	(22,895)	(1,339)	-	7,077
116,044	141,553	117,452	49,571	6,584	-	-
<u>\$ 149,805</u>	<u>\$ 140,198</u>	<u>\$ 64,781</u>	<u>\$ 26,676</u>	<u>\$ 5,245</u>	<u>\$ -</u>	<u>\$ 7,077</u>

CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011

	Justice Assistance Grant	Accommodation Tax	DOJ Grant	Recreation Registration
Revenues				
Intergovernmental	\$ 80	\$ 414,124	\$ 3,926	\$ -
Charges for services	-	-	-	96,324
Property taxes	-	-	-	-
Investment earnings	-	4	-	7
Miscellaneous	-	-	-	-
Total revenues	<u>80</u>	<u>414,128</u>	<u>3,926</u>	<u>96,331</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	80	-	3,926	-
Culture and recreation	-	455,776	-	96,325
Community development	-	-	-	-
Debt service				
Debt service principal	-	-	-	-
Debt service interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>80</u>	<u>455,776</u>	<u>3,926</u>	<u>96,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(41,648)</u>	<u>-</u>	<u>6</u>
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(41,648)	-	6
Fund balances at beginning of year	-	51,963	-	2,098
Fund balances at end of year	<u>\$ -</u>	<u>\$ 10,315</u>	<u>\$ -</u>	<u>\$ 2,104</u>

Special Revenue Funds

Animal Shelter Development	Public Safety Grants	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 988,544
-	-	-	237,999
-	-	467,658	467,658
730	1	-	2,781
293,088	-	-	576,404
<u>293,818</u>	<u>1</u>	<u>467,658</u>	<u>2,273,386</u>
-	-	-	73,123
-	946	-	116,906
13,281	-	-	565,382
-	-	-	502,885
-	-	-	65,326
-	-	90,019	130,085
914,860	-	-	1,305,515
<u>928,141</u>	<u>946</u>	<u>90,019</u>	<u>2,759,222</u>
<u>(634,323)</u>	<u>(945)</u>	<u>377,639</u>	<u>(485,836)</u>
7,732	-	-	(99,189)
<u>7,732</u>	<u>-</u>	<u>-</u>	<u>(99,189)</u>
(626,591)	(945)	377,639	(585,025)
<u>626,591</u>	<u>8,917</u>	<u>-</u>	<u>2,323,581</u>
<u>\$ -</u>	<u>\$ 7,972</u>	<u>\$ 377,639</u>	<u>\$ 1,738,556</u>

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**PROPRIETARY FUNDS -
ENTERPRISE FUNDS**

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.

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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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Current use charges	\$ 28,449,000	\$ 28,574,000	\$ 28,151,177	\$ (422,823)
Miscellaneous	810,000	719,000	868,335	149,335
Water and sewer tap fees	405,000	395,000	403,421	8,421
Total operating revenues	<u>29,664,000</u>	<u>29,688,000</u>	<u>29,422,933</u>	<u>(265,067)</u>
OPERATING EXPENSES				
Personnel	4,215,810	4,029,830	3,981,924	(47,906)
Employee benefits	1,458,310	1,444,920	1,429,933	(14,987)
Purchased services	4,010,910	4,243,170	4,107,676	(135,494)
Supplies and materials	1,297,800	1,252,280	1,356,394	104,114
Other operating expenses	1,023,900	1,267,080	875,657	(391,423)
Depreciation and amortization	4,500,000	4,500,000	4,422,965	(77,035)
Total operating expenses	<u>16,506,730</u>	<u>16,737,280</u>	<u>16,174,549</u>	<u>(562,731)</u>
OPERATING INCOME	<u>13,157,270</u>	<u>12,950,720</u>	<u>13,248,384</u>	<u>297,664</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	45,000	45,000	51,862	6,862
Loss on disposal of assets	-	-	(132,306)	(132,306)
Interest expense	(2,670,000)	(2,670,000)	(1,667,595)	1,002,405
Total non-operating revenue (expenses)	<u>(2,625,000)</u>	<u>(2,625,000)</u>	<u>(1,748,039)</u>	<u>876,961</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,532,270	10,325,720	11,500,345	1,174,625
CAPITAL CONTRIBUTIONS	-	-	547,289	547,289
INCOME BEFORE TRANSFER	10,532,270	10,325,720	12,047,634	1,721,914
TRANSFERS				
Transfers out	(10,532,270)	(10,325,720)	(1,957,000)	8,368,720
CHANGE IN NET ASSETS	-	-	10,090,634	10,090,634
TOTAL NET ASSETS - BEGINNING	<u>89,963,796</u>	<u>89,863,796</u>	<u>89,863,796</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 89,963,796</u>	<u>\$ 89,863,796</u>	<u>\$ 99,954,430</u>	<u>\$ 10,090,634</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Stormwater service fees	\$ 1,240,000	\$1,241,000	\$ 1,247,883	\$ 6,883
Miscellaneous	59,500	58,900	60,240	1,340
Total operating revenues	<u>1,299,500</u>	<u>1,299,900</u>	<u>1,308,123</u>	<u>8,223</u>
OPERATING EXPENSES				
Personnel	296,630	314,000	281,378	(32,622)
Employee benefits	110,470	119,480	105,851	(13,629)
Purchased services	214,500	215,220	209,600	(5,620)
Supplies and materials	14,900	8,700	9,002	302
Other operating expenses	24,500	18,300	18,091	(209)
Depreciation and amortization	450,000	450,000	455,387	5,387
Total operating expenses	<u>1,111,000</u>	<u>1,125,700</u>	<u>1,079,309</u>	<u>(46,391)</u>
OPERATING INCOME	<u>188,500</u>	<u>174,200</u>	<u>228,814</u>	<u>54,614</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	500	100	1,642	1,542
Interest expense	-	-	(131,287)	(131,287)
Total non-operating revenue (expenses)	<u>500</u>	<u>100</u>	<u>(129,645)</u>	<u>(129,745)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	189,000	174,300	99,169	(75,131)
CAPITAL CONTRIBUTIONS	-	-	300,000	300,000
INCOME BEFORE TRANSFERS TRANSFERS OUT	189,000 <u>(189,000)</u>	174,300 <u>(174,300)</u>	399,169 <u>(168,000)</u>	224,869 <u>6,300</u>
CHANGE IN NET ASSETS	-	-	231,169	231,169
TOTAL NET ASSETS - BEGINNING	<u>2,688,077</u>	<u>2,688,077</u>	<u>2,688,077</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,688,077</u>	<u>\$2,688,077</u>	<u>\$ 2,919,246</u>	<u>\$ 231,169</u>

AGENCY FUNDS

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

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

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

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

Fire Trust – 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 firefighters.

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

**CITY OF FLORENCE, SOUTH CAROLINA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2011**

	<u>Keep Florence Beautiful</u>	<u>Court Escrow</u>	<u>Fire Trust</u>	<u>Veterans Park Development</u>	<u>Narcotics Holding Funds</u>	<u>Totals</u>
Assets						
Cash and cash equivalents	\$ -	\$ 46,515	\$ 10,606	\$ 34,231	\$ 211,893	\$ 303,245
Investments	-	-	-	-	59,819	59,819
Total assets	<u>\$ -</u>	<u>\$ 46,515</u>	<u>\$ 10,606</u>	<u>\$ 34,231</u>	<u>\$ 271,712</u>	<u>\$ 363,064</u>
Liabilities						
Due to others	\$ -	\$ 46,515	\$ 10,606	\$ 34,231	\$ 271,712	\$ 363,064
Total liabilities	<u>\$ -</u>	<u>\$ 46,515</u>	<u>\$ 10,606</u>	<u>\$ 34,231</u>	<u>\$ 271,712</u>	<u>\$ 363,064</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2011</u>
<u>Keep Florence Beautiful</u>				
Assets				
Cash and cash equivalents	\$ -	\$ 250	\$ 250	\$ -
Liabilities				
Due to others	\$ -	\$ 250	\$ 250	\$ -
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 48,850	\$ 3,150	\$ 5,485	\$ 46,515
Liabilities				
Due to others	\$ 48,850	\$ 3,150	\$ 5,485	\$ 46,515
<u>Fire Trust</u>				
Assets				
Cash and cash equivalents	\$ 86,420	\$ 103,114	\$ 178,928	\$ 10,606
Liabilities				
Due to others	\$ 86,420	\$ 103,114	\$ 178,928	\$ 10,606
<u>Veterans Park Development</u>				
Assets				
Cash and cash equivalents	\$ 21,213	\$ 36,692	\$ 23,674	\$ 34,231
Liabilities				
Due to others	\$ 21,213	\$ 36,692	\$ 23,674	\$ 34,231
<u>Narcotics Holding Funds</u>				
Assets				
Cash and cash equivalents	\$ 177,290	\$ 34,603	\$ -	\$ 211,893
Investments	59,599	220	-	59,819
	<u>\$ 236,889</u>	<u>\$ 34,823</u>	<u>\$ -</u>	<u>\$ 271,712</u>
Liabilities				
Due to others	\$ 236,889	\$ 34,823	\$ -	\$ 271,712
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 333,773	\$ 177,809	\$ 208,337	\$ 303,245
Investments	59,599	220	-	59,819
Total Assets	<u>\$ 393,372</u>	<u>\$ 178,029</u>	<u>\$ 208,337</u>	<u>\$ 363,064</u>
Liabilities				
Due to others	\$ 393,372	\$ 178,029	\$ 208,337	\$ 363,064
Total Liabilities	<u>\$ 393,372</u>	<u>\$ 178,029</u>	<u>\$ 208,337</u>	<u>\$ 363,064</u>

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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, 2011**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
REVENUES				
Property taxes				
Current	\$ 3,527,000	\$ 3,944,000	\$ 3,480,693	\$ (463,307)
Local option sales tax	5,250,000	5,144,000	5,144,540	540
Penalties	5,500	6,300	6,673	373
Payments in lieu of taxes	80,000	110,000	111,264	1,264
Delinquent taxes	67,000	124,000	134,643	10,643
Total Property Taxes	<u>8,929,500</u>	<u>9,328,300</u>	<u>8,877,813</u>	<u>(450,487)</u>
Licenses and fees				
Business and professional license	7,050,000	6,810,000	6,707,864	(102,136)
Franchise fees	3,675,000	3,525,000	3,479,557	(45,443)
Prior year business license	225,000	160,000	160,520	520
Total Licenses and Fees	<u>10,950,000</u>	<u>10,495,000</u>	<u>10,347,941</u>	<u>(147,059)</u>
Intergovernmental				
State shared revenue	700,000	696,000	711,684	15,684
Governmental reimbursements	210,000	210,000	213,039	3,039
Community development	40,000	40,000	40,000	-
Grants	615,000	659,700	660,565	865
Marketing and promotion	90,000	100,000	100,000	-
Total Intergovernmental	<u>1,655,000</u>	<u>1,705,700</u>	<u>1,725,288</u>	<u>19,588</u>
Charges for services				
Refuse - landfill fee	1,300,000	1,324,000	1,324,891	891
Refuse - collection fee	315,000	310,000	311,638	1,638
Planning and zoning fees	31,000	29,000	28,050	(950)
Recreation fees	247,500	221,000	226,404	5,404
Total Charges for Services	<u>1,893,500</u>	<u>1,884,000</u>	<u>1,890,983</u>	<u>6,983</u>
Fines and Forfeitures				
Criminal fines	170,000	160,000	156,474	(3,526)
Traffic fines	775,000	550,000	509,315	(40,685)
Parking violations fines	13,000	25,000	25,750	750
Animal control fines	1,600	3,000	4,250	1,250
Total Fines and Forfeitures	<u>959,600</u>	<u>738,000</u>	<u>695,789</u>	<u>(42,211)</u>
Miscellaneous				
Investment income	35,400	15,000	16,213	1,213
Miscellaneous	133,000	85,000	109,008	24,008
Concessions	90,000	55,000	47,003	(7,997)
Total Miscellaneous	<u>258,400</u>	<u>155,000</u>	<u>172,224</u>	<u>17,224</u>
TOTAL REVENUES	<u>24,646,000</u>	<u>24,306,000</u>	<u>23,710,038</u>	<u>(595,962)</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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES				
General government				
City Council				
Salary and wages	\$ 108,750	\$ 109,920	\$ 108,979	\$ 941
Retirement	9,770	11,520	10,430	1,090
Health insurance	36,030	43,710	43,609	101
Workers' compensation	8,380	8,380	6,713	1,667
Social security	8,320	8,050	7,496	554
Printing and supplies	6,000	5,000	4,662	338
Postage	100	50	31	19
Membership and dues	18,000	18,000	17,231	769
Travel and conferences	32,000	26,500	26,006	494
Telephone expense	50	50	-	50
Telephone related services	1,500	1,500	1,392	108
Professional services	25,000	36,000	34,778	1,222
Special departmental supplies	6,000	5,000	2,052	2,948
Total City Council	259,900	273,680	263,379	10,301
Legal Services				
Salary and wages	58,900	63,830	60,902	2,928
Retirement	5,530	5,480	5,256	224
Health insurance	5,290	7,760	7,717	43
Workers' compensation	510	510	433	77
Social security	4,510	4,420	4,290	130
Printing and supplies	1,600	1,100	1,150	(50)
Postage	250	500	440	60
Membership and dues	500	200	-	200
Travel and conferences	750	400	60	340
Telephone expense	300	300	274	26
Telephone related services	400	450	234	216
Employee training	700	700	265	435
Professional services	80,000	93,000	91,892	1,108
Special departmental supplies	500	400	-	400
Total Legal Services	159,740	179,050	172,913	6,137
Justice and Law				
Salary and wages	306,420	302,400	300,651	1,749
Retirement	30,360	30,240	29,479	761
Health insurance	36,680	36,360	36,059	301
Workers' compensation	8,380	8,380	6,713	1,667
Social security	23,440	23,130	21,954	1,176
Printing and supplies	8,000	9,000	8,505	495
Postage	3,000	3,300	3,203	97
Membership and dues	200	200	90	110

