

CITY OF FLORENCE, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009



PREPARED BY
CITY OF FLORENCE, SOUTH CAROLINA
FINANCE DEPARTMENT

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**CITY OF
FLORENCE**
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December 8, 2009

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, 2009.

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, 2009, 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, 2009, 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 20 square miles and serves a population in excess of 30,000. The City of Florence is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by governing council.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City of Florence are required to submit requests for appropriations to the City Manager in the spring of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Manager at the fund level and may be amended as necessary during the fiscal year. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 31 as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Conditions

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

Local economy. The City of Florence is located at the economic and cultural heart of the Pee Dee region situated between the Piedmont and Coastal sections of South Carolina. The City is the economic center of the Pee Dee region and serves the northeastern portion of the state as a major thoroughfare and service community. Florence's location makes it especially desirable for development and expansion. As a significant transportation connector, with Interstate 95 and Interstate 20 intersecting at the city limits, Florence is among the top commercial, industrial, medical, and service centers in the state. In addition to the two major interstate highways, Florence is accessible to an expanding regional airport, 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, and QVC, have contributed significantly to overall capital investments and job creation in the area. In addition to these companies, the H.J. Heinz Co. plans to create approximately 350 jobs at a new 225,000 square foot facility with an initial investment of \$105 million on 49 acres in the Pee Dee Touchstone Energy Commerce City industrial park in Florence County. Monster.com has also constructed a customer service facility in Florence County, investing \$28 million with plans to hire approximately 350 employees.

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

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

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 one of the most diversified economies in the southeast, and economic expansion continues in both the City and County of Florence. The economic outlook and prospect for growth and development in the area are strong and appear promising for the future. Florence has been recognized nationally as a prime destination for business and industry because of its accessibility and the availability of land suitable for industrial and commercial development.

Major Initiatives. Wastewater Treatment 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 redeveloped 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. Construction for the project has been divided into phases. Bids for the first phase, which will include new influent headworks, new effluent disinfection facilities, rehabilitation of secondary clarifiers, a post aeration basin and sludge holding tanks were received in May 2009. Seaside Utilities of Moncks Corner, SC was selected as the contractor with a bid of \$16.5 million. 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. Construction, begun in early September 2009, is scheduled to be completed by September 2011. The second phase of the project is currently in the design and permitting stage. Work on the second phase includes primary and secondary clarifiers, aeration basins, an influent flow equalization storage tank, aerobic sludge digesters, sludge dewatering centrifuges, odor control facilities, and a laboratory and control building. Plans and specifications for the second phase of construction are scheduled to be received in December 2009. The planned start date for construction is March 2010, with project completion three years later in March 2013. The estimated construction cost for this phase is approximately \$60 million. It is anticipated that this contract will be financed through the issuance of revenue bonds. The City continues to seek federal grant funds for the project. Beginning in 2007, Florence City Council implemented a three-year phased adjustment of water and sewer rates to provide funding for this work. The last of these adjustments became effective in July, 2009.

East Florence Stormwater Improvement and Mitigation Project – The City is developing this innovative stormwater facility to assist in the reduction of stormwater pollutants as prescribed in Phase II of the NPDES permitting program. The scope of this project includes the reclamation of approximately 40 acres of wetlands adjacent to Pye Branch between Walnut Street and National Cemetery Road, and the construction of at least one retention basin to settle out sediments and pollutants. By providing wetlands re-establishment, stream restoration, and re-establishment of native vegetation, the project should improve the quality of stormwater entering Jeffries Creek from this urban watershed. In addition to the water quality improvements, the project features educational nature trails and quality passive recreational opportunities. The new facility will serve one of the City's oldest and largest urban drainage basins that currently has no retention or other treatment process to improve water quality. Extensive areas of the site have been cleared of undergrowth and non-native vegetation. The completed site will also include the re-establishment of native plant species, stream and floodplain restoration and development of stormwater demonstration areas. This area will be used as a wetlands nature park with trails and interactive kiosks to educate the public on the importance of good land and water management practices. Funding for this project, at a cost of approximately \$1,000,000, is provided through grants from the South Carolina Department of Transportation, in-kind labor and equipment, and stormwater utility capital construction funds. This project is scheduled to be completed in FY 2009-10.

Capital Stormwater Projects – Since the implementation of the City’s Stormwater Utility and supporting rate structure in 2003, the City has completed numerous projects that were funded through available revenues generated by the Stormwater Enterprise Fund. In FY 2005-06 City Council was presented with over 20 significant stormwater projects, the total size and scope of which required that the City obtain long-term capital financing through a revenue bond issue. In June 2006 City Council adopted a General Bond Ordinance authorizing and providing for the issuance of the Stormwater System Revenue Bonds and a supplemental bond ordinance authorizing financing from BB&T in the amount of \$4,000,000 for fifteen years at an interest rate of 4.18% to fund the projects identified as the most critical major problem areas to be addressed. These projects are scheduled for completion during the fiscal year 2009-10.