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Justice and Law (Continued)				
Travel and conferences	\$ 3,000	\$ 1,200	\$ 1,077	\$ 123
Auto operating expenses	5,000	4,800	4,721	79
Telephone expense	1,000	800	768	32
Telephone related services	1,500	2,400	2,217	183
Maintenance and service contracts	4,500	5,000	4,972	28
Machine and equipment repairs	250	100	-	100
Employee training	2,500	2,000	1,819	181
Professional services	15,000	12,300	11,265	1,035
Special departmental supplies	5,000	6,800	11,495	(4,695)
Total Justice and Law	<u>454,230</u>	<u>448,410</u>	<u>444,988</u>	<u>3,422</u>
City Manager				
Salary and wages	348,720	340,670	335,596	5,074
Retirement	32,740	32,030	31,578	452
Health insurance	34,520	28,010	27,686	324
Workers' compensation	6,010	5,260	4,818	442
Social security	26,680	23,430	23,173	257
Printing and supplies	4,200	3,750	3,351	399
Postage	1,500	1,250	773	477
Membership and dues	4,000	4,200	4,101	99
Travel and conferences	5,000	7,700	7,439	261
Car allowance	7,200	7,200	7,200	-
Auto operating expenses	200	600	474	126
Telephone expense	2,400	2,500	2,392	108
Telephone related services	2,300	2,200	2,111	89
Maintenance and service contracts	750	1,000	711	289
Employee training	1,000	1,400	1,293	107
Professional services	1,290	9,000	8,866	134
Special departmental supplies	2,000	1,100	880	220
Gas and oil	1,100	1,100	1,040	60
Total City Manager	<u>481,610</u>	<u>472,400</u>	<u>463,482</u>	<u>8,918</u>
Finance				
Salary and wages	461,920	476,810	443,452	33,358
Retirement	47,040	43,760	41,433	2,327
Health insurance	52,510	53,630	53,343	287
Workers' compensation	13,200	13,200	10,557	2,643
Social security	38,320	35,810	33,093	2,717
Printing and supplies	4,200	2,900	1,953	947
Postage	9,000	9,700	9,218	482

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Finance (Continued)				
Membership and dues	\$ 1,700	\$ 1,500	\$ 1,377	\$ 123
Travel and conferences	2,500	3,000	2,680	320
Auto operating expenses	200	400	258	142
Telephone expense	3,200	3,200	2,944	256
Telephone related services	2,500	2,000	1,928	72
Maintenance and service contracts	7,500	9,000	8,614	386
Machine and equipment repairs	100	100	-	100
Public notices	1,300	1,000	684	316
Employee training	2,500	1,500	1,123	377
Professional services	39,500	75,500	75,430	70
Special departmental supplies	73,000	74,000	73,070	930
Gas and oil	300	400	344	56
Total Finance	<u>760,490</u>	<u>807,410</u>	<u>761,501</u>	<u>45,909</u>
Personnel				
Salary and wages	275,480	257,460	253,949	3,511
Retirement	25,870	23,960	23,433	527
Health insurance	31,420	31,920	31,621	299
Workers' compensation	7,190	6,690	5,739	951
Social security	21,070	19,650	18,584	1,066
Printing and supplies	10,000	10,500	10,742	(242)
Postage	1,450	2,650	2,501	149
Membership and dues	1,400	1,400	745	655
Travel and conferences	1,400	1,400	551	849
Auto operating expenses	200	600	303	297
Telephone expense	1,000	1,000	882	118
Telephone related services	2,000	2,000	1,408	592
Maintenance and service contracts	3,500	3,500	2,829	671
Machine and equipment repairs	200	200	-	200
Public notices	8,000	27,000	27,229	(229)
Employee training	1,000	1,000	621	379
Professional services	25,000	30,000	28,933	1,067
Medical expenses	55,000	56,400	32,032	24,368
Special departmental supplies	6,000	7,000	3,672	3,328
Gas and oil	500	500	93	407
Total Personnel	<u>477,680</u>	<u>484,830</u>	<u>445,867</u>	<u>38,963</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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
General government (Continued)				
Community Service				
Salary and wages	\$ 311,800	\$ 304,010	\$ 301,758	\$ 2,252
Retirement	29,280	28,280	28,062	218
Health insurance	41,870	41,520	41,407	113
Workers' compensation	9,610	8,110	7,688	422
Social security	23,850	23,360	22,760	600
Printing and supplies	4,500	3,000	2,550	450
Postage	1,200	1,400	1,285	115
Membership and dues	1,000	800	485	315
Travel and conferences	2,700	1,200	445	755
Auto operating expenses	2,000	2,000	1,719	281
Telephone expense	1,200	1,400	1,292	108
Telephone related services	2,700	2,800	2,703	97
Radio maintenance	500	500	-	500
Maintenance and service contracts	2,800	2,100	1,270	830
Uniform and clothing	500	500	-	500
Employee training	2,000	1,500	295	1,205
Professional services	7,000	12,400	12,241	159
Special departmental supplies	5,400	7,300	6,874	426
Gas and oil	7,500	7,500	6,601	899
Total Community Service	457,410	449,680	439,435	10,245
Urban Planning & Development				
Salary and wages	327,360	312,760	281,724	31,036
Retirement	30,740	28,690	26,211	2,479
Health insurance	36,200	38,640	38,598	42
Workers' compensation	9,620	9,620	7,742	1,878
Social security	25,040	24,790	20,778	4,012
Printing and supplies	10,000	7,000	4,029	2,971
Postage	2,000	2,000	1,144	856
Membership and dues	3,000	3,000	2,571	429
Travel and conferences	3,500	3,500	2,195	1,305
Auto operating expenses	500	500	169	331
Electricity	9,000	9,000	8,637	363
Telephone expense	1,000	800	549	251
Telephone related services	2,200	2,200	1,639	561
Maintenance and service contracts	15,000	15,000	14,585	415
Maintenance and equipment repairs	1,000	1,000	-	1,000
Building maintenance	8,000	13,600	22,784	(9,184)
Public notices	10,000	4,210	3,056	1,154

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Urban Planning & Development (Continued)				
Rent payments	\$ 17,600	\$ 17,600	\$ 17,417	\$ 183
Employee training	3,000	7,700	6,890	810
Professional services	70,000	156,000	115,676	40,324
Special departmental supplies	1,000	1,000	931	69
Gas and oil	3,000	3,000	2,109	891
Water usage	1,200	1,200	923	277
Total Urban Planning & Development	589,960	662,810	580,357	82,453
Total General Government	3,641,020	3,778,270	3,571,922	206,348
Public Safety				
Police				
Salary and wages	5,747,230	5,534,370	5,464,048	70,322
Retirement	653,510	606,890	604,780	2,110
Health insurance	772,830	745,440	743,566	1,874
Workers' compensation	194,260	159,260	155,328	3,932
Social security	439,660	403,980	402,518	1,462
Printing and supplies	12,000	5,000	3,022	1,978
Postage	4,000	4,000	2,406	1,594
Membership and dues	1,000	1,500	1,355	145
Travel and conferences	500	500	474	26
Auto operating expenses	100,000	100,000	88,517	11,483
Electricity	15,000	21,000	19,581	1,419
Telephone expense	12,500	8,500	7,926	574
Telephone related services	32,000	35,000	34,625	375
Radio maintenance	7,000	7,000	4,120	2,880
Maintenance service contracts	29,000	30,500	29,635	865
Machine and equipment repairs	9,500	9,500	5,978	3,522
Building and maintenance	4,000	3,000	735	2,265
Uniform and clothing	65,000	65,000	64,294	706
Prisoner housing	300,000	349,500	348,070	1,430
Rent payments	27,000	27,000	27,000	-
Employee training	18,000	18,000	16,936	1,064
Professional services	16,000	13,500	10,101	3,399
Pal expenses	5,000	5,000	2,598	2,402
Medical expenses	1,000	-	-	-
Rewards	1,000	-	-	-
Special departmental supplies	58,000	45,005	43,156	1,849

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Police (Continued)				
Gas and oil	\$ 270,000	\$ 306,425	\$ 281,569	\$ 24,856
Water usage	2,700	4,410	4,187	223
Grant expenditures	7,000	33,160	33,207	(47)
Capital outlay	15,000	15,000	-	15,000
Total Police	8,819,690	8,557,440	8,399,732	157,708
Fire				
Salary and wages	3,269,970	3,080,020	3,007,928	72,092
Retirement	375,760	344,020	338,422	5,598
Health insurance	412,410	409,730	407,832	1,898
Workers' compensation	86,370	71,370	69,083	2,287
Social security	250,150	224,220	221,337	2,883
Printing and supplies	1,500	750	321	429
Postage	150	100	95	5
Membership and dues	900	800	653	147
Travel and conferences	1,500	1,800	1,770	30
Auto operating expenses	40,000	39,000	34,309	4,691
Electricity	40,000	37,500	33,384	4,116
Telephone expense	12,000	14,200	14,029	171
Telephone related services	12,000	11,200	11,052	148
Heating fuel	27,000	21,500	19,720	1,780
Fire prevention	15,000	11,000	10,466	534
Radio maintenance	5,000	5,000	4,052	948
Maintenance service contracts	18,500	15,000	14,729	271
Machine and equipment repairs	6,000	5,000	3,610	1,390
Building and maintenance	25,000	23,000	18,017	4,983
Uniform and clothing	88,800	88,800	86,792	2,008
Employee training	20,000	16,200	18,342	(2,142)
Professional services	6,500	7,000	6,916	84
Special departmental supplies	40,000	40,000	47,495	(7,495)
Gas and oil	40,000	55,000	42,126	12,874
Water usage	12,000	15,500	14,102	1,398
Capital outlay	65,000	103,000	68,654	34,346
Total Fire	4,871,510	4,640,710	4,495,236	145,474
Total Public Safety	13,691,200	13,198,150	12,894,968	303,182

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Public Works				
Streets and Beautification				
Salaries and wages	\$ 857,390	\$ 822,350	\$ 815,393	\$ 6,957
Retirement	80,540	77,540	73,962	3,578
Health insurance	140,900	137,760	133,732	4,028
Workers' compensation	35,960	35,960	28,748	7,212
Social security	65,590	62,860	61,207	1,653
Printing and supplies	200	450	448	2
Postage	100	100	20	80
Membership and dues	300	50	-	50
Auto operating expenses	20,000	24,600	24,389	211
Electricity	14,500	14,500	13,773	727
Telephone related services	1,000	1,600	1,481	119
Radio maintenance	1,000	800	680	120
Maintenance and service contracts	1,000	400	351	49
Machine and equipment repairs	31,000	33,000	32,394	606
Tree beautification	7,000	8,700	7,935	765
Sign shop supplies	10,000	10,000	7,229	2,771
Uniform and clothing	12,500	8,800	8,405	395
Chemicals	5,000	5,000	4,495	505
Paving materials and supplies	10,000	13,500	11,779	1,721
Employee training	300	1,300	1,203	97
Professional services	24,000	23,700	21,975	1,725
Special departmental supplies	21,000	21,000	23,496	(2,496)
Gas and oil	60,000	62,800	61,496	1,304
Water usage	10,000	10,000	9,934	66
Capital outlay	38,000	83,000	52,657	30,343
Total Streets and Beautification	1,447,280	1,459,770	1,397,182	62,588
Sanitation				
Salary and wages	831,380	799,260	755,458	43,802
Retirement	78,070	75,620	70,520	5,100
Health insurance	140,950	140,810	134,102	6,708
Workers' compensation	32,370	32,370	25,879	6,491
Social security	63,600	60,940	56,134	4,806
Printing and supplies	100	150	128	22
Postage	100	100	32	68
Membership and dues	100	100	-	100
Travel and conferences	100	100	-	100
Auto operating expenses	78,000	103,400	102,943	457

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Public Works (Continued)				
Sanitation (Continued)				
Telephone related services	\$ 350	\$ 350	\$ 37	\$ 313
Radio maintenance	2,500	1,500	120	1,380
Maintenance and service contracts	14,000	12,000	11,033	967
Machine and equipment repairs	85,000	66,050	56,514	9,536
Landfill services	1,300,000	1,200,000	1,067,722	132,278
Uniform and clothing	11,000	9,000	8,643	357
Compost supplies	1,000	1,000	-	1,000
Public notices	7,000	7,000	6,462	538
Employee training	100	100	-	100
Professional services	300	300	280	20
Special departmental supplies	8,000	7,500	7,236	264
Gas and oil	240,000	219,600	216,448	3,152
Capital outlay	18,000	19,000	18,541	459
Total Sanitation	2,912,020	2,756,250	2,538,232	218,018
Equipment Maintenance				
Salary and wages	275,690	274,140	272,852	1,288
Retirement	25,890	25,460	25,290	170
Health insurance	36,670	37,380	37,343	37
Workers' compensation	8,380	7,380	6,713	667
Social security	21,090	20,500	20,287	213
Printing and supplies	100	200	171	29
Auto operating expenses	1,000	1,200	1,097	103
Telephone related services	100	100	-	100
Heating fuel	6,500	5,200	3,961	1,239
Radio maintenance	300	100	-	100
Maintenance and service contracts	4,100	3,600	2,912	688
Machine and equipment repairs	1,200	900	337	563
Uniform and clothing	3,500	3,700	3,567	133
Employee training	400	200	185	15
Special departmental supplies	5,000	8,000	11,730	(3,730)
Gas and oil	8,000	6,300	4,126	2,174
Capital outlay	-	100,400	-	100,400
Total Equipment Maintenance	397,920	494,760	390,571	104,189
Total Public Works	4,757,220	4,710,780	4,325,985	384,795

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Culture and Recreation				
Parks and Leisure services				
Salary and wages	\$ 901,190	\$ 867,660	\$ 841,294	\$ 26,366
Retirement	79,790	76,630	72,860	3,770
Health insurance	146,160	133,310	132,663	647
Workers' compensation	33,100	33,100	26,474	6,626
Social security	68,940	66,800	62,153	4,647
Printing and supplies	3,500	3,000	2,915	85
Postage	2,000	890	648	242
Membership and dues	1,100	1,060	1,055	5
Travel and conferences	400	450	411	39
Auto operating expenses	10,000	17,000	16,986	14
Electricity	75,000	76,000	75,922	78
Telephone expense	2,500	3,500	3,117	383
Telephone related services	2,000	2,500	2,354	146
Radio maintenance	500	-	-	-
Maintenance and service contracts	17,000	22,400	20,602	1,798
Machine and equipment repairs	9,000	9,000	8,831	169
Building maintenance	20,000	21,500	21,191	309
Tree beautification	3,000	1,300	324	976
Uniform and clothing	5,000	5,650	5,152	498
Food and supplies	4,000	5,000	4,916	84
Employee training	500	500	490	10
Professional services	22,000	34,300	23,297	11,003
Special departmental supplies	47,000	44,600	44,457	143
Gas and oil	32,000	35,100	35,161	(61)
Water usage	11,500	18,300	18,238	62
Boys and Girls Club	21,000	21,000	21,000	-
Tournaments	500	600	574	26
Grant expenditures	-	33,800	8	33,792
Capital outlay	-	34,890	33,784	1,106
Total Parks and Leisure services	1,518,680	1,569,840	1,476,877	92,963
Athletic Programs				
Salary and wages	493,760	441,790	401,339	40,451
Retirement	32,980	31,100	28,516	2,584
Health insurance	62,370	54,070	53,787	283
Workers' compensation	13,200	13,200	10,557	2,643
Social security	37,770	36,060	30,208	5,852
Printing and supplies	500	500	456	44

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Culture and Recreation (Continued)				
Athletic Programs (Continued)				
Membership and dues	\$ 1,000	\$ 1,000	\$ 927	\$ 73
Travel and conferences	1,000	250	95	155
Auto operating expenses	1,500	(1,500)	(1,501)	1
Electricity	165,000	143,700	91,076	52,624
Telephone expense	1,500	1,300	1,174	126
Telephone related services	2,000	2,000	1,848	152
Maintenance and service contracts	13,000	8,500	7,772	728
Machine and equipment repairs	5,000	5,000	4,035	965
Building maintenance	9,500	9,500	9,303	197
Uniform and clothing	3,000	1,050	853	197
Food and supplies	73,000	40,000	32,088	7,912
Employee training	500	500	275	225
Professional services	17,000	25,550	23,798	1,752
Special departmental supplies	30,000	39,900	57,080	(17,180)
Gas and oil	8,000	9,800	9,757	43
Water usage	30,000	32,100	32,077	23
Marketing and promotion	54,200	56,200	51,300	4,900
Tournaments	2,000	-	-	-
Upgrade and painting	-	4,400	-	4,400
Capital outlay	-	55,000	12,041	42,959
Total Athletic Programs	<u>1,057,780</u>	<u>1,010,970</u>	<u>858,861</u>	<u>152,109</u>
Total Culture and Recreation	<u>2,576,460</u>	<u>2,580,810</u>	<u>2,335,738</u>	<u>245,072</u>
Non-Departmental				
Employee relations	26,000	26,500	25,031	1,469
Unemployment compensation	23,000	14,000	17,404	(3,404)
OPEB expense	495,200	495,200	495,200	-
Section 105 insurance expense	70,000	40,000	38,554	1,446
Property and liability insurance	335,000	266,000	264,851	1,149
Small claims	45,000	70,000	59,615	10,385
Employee W/C small claims	45,000	34,000	32,425	1,575
Boys' and Girls' Club	20,000	20,000	20,000	-
Transit system	60,000	60,000	60,000	-
Florence Area Humane Society	50,000	50,000	50,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Lot clearing and demolition	-	90,100	(1,450)	91,550
City-County Complex operation	216,000	228,000	206,424	21,576
Contingency	100,000	125,000	-	125,000
Street lights	650,000	666,500	665,924	576

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Non-Departmental (Continued)				
Lucas St. enhancement	\$ -	\$ 20,000	\$ 15,290	\$ 4,710
Rail to trail project	-	17,500	-	17,500
Land grant match	-	12,900	-	12,900
IT Support Services	97,800	129,000	127,705	1,295
Drug Free Florence	-	-	3,825	(3,825)
Special projects	60,000	78,500	102,170	(23,670)
Recreation program	-	-	34,861	(34,861)
Capital Outlay	-	44,000	43,487	513
Keep Florence Beautiful	5,000	5,000	5,000	-
Total Non-Departmental	<u>2,308,000</u>	<u>2,502,200</u>	<u>2,276,316</u>	<u>225,884</u>
Debt Service				
Principal	549,100	565,000	564,135	865
Interest	34,000	33,000	33,016	(16)
Total Debt Service	<u>583,100</u>	<u>598,000</u>	<u>597,151</u>	<u>849</u>
TOTAL EXPENDITURES	<u>27,557,000</u>	<u>27,368,210</u>	<u>26,002,080</u>	<u>1,366,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,911,000)</u>	<u>(3,062,210)</u>	<u>(2,292,042)</u>	<u>770,168</u>
Other Financing Sources (Uses)				
Capital leases	25,000	121,000	47,025	(73,975)
Transfers in	2,886,000	2,941,210	2,851,048	(90,162)
Total Other Financing Sources (Uses)	<u>2,911,000</u>	<u>3,062,210</u>	<u>2,898,073</u>	<u>(164,137)</u>
NET CHANGES IN FUND BALANCES	-	-	606,031	606,031
Fund balance at beginning of year	9,293,231	9,293,231	9,293,231	-
FUND BALANCE AT END OF YEAR	<u>\$ 9,293,231</u>	<u>\$ 9,293,231</u>	<u>\$ 9,899,262</u>	<u>\$ 606,031</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 14,570,000	\$ 14,190,000	\$ 14,002,192	\$ (187,808)
Sewer service fees	13,565,000	14,080,000	14,052,545	(27,455)
Sewer surcharge	140,000	140,000	96,440	(43,560)
Cut on fees	174,000	164,000	162,648	(1,352)
Water tap fees	300,000	300,000	307,894	7,894
Sewer tap fees	105,000	95,000	95,527	527
Service charges	270,000	224,000	226,186	2,186
Late fees	420,000	420,000	422,020	2,020
Miscellaneous income	120,000	75,000	57,481	(17,519)
Total Operating Revenues	<u>29,664,000</u>	<u>29,688,000</u>	<u>29,422,933</u>	<u>(265,067)</u>
Operating Expenses				
Engineering				
Salary and wages	616,010	615,110	613,487	1,623
Retirement	57,840	56,450	56,305	145
Health insurance	57,880	67,240	67,167	73
Workers' compensation	14,790	12,290	11,803	487
Social security	47,120	43,990	43,707	283
Printing and supplies	2,500	3,000	2,894	106
Postage	200	200	119	81
Membership and dues	450	550	495	55
Auto operating expenses	1,200	3,500	3,568	(68)
Electricity	25,000	26,000	25,726	274
Travel and conferences	1,000	500	347	153
Telephone expense	8,400	8,900	8,791	109
Telephone related services	3,200	2,500	2,310	190
Heating fuel	5,500	4,500	3,961	539
Radio maintenance	100	100	-	100
Maintenance and service contracts	43,000	51,200	51,073	127
Building maintenance	6,500	11,500	9,567	1,933
Uniforms and Clothing	3,000	3,000	2,636	364
Public notices	200	200	-	200
Employees training	1,500	1,500	720	780
Professional services	60,500	52,900	40,498	12,402
Special departmental supplies	7,000	9,400	10,180	(780)
Gas and oil	7,000	10,500	10,025	475
Water usage	8,500	9,000	8,798	202
Total Engineering	<u>978,390</u>	<u>994,030</u>	<u>974,177</u>	<u>19,853</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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
Operating Expenses (Continued)				
Utility Finance				
Salary and wages	\$ 424,020	\$ 417,740	\$ 416,091	\$ 1,649
Retirement	39,820	38,830	38,635	195
Health insurance	67,980	64,430	64,219	211
Workers' compensation	21,340	17,340	17,054	286
Social security	32,440	31,200	31,057	143
Printing and supplies	1,500	1,500	882	618
Postage	5,000	3,600	3,296	304
Membership and dues	100	200	125	75
Travel and conferences	2,000	1,000	702	298
Auto operating expenses	100	500	266	234
Electricity	13,000	11,000	10,808	192
Telephone expense	2,500	2,000	1,894	106
Telephone related services	1,000	1,000	920	80
Maintenance and service contracts	28,000	29,000	30,797	(1,797)
Building maintenance	1,500	1,500	30,995	(29,495)
Rent payments	18,000	18,000	17,416	584
Employee training	500	500	209	291
Professional services	162,000	234,600	234,076	524
Special departmental supplies	24,000	27,700	31,800	(4,100)
Gas and oil	200	200	114	86
Water usage	1,000	1,600	1,528	72
Building and fixed equipment	-	30,100	-	30,100
Other equipment	-	14,000	-	14,000
Total Utility Finance	846,000	947,540	932,884	14,656
Wastewater Treatment				
Salary and wages	1,116,640	1,100,270	1,097,687	2,583
Retirement	104,850	102,050	101,573	477
Health insurance	149,950	163,080	162,929	151
Workers' compensation	49,300	40,300	39,414	886
Social security	85,420	81,200	80,840	360
Printing and supplies	1,400	1,570	1,451	119
Postage	1,600	1,800	1,798	2
Membership and dues	7,800	7,200	6,590	610
Auto operating expenses	15,000	15,700	15,496	204
Electricity	1,000,000	823,300	805,230	18,070
Telephone expense	1,400	1,730	1,601	129
Telephone related services	5,300	5,700	5,613	87

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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
Operating Expenses (Continued)				
Wastewater Treatment (Continued)				
Radio maintenance	\$ 500	\$ 1,270	\$ 1,248	\$ 22
Maintenance and service contracts	300	2,280	2,274	6
Machine and equipment repairs	270,400	294,400	292,807	1,593
Building maintenance	1,000	2,050	2,042	8
Landfill services	365,000	320,000	336,862	(16,862)
Uniforms and clothing	10,700	10,360	10,174	186
Chemicals	76,000	92,000	89,057	2,943
Lab supplies	14,000	19,000	17,619	1,381
Public notices	500	-	-	-
Employee training	2,000	2,000	1,914	86
Professional services	30,000	36,900	34,669	2,231
Special departmental supplies	30,000	56,000	56,418	(418)
Gas and oil	45,000	59,000	57,046	1,954
Water and usage	35,000	34,000	33,222	778
Upgrade and painting	-	172,500	-	172,500
Total Wastewater Treatment	3,419,060	3,445,660	3,255,574	190,086
Water Production - Surface Water				
Salary and wages	325,220	326,400	324,066	2,334
Retirement	30,540	30,810	30,286	524
Health insurance	43,930	44,150	44,069	81
Workers' compensation	18,100	15,100	14,455	645
Social security	24,880	24,490	24,236	254
Printing and supplies	1,600	1,000	890	110
Postage	200	100	97	3
Membership and dues	750	750	615	135
Auto operating expenses	2,000	3,200	2,824	376
Electricity	240,000	267,390	267,386	4
Telephone expense	2,500	3,900	3,731	169
Telephone related services	1,000	1,400	1,305	95
Heating fuel	22,000	15,500	15,083	417
Radio maintenance	500	-	-	-
Maintenance and service contracts	10,000	8,410	8,216	194
Machine and equipment repairs	21,000	30,000	27,291	2,709
Building maintenance	18,000	28,000	27,718	282
Uniforms and clothing	3,500	3,500	3,030	470
Chemicals	150,000	141,610	140,995	615
Lab supplies	12,000	11,000	44,945	(33,945)
Public notices	-	60	60	-
Employee training	1,000	800	720	80
Professional services	12,000	5,000	3,355	1,645
Special departmental supplies	20,000	37,500	35,806	1,694

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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
Operating Expenses (Continued)				
Water Production - Surface Water (Continued)				
Gas and oil	\$ 6,000	\$ 6,000	\$ 5,886	\$ 114
Water and usage	1,600	1,800	1,446	354
Upgrade and painting	40,000	35,400	-	35,400
Total Water Production - Surface Water	1,008,320	1,043,270	1,028,511	14,759
Water Production - Ground Water				
Salary and wages	311,470	256,520	254,737	1,783
Retirement	25,320	24,070	23,723	347
Health insurance	-	44,630	44,428	202
Workers' compensation	13,180	11,080	10,557	523
Social security	20,630	19,300	18,844	456
Printing and supplies	200	100	30	70
Postage	120	120	104	16
Membership and dues	200	490	490	-
Auto operating expenses	3,500	7,000	6,449	551
Electricity	876,000	873,030	835,106	37,924
Telephone expense	7,000	9,500	9,141	359
Telephone related services	15,590	27,000	26,542	458
Heating fuel	150	230	227	3
Radio maintenance	400	560	403	157
Machine and equipment repairs	48,000	73,000	59,395	13,605
Building maintenance	1,000	12,600	12,505	95
Uniforms and clothing	3,300	3,400	3,231	169
Chemicals	200,000	155,000	154,460	540
Lab supplies	12,000	11,000	9,531	1,469
Employee training	1,000	410	403	7
Professional services	51,000	51,000	47,658	3,342
Well repairs	82,000	120,000	93,244	26,756
Special departmental supplies	5,000	2,500	1,314	1,186
Gas and oil	20,000	21,200	20,968	232
Water and usage	5,500	7,000	6,760	240
Upgrade and painting	40,000	21,180	-	21,180
Total Water Production - Ground Water	1,742,560	1,751,920	1,640,250	111,670

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Distribution Operations				
Salary and wages	\$ 979,980	\$ 889,570	\$ 854,839	\$ 34,731
Retirement	92,020	81,040	79,715	1,325
Health insurance	161,890	155,000	154,404	596
Workers' compensation	52,620	44,620	42,067	2,553
Social security	74,970	66,000	63,428	2,572
Printing and supplies	500	500	381	119
Postage	150	150	75	75
Membership and dues	400	300	165	135
Travel and conferences	500	500	356	144
Auto operating expenses	25,000	21,000	21,657	(657)
Electricity	11,500	9,500	8,239	1,261
Telephone expense	400	400	45	355
Telephone related services	3,900	3,900	3,761	139
Radio maintenance	700	700	207	493
Maintenance and service contracts	3,800	3,800	1,598	2,202
Machine and equipment repairs	26,000	21,700	9,968	11,732
Building maintenance	1,800	4,800	3,974	826
Uniforms and clothing	16,000	11,000	8,790	2,210
Meters, parts and supplies	396,000	346,000	334,353	11,647
Pipe fittings and hydrants	240,000	235,500	230,263	5,237
Paving materials and supplies	9,000	9,000	1,720	7,280
Employee training	350	350	348	2
Professional services	9,200	2,500	290,740	(288,240)
Special departmental supplies	11,000	15,000	79,546	(64,546)
Gas and oil	95,000	95,000	85,291	9,709
Machines and equipment	-	30,000	-	30,000
Total Distribution Operations	<u>2,212,680</u>	<u>2,047,830</u>	<u>2,275,930</u>	<u>(228,100)</u>
Collection Operations				
Salary and wages	442,470	424,220	421,017	3,203
Retirement	41,550	39,010	38,877	133
Health insurance	73,060	77,320	77,218	102
Workers' compensation	23,040	19,040	18,408	632
Social security	33,850	30,860	30,515	345
Postage	50	50	-	50
Printing and supplies	100	100	6	94
Membership and dues	200	200	75	125
Travel and conferences	200	200	-	200
Auto operating expenses	11,000	11,500	11,685	(185)

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Collection Operations (Continued)				
Telephone expense	\$ 200	\$ 200	\$ 21	\$ 179
Telephone related services	300	300	12	288
Radio maintenance	500	500	136	364
Machine and equipment repairs	18,000	18,700	18,674	26
Uniforms and clothing	5,000	4,300	4,220	80
Pipe Fittings and hydrants	64,000	57,300	74,356	(17,056)
Paving materials and supplies	9,000	9,000	25,697	(16,697)
Employee training	150	150	-	150
Professional services	7,150	1,000	30	970
Special departmental supplies	11,000	10,000	11,800	(1,800)
Gas and oil	35,000	36,000	35,854	146
Total Collection Operations	<u>775,820</u>	<u>739,950</u>	<u>768,601</u>	<u>(28,651)</u>
Non-Departmental				
Depreciation and amortization	4,500,000	4,500,000	4,422,965	77,035
Bank charges	25,000	24,000	23,660	340
Employee relations	15,000	18,000	17,316	684
Unemployment compensation	8,000	7,000	6,535	465
Other post employment benefits	160,600	160,700	160,600	100
Section 105 insurance expense	27,000	9,100	9,046	54
Property and liability insurance	199,500	160,000	158,965	1,035
Small claims	25,000	42,000	40,860	1,140
Employee W/C small claims	25,000	15,500	15,010	490
City-County complex operation	216,000	228,000	206,424	21,576
Contingency	125,000	205,780	-	205,780
IT support services	97,800	128,000	127,706	294
IT upgrade	-	7,000	-	7,000
Special projects	100,000	262,000	109,535	152,465
Total Non-Departmental	<u>5,523,900</u>	<u>5,767,080</u>	<u>5,298,622</u>	<u>468,458</u>
TOTAL OPERATING EXPENSES	<u>16,506,730</u>	<u>16,737,280</u>	<u>16,174,549</u>	<u>562,731</u>
OPERATING INCOME	<u>13,157,270</u>	<u>12,950,720</u>	<u>13,248,384</u>	<u>297,664</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	\$ 45,000	\$ 45,000	\$ 51,862	\$ 6,862
Loss on disposal of assets	-	-	(132,306)	(132,306)
Interest expense	(2,670,000)	(2,670,000)	(1,667,595)	1,002,405
Total Non-Operating Revenues (Expenses)	<u>(2,625,000)</u>	<u>(2,625,000)</u>	<u>(1,748,039)</u>	<u>876,961</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,532,270	10,325,720	11,500,345	1,174,625
CAPITAL CONTRIBUTIONS	-	-	547,289	547,289
INCOME BEFORE TRANSFERS TRANSFERS OUT	10,532,270	10,325,720	12,047,634	1,721,914
	<u>(10,532,270)</u>	<u>(10,325,720)</u>	<u>(1,957,000)</u>	<u>8,368,720</u>
CHANGE IN NET ASSETS	-	-	10,090,634	10,090,634
NET ASSETS AT BEGINNING OF YEAR	89,863,796	89,863,796	89,863,796	-
NET ASSETS AT END OF YEAR	<u>\$ 89,863,796</u>	<u>\$ 89,863,796</u>	<u>\$ 99,954,430</u>	<u>\$ 10,090,634</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, 2011

	Budgeted Amounts		Actual Amounts	Variances With Final Budget
	Original	Final		
Operating Revenues				
Stormwater service fees	\$ 1,240,000	\$ 1,241,000	\$ 1,247,883	\$ 6,883
Miscellaneous income	59,500	58,900	60,240	1,340
Total Operating Revenues	1,299,500	1,299,900	1,308,123	8,223
Operating Expenses				
Salary and wages	296,630	314,000	281,378	32,622
Retirement	27,850	31,250	26,318	4,932
Health insurance	41,830	47,360	44,504	2,856
Workers' compensation	18,100	16,100	14,455	1,645
Social security	22,690	24,770	20,574	4,196
Printing and supplies	500	500	348	152
Membership and dues	1,000	1,000	600	400
Postage	200	200	-	200
Travel and conferences	500	600	583	17
Auto operating expenses	16,000	15,900	12,455	3,445
Electricity	4,000	4,000	3,360	640
Telephone expense	100	100	-	100
Telephone related services	800	800	538	262
Radio maintenance	500	500	19	481
Machine and equipment repairs	13,000	16,000	14,178	1,822
Uniforms and clothing	5,000	4,800	1,969	2,831
Pipe fittings and hydrants	7,900	3,000	1,924	1,076
Employees training	1,200	1,100	370	730
Professional services	138,000	138,000	141,832	(3,832)
Special departmental supplies	6,500	5,200	6,730	(1,530)
Gas and oil	28,400	27,220	29,179	(1,959)
Depreciation	450,000	450,000	453,968	(3,968)
Bank charges	3,500	3,300	3,300	-
Employee relations	500	500	254	246
Property and liability insurance	5,800	5,000	4,517	483
Other postretirement employee benefits	13,400	13,400	13,400	-
Section 105 insurance expense	7,000	1,000	423	577
Amortization of bond issue costs	-	-	1,419	(1,419)
Small claims	100	100	714	(614)
TOTAL OPERATING EXPENSES	1,111,000	1,125,700	1,079,309	46,391
OPERATING INCOME	188,500	174,200	228,814	54,614

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	\$ 500	\$ 100	\$ 1,642	\$ 1,542
Interest expense	-	-	(131,287)	(131,287)
Total Non-Operating Revenues (Expenses)	<u>500</u>	<u>100</u>	<u>(129,645)</u>	<u>(129,745)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	189,000	174,300	99,169	(75,131)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
INCOME BEFORE TRANSFERS	189,000	174,300	399,169	224,869
TRANSFERS OUT	<u>(189,000)</u>	<u>(174,300)</u>	<u>(168,000)</u>	<u>6,300</u>
CHANGE IN NET ASSETS	-	-	231,169	231,169
NET ASSETS AT BEGINNING OF YEAR	<u>2,688,078</u>	<u>2,688,078</u>	<u>2,688,078</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,688,078</u>	<u>\$ 2,688,078</u>	<u>\$ 2,919,247</u>	<u>\$ 231,169</u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
SPECIAL REVENUE FUND – VICTIMS SERVICES FUND
YEAR ENDED JUNE 30, 2011**

Court fines	
Court fines collected	\$ (676,436)
Court fines retained by City	<u>676,436</u>
Court fines remitted to the State Treasurer	<u>\$ -</u>
Court Assessments, Surcharges and Pullout	
Court assessment collected	\$ 727,802
Court surcharges collected	248,809
Court pullout collected	21,762
Court assessments, surcharges and pullout retained by City	<u>(105,116)</u>
Court assessments, surcharges and pullout remitted to the State Treasurer	<u>\$ 893,257</u>
Victims Services	
Court assessments allocated to Victims Services	\$ 81,363
Court surcharges allocated to Victims Services	23,753
Investment income	<u>450</u>
Funds allocated to Victims Services	105,566
Victims Services expenditures	<u>(106,921)</u>
Funds provided (used) in current year	(1,355)
Funds available for carryforward from prior year	<u>141,553</u>
Funds available for carryforward at end of year	<u>\$ 140,198</u>

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STATISTICAL SECTION

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<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	104
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 01

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,454,325	\$ 19,774,538	\$ 21,299,373	\$ 23,053,142	\$ 22,624,824	\$ 20,703,754	\$ 21,001,938	\$ 17,499,606	\$ 13,851,778	\$ 17,158,331
Restricted	-	-	-	-	-	167,439	20,000	30,000	30,000	5,029,732
Unrestricted	12,048,544	10,478,230	9,618,837	9,426,872	9,759,013	9,853,296	11,745,471	10,298,441	14,712,000	8,484,126
Total governmental activities net assets	\$ 31,502,869	\$ 30,252,768	\$ 30,918,210	\$ 32,480,014	\$ 32,383,837	\$ 30,724,489	\$ 32,767,409	\$ 27,828,047	\$ 28,593,778	\$ 30,672,189
Business-type activities										
Invested in capital assets, net of related debt	\$ 31,971,063	\$ 41,575,877	\$ 47,714,364	\$ 49,295,162	\$ 53,017,659	\$ 54,491,789	\$ 55,854,407	\$ 63,684,875	\$ 64,156,673	\$ 79,843,049
Restricted	-	-	-	-	-	280,988	-	2,473,850	5,075,799	6,323,412
Unrestricted	17,083,030	12,570,127	13,654,173	14,553,098	13,696,663	16,365,953	22,494,732	17,791,955	23,296,181	16,707,215
Total business-type activities net assets	\$ 49,054,093	\$ 54,146,004	\$ 61,368,537	\$ 63,848,260	\$ 66,714,322	\$ 71,138,730	\$ 78,349,139	\$ 83,950,680	\$ 92,528,653	\$ 102,873,676
Primary government totals										
Invested in capital assets, net of related debt	\$ 51,425,388	\$ 61,350,415	\$ 69,013,737	\$ 72,348,304	\$ 75,642,483	\$ 75,195,543	\$ 76,856,345	\$ 81,184,481	\$ 78,008,451	\$ 97,001,380
Restricted	-	-	-	-	-	448,427	20,000	2,503,850	5,105,799	11,353,144
Unrestricted	29,131,574	23,048,357	23,273,010	23,979,970	23,455,676	26,219,249	34,240,203	28,090,396	38,008,181	25,191,341
Total primary government net assets	\$ 80,556,962	\$ 84,398,772	\$ 92,286,747	\$ 96,328,274	\$ 99,098,159	\$ 101,863,219	\$ 111,116,548	\$ 111,778,727	\$ 121,122,431	\$ 133,545,865

Table 02

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 6,191,940	\$ 5,882,028	\$ 5,502,778	\$ 6,008,887	\$ 5,988,907	\$ 7,903,075	\$ 8,068,970	\$ 7,307,747	\$ 6,910,887
Public safety	10,100,303	10,467,776	10,982,959	11,683,483	12,365,574	12,733,887	13,323,884	13,409,835	14,139,828
Public works	4,328,155	4,107,632	4,191,109	4,449,471	4,451,755	4,579,662	4,933,597	5,172,572	4,868,876
Culture and recreation	1,343,332	1,919,012	3,029,951	3,282,275	7,588,055	4,407,663	6,765,323	4,318,364	4,030,009
Community development	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,697,060	502,885
Interest on debt	1,264	27,823	2,083	21,608	165,107	147,403	273,148	365,197	525,463
Total governmental activities expenses	<u>22,706,411</u>	<u>23,164,176</u>	<u>24,740,795</u>	<u>25,809,353</u>	<u>31,036,466</u>	<u>29,987,786</u>	<u>33,693,129</u>	<u>32,270,775</u>	<u>30,977,948</u>
Business-type activities:									
Water & Sewer	15,435,783	16,141,725	17,277,622	17,786,812	17,674,784	18,350,029	20,480,653	19,267,013	17,974,450
Stormwater	643,199	634,494	655,871	877,543	1,050,567	1,074,366	1,070,200	1,159,819	1,210,596
Total business-type activities expenses	<u>16,078,982</u>	<u>16,776,219</u>	<u>17,933,493</u>	<u>18,664,355</u>	<u>18,725,351</u>	<u>19,424,395</u>	<u>21,550,853</u>	<u>20,426,832</u>	<u>19,185,046</u>
Total primary government expenses	<u>\$ 38,785,393</u>	<u>\$ 39,940,395</u>	<u>\$ 42,674,288</u>	<u>\$ 44,473,708</u>	<u>\$ 49,761,817</u>	<u>\$ 49,412,181</u>	<u>\$ 55,243,982</u>	<u>\$ 52,697,607</u>	<u>\$ 50,162,994</u>
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	\$ 16,560,571	\$ 14,532,169	\$ 13,867,188
Operating grants and contributions	1,827,960	1,270,774	1,906,380	1,182,273	2,655,129	2,761,350	1,552,503	3,313,840	4,073,237
Capital grants and contributions	-	500,000	1,294,186	564,662	723,680	697,194	736,431	285,783	51,000
Total governmental activities program revenues	<u>11,834,879</u>	<u>13,302,383</u>	<u>15,889,865</u>	<u>14,695,807</u>	<u>17,344,941</u>	<u>19,747,912</u>	<u>18,849,505</u>	<u>18,131,792</u>	<u>17,991,425</u>
Business-type activities:									
Charges for services:									
Water & Sewer	19,146,982	19,614,845	20,530,495	21,416,515	22,679,541	26,030,858	25,476,228	27,616,193	28,554,598
Stormwater	1,058,348	1,046,266	1,066,694	1,090,893	1,124,063	1,213,130	1,219,444	1,234,003	1,247,883
Capital grants and contributions	1,910,569	4,772,555	-	21,000	228,060	257,666	814,663	574,568	741,858
Total business-type activities revenues	<u>22,115,899</u>	<u>25,433,666</u>	<u>21,597,189</u>	<u>22,528,408</u>	<u>24,031,664</u>	<u>27,501,654</u>	<u>27,510,335</u>	<u>29,424,764</u>	<u>30,544,339</u>
Total primary government revenues	<u>33,950,778</u>	<u>38,736,049</u>	<u>37,487,054</u>	<u>37,224,215</u>	<u>41,376,605</u>	<u>47,249,566</u>	<u>46,359,840</u>	<u>47,556,556</u>	<u>48,535,764</u>
Net (expense)/revenue									
Governmental activities	(10,871,532)	(9,861,793)	(8,850,930)	(11,113,546)	(13,691,525)	(10,239,874)	(14,843,624)	(14,138,983)	(12,986,523)
Business-type activities	6,036,917	8,657,447	3,663,696	3,864,053	5,306,313	8,077,259	5,959,482	8,997,932	11,359,293
Total primary government net expense	<u>\$ (4,834,615)</u>	<u>\$ (1,204,346)</u>	<u>\$ (5,187,234)</u>	<u>\$ (7,249,493)</u>	<u>\$ (8,385,212)</u>	<u>\$ (2,162,615)</u>	<u>\$ (8,884,142)</u>	<u>\$ (5,141,051)</u>	<u>\$ (1,627,230)</u>

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

(Continued)

Table 02

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 8,594,436	\$ 8,766,376	\$ 9,375,114
Hospitality Fees (2)	-	1,122,278	2,283,203	2,371,249	2,661,073	2,799,149	2,800,739	2,841,585	2,926,340
Unrestricted grants and contributions	974,076	1,422,854	941,113	1,006,529	1,143,389	987,666	942,306	790,254	711,684
Investment earnings	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791	22,815
Miscellaneous	115,078	242,415	435,721	344,108	603,307	869,250	514,233	188,017	158,122
Transfers	1,185,396	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000	2,019,569
Total governmental activities	<u>9,621,431</u>	<u>11,649,513</u>	<u>12,695,937</u>	<u>13,388,618</u>	<u>14,693,247</u>	<u>15,081,946</u>	<u>14,675,583</u>	<u>14,756,023</u>	<u>15,213,644</u>
Business-type activities									
Investment earnings	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755	53,504
Miscellaneous	-	-	-	-	-	-	913,528	1,495,506	928,575
Transfers	(1,185,396)	(1,512,000)	(1,412,000)	(1,455,058)	(1,612,000)	(1,626,117)	(1,637,000)	(2,124,000)	(2,019,569)
Total business-type activities	<u>(945,006)</u>	<u>(1,434,914)</u>	<u>(1,183,973)</u>	<u>(997,991)</u>	<u>(881,905)</u>	<u>(866,850)</u>	<u>(357,941)</u>	<u>(396,739)</u>	<u>(1,037,490)</u>
Total Primary government	<u><u>8,676,425</u></u>	<u><u>10,214,599</u></u>	<u><u>11,511,964</u></u>	<u><u>12,390,627</u></u>	<u><u>13,811,342</u></u>	<u><u>14,215,096</u></u>	<u><u>14,317,642</u></u>	<u><u>14,359,284</u></u>	<u><u>14,176,154</u></u>
Changes in Net Assets									
Governmental activities	(1,250,101)	665,442	1,561,804	(96,177)	(1,659,351)	2,042,923	(2,968,780)	617,040	2,227,121
Business-type activities	5,091,911	7,222,533	2,479,723	2,866,062	4,424,408	7,210,409	5,601,541	8,601,193	10,321,803
Total primary government	<u><u>\$ 3,841,810</u></u>	<u><u>\$ 7,887,975</u></u>	<u><u>\$ 4,041,527</u></u>	<u><u>\$ 2,769,885</u></u>	<u><u>\$ 2,765,057</u></u>	<u><u>\$ 9,253,332</u></u>	<u><u>\$ 2,632,761</u></u>	<u><u>\$ 9,218,233</u></u>	<u><u>\$ 12,548,924</u></u>

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

(2) Effective 1/1/2004

**CITY OF FLORENCE, SOUTH CAROLINA
GOVERNMENTAL ACTIVITIES TAX AND FEE REVENUES BY SOURCE
LAST NINE 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
2009	8,594,436	10,332,888	2,800,739	725,808	22,453,871
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,375,114	10,347,941	2,926,340	695,789	23,345,184

(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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,201
Restricted	-	-	-	-	-	-	-	-	-	210,000
Reserved	-	-	-	-	-	-	300,000	270,000	240,000	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	693,523
Unassigned	11,118,386	10,080,026	8,548,666	8,206,188	8,004,650	8,187,370	8,128,515	9,022,785	9,510,270	8,740,538
Total General Fund	<u>\$ 11,118,386</u>	<u>\$ 10,080,026</u>	<u>\$ 8,548,666</u>	<u>\$ 8,206,188</u>	<u>\$ 8,004,650</u>	<u>\$ 8,187,370</u>	<u>\$ 8,428,515</u>	<u>\$ 9,292,785</u>	<u>\$ 9,750,270</u>	<u>\$ 9,899,262</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,730
Restricted	-	-	-	-	-	-	-	-	-	1,733,579
Reserved	-	-	-	-	-	2,988,084	1,151,487	-	-	-
Committed	-	-	-	-	-	-	-	-	-	3,141,642
Assigned	-	-	-	-	-	-	-	-	-	1,194,567
Unreserved	719,494	450,929	1,282,068	1,383,486	2,023,353	1,691,698	3,750,499	8,889,745	7,169,422	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 719,494</u>	<u>\$ 450,929</u>	<u>\$ 1,282,068</u>	<u>\$ 1,383,486</u>	<u>\$ 2,023,353</u>	<u>\$ 4,679,782</u>	<u>\$ 4,901,986</u>	<u>\$ 8,889,745</u>	<u>\$ 7,169,422</u>	<u>\$ 6,090,518</u>

Table 05

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property Taxes	\$ 7,018,246	\$ 7,320,927	\$ 7,280,753	\$ 7,409,461	\$ 7,813,788	\$ 7,954,442	\$ 8,172,899	\$ 8,577,341	\$ 8,766,376	\$ 9,345,471
Licenses and fees	7,250,910	7,671,638	8,581,809	10,222,663	10,499,074	11,228,029	13,011,915	13,133,627	13,322,031	13,274,281
Intergovernmental	3,609,720	2,802,036	2,169,463	2,621,052	2,448,800	4,099,227	3,609,493	2,529,952	4,290,958	2,715,256
Charges for services	1,426,616	1,317,815	1,448,821	1,487,413	1,615,327	1,787,838	1,980,238	2,047,613	2,211,833	2,128,982
Fines and forfeitures	918,356	785,772	628,344	591,924	688,837	825,692	827,954	725,808	784,380	695,789
Investment earnings	-	135,677	57,738	116,464	255,196	479,844	439,199	186,869	45,791	30,006
Miscellaneous	971,951	442,748	1,678,382	1,680,684	450,306	956,527	2,165,312	1,132,615	1,036,131	3,001,651
Total revenues	21,195,799	20,476,613	21,845,310	24,129,661	23,771,328	27,331,599	30,207,010	28,333,825	30,457,500	31,191,436
Expenditures										
Current										
General government	5,472,909	6,116,046	5,362,932	4,967,408	5,439,557	5,446,156	7,389,797	7,407,872	6,995,675	6,765,865
Public safety	8,742,561	9,450,501	9,669,395	10,335,380	10,774,687	11,587,658	11,921,922	12,417,086	12,392,972	12,947,045
Public works	3,213,734	3,470,619	3,564,636	3,747,404	3,970,308	4,024,636	4,251,485	4,290,955	4,479,662	4,254,787
Culture and recreation	1,760,442	1,075,979	1,611,730	2,715,224	2,940,458	5,242,151	4,072,780	6,408,020	3,865,643	3,637,061
Community development	1,027,411	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207	1,696,760	502,885
Debt Service										
Principal	355,597	48,664	243,651	240,921	272,252	505,051	543,977	670,369	1,069,978	1,162,813
Interest	18,063	1,984	20,676	9,998	-	162,476	154,483	142,569	390,440	537,190
Capital Outlay	1,115,431	2,474,976	3,296,847	2,734,471	1,781,644	2,384,387	4,147,936	3,116,214	2,612,360	9,764,155
Total expenditures	21,706,148	23,380,186	24,529,772	25,782,721	25,542,535	29,829,583	32,698,476	34,781,292	33,503,490	39,571,801
Excess of revenues over (under) expenditures	(510,349)	(2,903,573)	(2,684,462)	(1,653,060)	(1,771,207)	(2,497,984)	(2,491,466)	(6,447,467)	(3,045,990)	(8,380,365)
Other financing sources (uses)										
Bond proceeds	-	-	-	-	-	-	-	-	-	5,345,000
Debt issuance cost	-	-	-	-	-	(35,867)	(7,584)	(52,305)	-	(37,000)
Operating transfers in	1,617,838	1,822,215	1,983,406	2,244,169	1,850,987	2,320,701	2,337,842	2,460,915	3,062,440	2,851,048
Operating transfers out	(210,011)	(235,331)	(471,406)	(832,169)	(426,829)	(708,701)	(700,842)	(823,915)	(938,440)	(669,189)
Proceeds of capital lease	-	-	472,241	-	785,378	3,761,000	1,325,402	9,558,117	-	47,025
Total other financing sources (uses)	1,407,827	1,586,884	1,984,241	1,412,000	2,209,536	5,337,133	2,954,818	11,142,812	2,124,000	7,536,884
Net change in governmental fund balance	\$ 897,478	\$ (1,316,689)	\$ (700,221)	\$ (241,060)	\$ 438,329	\$ 2,839,149	\$ 463,352	\$ 4,695,345	\$ (921,990)	\$ (843,481)
Debt service as a percentage of non-capital expenditures	1.8%	0.2%	1.1%	1.0%	1.1%	2.3%	2.2%	2.47%	4.96%	5.92%

Table 06

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Water & Sewer										
Service Fees	\$ 15,823,076	\$ 18,073,785	\$ 18,633,285	\$ 19,247,289	\$ 20,289,696	\$ 21,368,185	\$ 24,202,597	\$ 24,796,610	\$ 27,163,915	\$ 28,151,177
Sewer Surcharges	175,638	81,558	100,107	144,525	78,501	97,078	59,654	68,766	69,589	96,440
Cut on Fees	51,475	72,300	57,405	63,075	65,245	74,325	178,735	157,812	163,132	162,648
Water & Sewer										
Tap Fees	414,443	489,342	554,213	610,873	671,204	835,823	1,030,488	453,040	382,689	403,421
Service Charges	81,475	197,763	116,150	127,780	129,788	125,372	290,606	255,388	265,134	226,186
Late Fees	59,911	73,895	76,308	77,990	81,019	87,053	164,823	285,028	418,462	422,020
Concessions Sales ⁽¹⁾	90,379	-	-	-	-	-	-	-	-	-
Stormwater Fees ⁽²⁾	815,978	1,004,784	1,042,990	1,066,694	1,089,301	1,121,916	1,198,218	1,219,444	1,234,003	1,247,883
Investment earnings	687,827	240,390	77,086	228,027	457,067	730,095	759,267	365,531	231,755	53,504
Miscellaneous	315,926	211,903	80,653	258,963	123,654	321,912	376,533	1,187,775	1,223,346	928,575
Total revenues	<u>18,516,128</u>	<u>20,445,720</u>	<u>20,738,197</u>	<u>21,825,216</u>	<u>22,985,475</u>	<u>24,761,759</u>	<u>28,260,921</u>	<u>28,789,394</u>	<u>31,152,025</u>	<u>31,691,854</u>
Expenditures										
Current										
Engineering	708,699	659,660	634,732	713,268	776,610	809,866	906,622	869,298	911,246	974,177
Utility Finance	483,717	557,960	580,154	583,610	678,718	727,049	741,982	851,037	818,791	932,884
Wastewater Treatment	2,293,916	2,392,892	2,472,668	2,554,603	2,668,538	2,596,617	2,661,429	2,984,387	3,201,419	3,255,574
Water Production	1,595,177	2,252,778	2,216,561	2,351,240	2,492,365	2,742,980	3,046,488	2,882,349	2,963,361	2,668,762
Distribution Operations	1,726,644	1,808,572	1,949,015	2,103,824	2,299,328	2,424,662	2,690,956	2,914,425	2,091,324	2,275,930
Collection Operations	210,092	172,437	130,579	187,231	194,431	109,020	190,226	263,678	755,176	768,601
Concessions	74,756	-	-	-	-	-	-	-	-	-
Stormwater	469,412	643,199	634,494	655,871	877,543	883,581	916,032	920,469	1,019,210	1,079,309
Non-departmental	5,911,485	7,591,484	8,158,016	8,783,846	8,676,822	8,431,576	8,270,660	9,865,212	8,689,525	7,289,814
Net Interdepartmental										
Transfer	1,407,827	1,610,366	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000	2,124,000	2,125,000
Total expense	<u>14,881,725</u>	<u>17,689,348</u>	<u>18,288,219</u>	<u>19,345,493</u>	<u>20,119,413</u>	<u>20,337,351</u>	<u>21,050,512</u>	<u>23,187,855</u>	<u>22,574,052</u>	<u>21,370,051</u>
Net change in net assets	<u>\$ 3,634,403</u>	<u>\$ 2,756,372</u>	<u>\$ 2,449,978</u>	<u>\$ 2,479,723</u>	<u>\$ 2,866,062</u>	<u>\$ 4,424,408</u>	<u>\$ 7,210,409</u>	<u>\$ 5,601,539</u>	<u>\$ 8,577,973</u>	<u>\$ 10,321,803</u>

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

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

Table 07

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License/ Franchise Fees</u>	<u>Hospitality Fee⁽¹⁾</u>	<u>Fines and Forfeitures</u>	<u>Total</u>
2002	\$ 7,018,246	\$ 7,250,910	\$ -	\$ 918,356	\$ 15,187,512
2003	7,211,204	7,671,638	-	785,772	15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	7,954,442	8,566,956	2,661,073	825,692	20,008,163
2008	8,172,899	10,212,766	2,799,149	827,954	22,012,768
2009	8,577,341	10,332,888	2,800,739	725,808	22,436,776
2010	8,766,376	10,480,446	2,841,585	784,380	22,872,787
2011	9,345,471	10,347,941	2,926,340	695,789	23,315,541

(1) Effective 1/1/2004

Table 08

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

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property	Motor Vehicles	Other					
2002	2001	\$ 28,870,030	\$ 44,419,632	\$ 16,562,690	\$ 21,648,517	\$ 3,777,535	\$ 107,723,334	60.8	\$ 1,832,185,626	5.88%
2003	2002	29,931,710	45,447,167	16,229,621	22,859,025	3,769,229	110,698,294	60.8	1,896,430,587	5.84
2004	2003	31,115,448	48,098,049	17,286,560	20,732,334	3,927,684	113,304,707	60.8	1,973,989,803	5.74
2005	2004	32,500,494	48,880,890	16,116,529	19,725,439	3,885,174	113,338,178	60.8	2,012,358,171	5.63
2006	2005	39,049,201	59,067,023	16,839,936	22,146,872	4,173,248	132,929,784	54.9	2,396,889,288	5.55
2007	2006	41,046,491	60,601,586	15,664,410	21,288,733	4,255,786	134,345,434	54.9	2,472,593,261	5.43
2008	2007	43,624,088	63,334,142	15,510,400	20,406,476	4,262,629	138,612,477	54.9	2,577,078,442	5.38
2009	2008	46,591,593	67,302,466	14,886,860	22,118,529	4,282,034	146,617,414	54.9	2,728,131,590	5.37
2010	2009	48,563,854	68,919,960	13,671,060	21,327,503	4,434,172	148,048,205	54.9	2,777,562,487	5.33
2011	2010	53,718,182	70,501,984	14,093,880	20,772,127	4,553,707	154,532,466	56.7	2,930,483,528	5.27

Source: Florence County

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		
2002	2001	60.8	0.0	60.8	64.5	0.0	64.5	108.2	15.1	123.3	3.5	252.1
2003	2002	60.8	0.0	60.8	68.0	1.5	69.5	119.0	26.6	145.6	3.5	279.4
2004	2003	60.8	0.0	60.8	68.5	1.5	70.0	140.2	18.0	158.2	3.5	292.5
2005	2004	60.8	0.0	60.8	68.5	1.5	70.0	145.7	16.3	162.0	3.5	296.3
2006	2005	54.9	0.0	54.9	66.3	1.5	67.8	140.2	16.4	156.6	3.4	282.7
2007	2006	54.9	0.0	54.9	67.9	9.0	76.9	151.0	15.0	166.0	3.4	301.2
2008	2007	54.9	0.0	54.9	67.9	9.0	76.9	157.5	19.0	176.5	4.9	313.2
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4
2010	2009	54.9	0.0	54.9	67.9	9.0	76.9	171.7	34.3	206.0	4.9	342.7
2011	2010	53.7	3.0	56.7	67.9	9.0	76.9	173.2	32.0	205.2	4.9	343.7

Source: Florence County Auditor's Office

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

Table 10

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
QHG of South Carolina, Inc.	\$ 9,022,630	1	5.67%	\$ 7,696,560	1	6.90%
McLeod Regional Medical Center	4,267,810	2	2.68%	4,342,360	2	3.89%
Magnolia, LLC	3,242,670	3	2.04%	-		0.00%
Carolina Power and Light	3,042,070	4	1.91%	2,456,010	4	
Wal-Mart	2,652,090	5	1.67%	823,270	9	0.74%
BellSouth Telecommunications	1,920,340	6	1.21%	3,339,910	3	
Raldex, Inc	1,638,220	7	1.03%	1,035,040	6	0.93%
Holcombe Land Development	1,289,900	8	0.81%	1,034,850	8	
Edens & Avant Fin. Ltd. Partnership	1,066,770	9	0.67%	1,230,370	7	1.10%
South Carolina Electric and Gas	836,650	10	0.53%	-		
Byrd Properties, Inc.				2,361,740	5	2.12%
La Z Boy Incorporated				762,190	10	0.68%

Source: Florence County

(1) Total Assessed Value for 2010 was \$159,086,173

(2) Total Assessed Value for 2002 was \$111,500,869

Table 11

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Levy</u>
2002	2001	\$ 6,779,253	\$ 6,620,054	97.7%	\$ 53,754	\$ 6,673,808	98.4%
2003	2002	6,959,625	6,904,209	99.2	62,259	6,966,468	99.9
2004	2003	7,127,729	6,858,315	96.2	57,851	6,916,166	97.0
2005	2004	7,127,180	6,993,031	98.1	77,415	7,070,446	99.2
2006	2005	7,526,956	7,382,948	98.1	58,721	7,441,669	98.9
2007	2006	7,609,207	7,526,794	98.9	66,135	7,592,929	99.8
2008	2007	7,843,843	7,733,752	98.6	72,196	7,805,948	99.5
2009	2008	8,284,380	8,125,465	98.1	81,082	8,206,547	99.1
2010	2009	8,371,282	8,260,672	98.7	62,570	8,323,242	99.4
2011	2010	9,020,186	8,793,288	97.5	-	8,793,288	97.5

Source: Florence County

Table 12

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable			
2002	\$ -	\$ -	\$ 60,995	\$32,608,141	\$29,610,931	\$62,280,067	1.33%	\$ 2,015
2003	-	-	12,331	39,282,468	33,344,134	72,638,933	1.51	2,331
2004	-	-	240,921	39,511,795	32,958,638	72,711,354	1.47	2,321
2005	-	-	-	37,641,122	31,125,861	68,766,983	1.32	2,190
2006	-	-	4,274,126	39,670,000	29,111,139	73,055,265	1.35	2,319
2007	-	-	3,769,075	37,090,000	27,028,107	67,887,182	1.16	2,150
2008	-	1,280,000	3,270,500	36,265,000	24,873,896	65,689,396	1.08	2,072
2009	-	2,235,000	11,363,248	34,555,000	22,645,511	70,798,759	1.08	2,200
2010	-	2,060,675	10,466,595	110,240,000	17,419,572	140,186,842	*	3,783
2011	5,345,000	1,829,137	9,563,108	108,625,000	27,950,456	153,312,701	*	4,017

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

* Personal Income Tax Data is not currently available

Table 13

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

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
2002	31,415	\$ 111,500,869	\$ -	\$ -	\$ -	0.00%	\$ -
2003	31,427	114,467,523	-	-	-	0.00	-
2004	31,662	117,232,391	-	-	-	0.00	-
2005	31,787	117,223,352	-	-	-	0.00	-
2006	31,930	137,103,032 ⁽²⁾	-	-	-	0.00	-
2007	32,015	138,601,220	-	-	-	0.00	-
2008	32,063	142,875,106	-	-	-	0.00	-
2009	32,180	150,899,448	-	-	-	0.00	-
2010	37,056	152,482,377	-	-	-	0.00	-
2011	38,167	159,086,173 ⁽²⁾	5,345,000	-	5,345,000	3.36	140

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Budget and 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, 2011**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government¹</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Florence	\$5,345,000	100.00%	\$5,345,000
Overlapping:²			
Florence County	17,472,979	36.00%	6,290,272
Florence School District 1	<u>10,710,000</u>	45.00%	<u>4,819,500</u>
 Total	 <u><u>\$33,527,979</u></u>		 <u><u>\$16,454,772</u></u>

Table 15

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$8,920,070	\$9,157,402	\$9,378,591	\$9,377,868	\$10,968,243	\$11,088,098	\$11,430,008	\$12,071,956	\$12,198,590	\$12,726,894
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$5,345,000</u>
Legal Debt Margin	<u>\$8,920,070</u>	<u>\$9,157,402</u>	<u>\$9,378,591</u>	<u>\$9,377,868</u>	<u>\$10,968,243</u>	<u>\$11,088,098</u>	<u>\$11,430,008</u>	<u>\$12,071,956</u>	<u>\$12,198,590</u>	<u>\$7,381,894</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%	42.00%

Legal Debt Margin Calculation for Fiscal Year 2011

Taxable Assessed Value - 2010 Levy	\$154,532,466
Add back: exempt real property	<u>4,553,707</u>
Total Assessed Value	<u>\$159,086,173</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$12,726,894
Debt applicable to limit:	
Total Bonded Debt	\$5,345,000
Less Deductions Allowed by Law	<u>-</u>
Total Net Debt Applicable to Limit	<u>5,345,000</u>
Legal Debt Margin	<u>\$7,381,894</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	
2002	\$ 17,608,578	\$ 7,463,469	\$ 10,145,109	\$ 2,955,108	\$ 3,014,009	\$ 5,969,117	1.70
2003	19,382,569	8,496,911	10,885,658	3,306,140	3,326,816	6,632,956	1.64
2004	19,687,358	8,522,953	11,164,405	3,421,442	3,412,801	6,834,243	1.63
2005	20,742,121	9,461,277	11,280,844	3,616,634	3,363,546	6,980,180	1.62
2006	21,837,986	10,087,728	11,750,258	3,902,590	3,181,807	7,084,397	1.66
2007	23,213,857	10,240,322	12,973,535	4,085,899	2,987,178	7,073,077	1.83
2008	26,654,167	11,204,841	15,449,326	2,392,078	2,782,452	5,174,530	2.99
2009	26,712,674	12,292,031	14,420,643	3,341,252	2,650,041	5,991,293	2.41
2010	29,199,368	12,087,177	17,112,191	3,447,196	2,497,453	5,944,649	2.88
2011	29,474,795	11,751,584	17,723,211	1,973,833	4,923,927	6,897,760	2.57

(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**

Fiscal Year	Population⁽¹⁾	Personal Income (in millions)⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2002	31,415	4,679	24,115	13,424	7.8%
2003	31,427	4,799	24,600	14,309	9.2
2004	31,662	4,950	25,204	14,117	8.7
2005	31,787	5,208	26,399	13,905	8.4
2006	31,930	5,395	27,449	14,715	7.5
2007	32,015	5,861	29,661	15,510	6.1
2008	32,063	6,093	30,690	15,490	6.7
2009	32,180	6,528	30,542	15,783	12.1
2010	37,056	*	*	16,017	11.0
2011	38,167	*	*	16,081	11.7

* Information not yet available

(1) 2010 is the U.S. Census population, all other estimates by the South Carolina Budget and Control Board - Office of Research and Statistics or City of Florence Finance Department.

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.
Source for fiscal years 2002 and 2003 was State Budget & Control Board, Office of Research & Statistics.

(3) Florence School District One

(4) South Carolina Department of Employment and Workforce. Unemployment rate is for Florence County.

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

<u>Employer</u>	<u>2011</u>			<u>2002⁽²⁾</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	4,700	1	8.3%	4,678	1	NA
Florence School District One	2,093	2	3.7	-	-	-
Carolinas Hospital System	1,325	3	2.4	1,408	3	-
The Assurant Group	881	4	1.6	-	-	NA
Palmetto Gov't Benefits/TRICARE	850	5	1.5	-	-	NA
Wal-Mart	800	6	1.4	-	-	-
Florence County	782	7	1.4	750	4	-
City of Florence	515	8	0.9	-	-	-
Florence Co. Disabilities & Spec. Needs	350	9	0.6	-	-	-
SC DHEC	336	10	0.6	-	-	-
Blue Cross Blue Shield of SC				2,200	2	NA
The ESAB Group				500	5	NA
Francis Marion University				462	6	NA
Amana, Inc.				386	7	NA
Roche Carolina				294	8	NA
Flav-O-Rich				190	8	NA
Rental Uniforms				169	10	NA

(1) Total employment information is only available by county. This information represents percentage of Florence County's employment.

(2) Prior to FY 2006 principal employers were reported in the City's Water & Sewer Service area.

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	2011			2002		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$193,141	1.38%	5	\$76,314	0.97%
Johnson Controls	Manufacturing	2	159,746	1.14			
Francis Marion University	University	3	158,841	1.13	4	90,144	1.14
Roche Carolina	Manufacturing	4	98,013	0.70			
Rental Uniforms	Industrial	5	63,774	0.45	6	54,053	0.69
Carolinas Hospital System	Medical Services	6	61,521	0.44	9	40,542	0.51
ESAB	Manufacturing	7	60,640	0.43	8	40,789	0.52
Darlington County	Government	8	59,923	0.43			
Pet Dairy	Manufacturing	9	59,759	0.43			
Days Inn	Motel	10	49,462	0.35			
Florence County	Government				1	354,935	4.51
General Electric	Manufacturing				2	208,912	2.65
Flav-O-Rich	Manufacturing				3	98,306	1.25
Pepsi Cola	Manufacturing				7	42,912	0.54
Amana	Manufacturing				10	33,984	0.43
TOTALS			<u>\$964,820</u>	<u>6.88%</u>		<u>\$1,040,891</u>	<u>13.21%</u>

Total Billed Revenue: \$14,041,755.

Table 20

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

Customer	Type of Business	2011			2002		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
McLeod Regional Hospital	Medical Services	1	\$282,181	1.93%	6	\$95,024	1.16%
Koppers	Manufacturing	2	267,681	1.83	8	79,444	0.97
Francis Marion University	University	3	232,480	1.59	2	127,801	1.56
Lee County Landfill	Government	4	220,358	1.51			
ESAB	Manufacturing	5	196,016	1.34	4	111,450	1.36
PET Dairy	Manufacturing	6	157,068	1.07			
Rental Uniforms	Industrial	7	117,559	0.80	5	106,553	1.30
Roche Carolina	Manufacturing	8	115,580	0.79	7	82,800	1.01
Johnson Controls	Manufacturing	9	96,271	0.66			
Forest Lake Apartments	Residential	10	72,769	0.50			
Flav-O-Rich	Manufacturing				1	224,780	2.75
Florence County	Government				3	114,336	1.40
Darlington County	Government				9	69,068	0.84
Carolina Hospital Systems	Medical Services				10	54,211	0.66
TOTALS			<u><u>\$1,757,963</u></u>	<u><u>12.02%</u></u>		<u><u>\$1,065,467</u></u>	<u><u>13.01%</u></u>

Total Billed Revenues: \$14,641,165.

Table 21

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

	Fiscal Year									
	2002	2003 ⁽¹⁾	2004	2005	2006	2007	2008	2009 ⁽²⁾	2010	2011
Water Customers:										
Residential	19,133	23,902	24,647	25,259	25,957	26,610	27,189	27,139	27,299	27,333
Commercial	2,869	2,694	2,739	2,763	2,802	2,849	2,970	2,958	2,983	2,977
Industrial								7	5	3
Total	<u>22,002</u>	<u>26,596</u>	<u>27,386</u>	<u>28,022</u>	<u>28,759</u>	<u>29,459</u>	<u>30,159</u>	<u>30,104</u>	<u>30,287</u>	<u>30,313</u>
Sewer Customers:										
Residential	13,752	14,375	14,989	15,421	16,241	16,761	17,190	17,143	17,340	17,344
Commercial	2,071	2,031	2,068	2,086	2,119	2,157	2,247	2,234	2,241	2,228
Industrial								7	6	5
Total	<u>15,823</u>	<u>16,406</u>	<u>17,057</u>	<u>17,507</u>	<u>18,360</u>	<u>18,918</u>	<u>19,437</u>	<u>19,384</u>	<u>19,587</u>	<u>19,577</u>
Total Utility Customers:	<u><u>37,825</u></u>	<u><u>43,002</u></u>	<u><u>44,443</u></u>	<u><u>45,529</u></u>	<u><u>47,119</u></u>	<u><u>48,377</u></u>	<u><u>49,596</u></u>	<u><u>49,488</u></u>	<u><u>49,874</u></u>	<u><u>49,890</u></u>

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

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

Table 22

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Minimum Rates ⁽¹⁾										
Inside City Rates										
3/4"	\$ 9.01	\$ 9.45	\$ 9.65	\$ 9.83	\$ 10.02	\$ 10.27	\$ 11.10	\$ 11.77	\$ 12.47	\$ 12.00
1"	13.75	14.48	14.68	14.97	15.26	15.67	16.92	17.94	19.01	25.50
1 1/4"	14.94	15.74	15.94	16.26	16.58	17.02	18.37	19.47	20.63	36.75
1 1/2"	26.80	28.32	28.52	29.12	29.70	30.52	32.92	34.90	36.99	48.00
2"	45.19	47.82	48.02	49.05	50.04	51.45	55.46	58.79	62.31	75.00
3"	97.97	103.80	104.00	106.28	108.42	111.52	120.18	127.39	135.03	147.00
4"	171.50	181.80	182.00	186.01	189.76	195.22	210.34	222.96	236.33	228.00
6"	382.03	405.09	405.29	414.28	422.64	434.85	468.48	496.59	526.38	453.00
8"	676.78	717.70	717.90	733.85	748.68	770.32	829.89	879.68	932.46	723.00
Volume Rate (per 1,000 gallons)	1.20	1.29	1.35	1.38	1.41	1.43	1.55	1.64	1.74	1.75
Minimum Rates ⁽¹⁾										
Outside City Rates										
3/4"	11.98	12.60	12.80	13.05	13.30	13.65	15.15	16.51	18.00	17.40
1"	19.09	20.14	20.34	20.76	21.17	21.75	24.12	26.29	28.66	39.00
1 1/4"	20.87	22.03	22.23	22.69	23.14	23.77	26.36	28.73	31.32	57.00
1 1/2"	38.66	40.90	41.10	41.98	42.82	44.02	48.79	53.18	57.97	75.00
2"	66.24	70.15	70.35	71.85	73.32	75.41	83.57	91.09	99.29	118.20
3"	145.41	154.12	154.32	157.72	160.90	165.52	183.39	199.89	217.88	233.40
4"	255.72	271.11	271.31	277.32	282.92	291.07	322.47	351.49	383.13	363.00
6"	571.51	606.06	606.26	619.72	632.24	650.51	720.64	785.49	856.19	723.00
8"	1,013.62	1,074.98	1,075.18	1,099.07	1,121.28	1,153.72	1,278.07	1,393.09	1,518.47	1,155.00
Volume Rate (per 1,000 gallons)	1.80	1.94	2.03	2.07	2.12	2.15	2.39	2.61	2.84	2.80

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

Table 23

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Minimum Rates⁽¹⁾										
Inside City Rates										
3/4"	\$ 14.60	\$ 15.61	\$ 15.91	\$ 16.12	\$ 16.41	\$ 16.82	\$ 18.28	\$ 19.38	\$ 20.54	\$ 20.60
1"	23.28	25.07	25.41	25.75	26.23	26.92	29.28	31.04	32.90	46.85
1 1/4"	25.45	27.43	27.79	28.16	28.69	29.45	32.03	33.95	35.99	68.73
1 1/2"	47.15	51.07	51.55	52.24	53.25	54.71	59.52	63.09	66.88	90.60
2"	80.79	87.71	88.38	89.56	91.32	93.86	102.15	108.28	114.78	143.10
3"	177.35	192.91	194.11	196.72	200.61	206.27	224.50	237.97	252.25	283.10
4"	311.89	339.48	341.42	346.02	352.88	362.88	395.30	419.02	444.16	440.60
6"	697.07	759.09	763.16	773.44	788.82	811.25	883.04	936.02	992.18	878.10
8"	1,236.31	1,346.54	1,353.60	1,371.82	1,399.14	1,438.96	1,566.32	1,660.30	1,759.95	1,403.10
Volume Rate (per 1,000 gallons)	1.53	1.62	1.66	1.71	1.75	1.77	1.90	2.01	2.13	2.48
Minimum Rates⁽¹⁾										
Outside City Rates										
3/4"	20.03	21.52	21.85	22.14	22.55	23.14	25.86	28.19	30.73	31.10
1"	33.05	35.70	36.11	36.59	37.29	38.29	42.82	46.68	50.88	73.10
1 1/4"	36.30	39.25	39.67	40.20	40.97	42.08	47.06	51.30	55.92	108.11
1 1/2"	68.85	74.71	75.31	76.32	77.81	79.97	89.47	97.52	106.30	143.10
2"	119.30	129.67	130.55	132.31	134.91	138.70	155.21	169.18	184.41	227.10
3"	264.15	287.47	289.15	293.04	298.85	307.31	343.95	374.91	408.66	451.10
4"	465.96	57.32	510.12	516.98	527.26	542.23	606.90	661.52	721.06	703.10
6"	1,043.72	1,136.74	1,142.73	1,158.11	1,181.17	1,214.78	1,359.71	1,482.09	1,615.48	1,403.10
8"	1,852.59	2,017.92	2,028.38	2,055.70	2,096.64	2,156.34	2,413.65	2,630.88	2,867.66	2,243.10
Volume Rate (per 1,000 gallons)	2.30	2.43	2.49	2.57	2.63	2.66	2.93	3.19	3.48	3.97

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

Table 24

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

Function	Full-time Equivalent City Government Positions									
	2002	2003	2004	2005	2006	2007 ⁽¹⁾	2008	2009	2010	2011
General Government Admin.	11	18	19	19	13	11	12	12	12	13
Finance Department	9	9	9	10	10	10	10	10	10	10
Personnel Department	4	4	4	4	4	4	5	5	5	5
Community Services Department	5	5	5	5	5	7	8	8	8	8
Public Safety										
Police	114	123	127	138	140	138	138	140	143	153
Fire	71	71	71	71	71	70	70	71	72	85
Total Public Safety	185	194	198	209	211	208	208	211	215	238
Public Works Department										
Streets and Beautification	28	28	28	28	30	30	30	30	30	30
Sanitation	23	23	23	23	24	24	25	27	27	27
Equipment Maintenance	8	8	8	8	8	8	8	7	7	7
Total Public Works	59	59	59	59	62	62	63	64	64	64
Parks and Recreation	31	31	17	23	23	23	35	39	39	41
Urban Planning & Development	0	0	0	0	0	4	4	8	8	8
Water and Sewer	97	105	114	115	116	117	117	117	118	119
Stormwater	0	11	11	12	12	11	11	11	10	9
Total Employees	401	436	436	456	456	457	473	485	489	515

Source: City of Florence Budget

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

Table 25

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

Function	Fiscal Year									
	2002	2003 ⁽¹⁾	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical Arrests	2,800	2,569	2,737	2,918	2,881	3,003	3,523	3,787	3,633	2,740
Traffic Violations	7,499	4,765	4,366	6,345	8,876	9,323	9,598	8,692	8,775	12,697
Parking Violations	1,228	838	966	1,020	1,153	757	623	924	770	546
Fire										
Calls Answered	3,855	2,060	2,603	2,162	2,324	2,413	2,236	2,177	2,565	2,709
Inspections	998	705	780	941	974	1,021	837	1,286	1,040	1,797
Water System										
Service Connections	22,100	26,813	27,475	28,166	28,759	29,459	30,238	30,240	30,814	30,396
Average daily consumptions (in millions of gallons)	11.70	11.70	12.06	12.06	12.50	13.00	14.00	13.00	13.00	13.00
Maximum daily capacity (in millions of gallons)	27.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	26.00	26.00
Wastewater System										
Service connections	15,900	NA	17,154	17,632	18,360	18,918	19,486	19,530	19,954	19,641
Average daily treatment (in millions of gallons)	7.70	10.10	10.10	10.10	8.90	10.00	9.82	11.00	12.00	10.00
Maximum daily capacity (in millions of gallons)	15.00	15.00	15.10	15.00	15.00	15.00	15.00	18.00	18.00	18.00

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

Table 26

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

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	2	2	2	2	2	2	3	2
Resource Centers	6	6	3	3	3	3	3	4	6	9
Patrol units	108	113	113	115	125	157	127	135	100	133
Fire Stations	4	4	4	4	4	4	4	4	4	5
Highways and Streets										
Streets (in miles) ⁽¹⁾	231	235	241	241	246	241	241	283	283	96
Streetlights (Leased)	4,750	4,970	5,125	5,572	5,816	6,052	6,075	6,235	6,375	6,670
Culture and Recreation										
Community centers	4	4	3	3	4	3	4	4	4	6
Parks	13	13	13	14	15	16	16	17	19	19
Park acreage	300	300	300	530	500	530	605	624	660	660
Swimming pools	2	0	0	0	0	0	0	0	0	0
Tennis courts	26	26	24	24	24	22	24	24	48	54
Water System										
Water mains (in miles)	629	698	726	730	730	730	741	718	718	724
Fire hydrants	1,355	1,000	1,280	1,524	1,786	1,801	1,882	2,334	2,213	2,229
Wastewater System										
Sanitary sewers (in miles)	335	352	357	368	375	375	390	388	425	448
Treatment plants	1	1	2	1	1	1	1	1	1	1
Stormwater System										
Storm sewers (in miles) ⁽²⁾	91	91	95	100	105	109	110	115	115	75

(1) Prior to 2011, the streets reported represented the total number of miles within the City. Beginning in 2011, the streets reported represent the miles of streets owned by the City of Florence.

(2) Prior to 2011, the storm drains reported represented the total number of miles within the City. Beginning in 2011, the storm drains reported represent the miles of storm drains owned by the City of Florence.

Table 27

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

Date of Incorporation		1890
Form of Government		Council/Manager
Total Number of Full-Time Employees		515
Area in square miles		21.00
 Facilities and services not included in the primary government		
Cable Television System		
Miles of service (Florence County)		1,369
Number of satellite receiving stations		-
 Education		
Number of elementary schools		13
Number of elementary school instructors		591
Number of secondary schools		8
Number of secondary school instructors		620
 Facilities and services not included in the reporting entity		
Hospitals		
Number of hospitals		3
Number of patient beds		916
 Other data		
Business Licenses issued for fiscal year 2010-2011		3,659
New Business Licenses issued for fiscal year 2010-2011		481
 Business License Receipts	\$	6,868,384
Percent change in Business License receipts from prior year		1.66%
 Franchise Fee Receipts	\$	3,479,557
Percent change in Franchise Fee receipts from prior year		(0.48%)
 Population (estimated population)		38,167
City of Florence gross retail sales for calendar year 2010	\$	2,327,401,236
Per Capita spending for calendar year 2010	\$	60,979
 Outstanding General Obligation Debt	\$	5,345,000
Outstanding Revenue Debt	\$	136,811,189
 City of Florence Bond Rating		
Moody's Investor's Service		Aa2
Standards and Poor's		A+
 Residential construction permits issued		457
Construction value	\$	11,489,100
Commercial construction permits issued		154
Construction value	\$	29,645,318

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the **City of Florence, South Carolina**, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Florence's major federal programs for the year ended June 30, 2011. The City of Florence's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Florence's management. Our responsibility is to express an opinion on the City of Florence's compliance based on our audit.

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

In our opinion, the City of Florence complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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.

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

Webster Rogus LLP

Florence, South Carolina
November 30, 2011

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through Grantor's Number	Expenditures
U.S Department of Housing and Urban Development			
Community Development Block Grant Entitlement	14.218	N/A	\$ 378,663
ARRA - Community Development Block Grant Entitlement	14.253	N/A	41,721
Total CDBG Entitlement Cluster			<u>420,384</u>
Community Development Block Grant - Section 108 Loan Guarantee Program	14.248	N/A	353,991
Total Direct Department of Housing and Urban Development			<u>774,375</u>
Passed through S.C. State Housing Finance and Development Authority			
Neighborhood Stabilization Program	14.228	M07SG450100	117,566
HOME Investment Partnership Program	14.239	M10SG450100	60,000
Total passed through S.C. Department of Housing and Urban Development			<u>177,566</u>
Total Department of Housing and Urban Development			<u>951,941</u>
U.S. Department of Transportation			
Passed through S.C. Dept. of Transportation			
Transportation Enhancement Program	20.205	ENH 96-07	12,232
Total Department of Transportation passed through programs			<u>12,232</u>
U.S. Department of Justice			
Bureau of Justice Assistance Grant	16.580	N/A	12,438
ARRA - Bureau of Justice Grant	16.804	N/A	3,925
Public Safety Partnership and Community Policing Grants	16.710	N/A	83,664
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	217,577
Subtotal CFDA 16.710			<u>301,241</u>
Total Department of Justice direct programs			<u>317,604</u>
U.S. Environmental Protection Agency			
Passed through S.C. Dept. of Health and Environmental Control			
Capitalization Grants for Clean Water State Revolving Funds	66.458	S1-121-09-378-19	2,102,677
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	2W-95426309-0	245,411
Total Environmental Protection Agency passed through programs			<u>2,348,088</u>
U.S. Department of Agriculture			
Passed through Pee Dee Electric Cooperative, Inc.			
Rural Economic Development Loans and Grants	10.854	570223728	249,873
Passed through South Carolina Forestry Commission			
ARRA - Wildland Fire Management	10.688	P1201URBST10	2,075
Total Department of Agriculture passed through programs			<u>251,948</u>
U.S Department of Homeland Security			
Assistance to Firefighters Grants	97.044	N/A	36,000
Total Department of Homeland Security direct programs			<u>36,000</u>
Total Federal Expenditures			<u>\$ 3,917,813</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

1. Significant Accounting Policies

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

2. Outstanding Loans

At June 30, 2011, the City had the following outstanding loans:

	CFDA #	Amount
U.S. Department of Housing and Urban Development		
CDBG Section 108 Loan Guarantees	14.248	\$ 870,000
U.S. Environmental Protection Agency		
Water Supply Improvements	66.468	1,449,439
Pee Dee Regional Water System/Finished Water Main	66.468	4,929,791
Rain Water Storage	66.468	2,101,490
Regional Wastewater Treatment Plant Upgrade - Phase I	66.468	15,761,427
Total Environmental Protection Agency		24,242,147
Total loans outstanding		\$ 25,112,147

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unqualified Opinion

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

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

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

Reportable condition(s) identified that are not considered to be
 material weaknesses? _____ yes X none reported

Type of auditor’s report issued on compliance for major
 programs: Unqualified Opinion

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	CDBG Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
16.710	ARRA – Public Safety Partnership and Community Policing Program

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

Auditee qualified as low-risk auditee? X yes _____ no

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2011**

II – Financial Statements Findings:

None

III – Federal Awards Findings:

None

**CITY OF FLORENCE, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011**

None

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Florence, South Carolina**, as of and for the year ended June 30, 2011, which collectively comprise the City of Florence, South Carolina's basic financial statements and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Florence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Webster Rogers LLP

Florence, South Carolina
November 30, 2011