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

Brownfields Project – Since 2003, the City of Florence has worked to assess, obtain, and clean the former Bush Recycling Center property, a Brownfield site located in the heart of the City’s downtown. Through a combination of EPA Brownfields Assessment and Cleanup Grants, a Drs. Bruce and Lee Foundations land acquisition grant, a low interest Brownfields Cleanup Revolving Fund loan, and matching City funds, the City has, over the last several years, made great strides in converting this former Brownfield into a site that will provide for future use designed to complement the downtown revitalization and redevelopment effort. A number of environmental site assessments have been completed with EPA and SCDHEC oversight to identify cleanup alternatives, activities, and associated costs at the former Bush Recycling Center. To fund the cleanup activities, the City secured a 10-year, one percent interest loan through the SCDHEC Brownfields Cleanup Revolving Loan Fund. Additional funding came from a Brownfield Cleanup Grant, general fund revenues, and in-kind services. Contaminated soil remediation activities commenced at the site in May 2008 and by August 2008, more than 27,000 tons of contaminated soil and surface debris had been removed and properly disposed. Following the soil removal, confirmation soil samples were collected and subsequently reviewed by SCDHEC to confirm that the contaminated soil had been removed to a level that would allow for residential property development, if desired. From April through June 2009, more than 16,000 tons of clean fill dirt was returned to restore the site to its original grade, with the exception of an area designed for stormwater retention. It is anticipated that by December 2009, the City will have secured a Certificate of Cleanup Completion from SCDHEC, which will provide liability protection for the City and future owners. Total costs associated with the cleanup activities are approximately \$1.49 million. Of this amount, \$240,000 was funded from a \$200,000 Brownfields Cleanup grant combined with \$40,000 of grant matching funds from the City. The remaining balance was funded with a \$1,025,000 BCRLF loan for ten years with one percent interest and a City match of \$225,000. The BCRLF loan provided for a maximum of \$200,000 loan forgiveness, resulting in a principal repayment amount of \$825,000. The City has developed conceptual redevelopment plans for the area which include the former Bush Recycling Center and surrounding properties. Recently, the former Bush Recycling Center property and some of the surrounding properties have been identified as a potential location for an intermodal transportation center. The City is currently completing environmental assessment activities on the majority of the properties that surround this Brownfield site. Information from these environmental assessments will provide the City with the opportunity and knowledge to expand the revitalization of this area outside the borders of the former Bush Recycling Center.

Veterans Memorial Park – The Florence Veterans Park Committee and the City of Florence held the official opening and dedication ceremony for the Florence Veterans Park, adjacent to the Florence Civic Center, on November 11, 2008. Members from various branches of the military, both active and retired, took part in the opening ceremonies. Built by local construction firm Florence Builders on approximately 6 acres of land, the site is comprised of land donated for the park by the estate of the late R.P. Byrd and by World War II veteran and former Florence representative in the S.C. State House of Representatives Edward L. Young. In June 2006 City Council adopted a lease-purchase ordinance authorizing financing from BB&T in the amount of \$3,000,000 for fifteen years at an interest rate of 4.18% to fund capital projects to include the construction of the Veterans Memorial Park, at an estimated cost of \$2 million, and \$1 million in road widening improvements to West Radio Drive, a street that serves not only as an access to myriad retail, restaurant and hotel options, but also provides an access to the memorial park.

Tennis Complex – In 2006 the Florence Tennis Association (FTA) and the City of Florence began discussions regarding the possibility of providing additional tennis courts for Florence residents. Dr. Edward Floyd donated 24 acres of property, located between Highway 52 (Lucas Street) and North Cashua Drive, for this project. In addition, the Nucor Corporation donated three acres of land off North Cashua Drive for a public access road to the complex. In December 2006, the FTA made a request to City Council for assistance with the proposed tennis complex. At that time City Council approved a feasibility study for the construction and operation of a tennis complex. The City received a \$44,000 grant from the Drs. Bruce and Lee Foundation and contracted with the consulting firm Wood & Partners, Inc. for master plan design services. The tennis complex design and funding mechanisms were presented to City Council in November 2007. At that time a total funding of \$5 million for the complex was approved. Of this total funding, Florence County will contribute \$522,000 for the construction of public access road and related utilities and the Drs. Bruce and Lee Foundation will contribute \$1.5 million in grant funds for the construction of a tennis activity center at the complex. This grant funding will be paid to the City over a three-year period in 2012, 2013, and 2014. In March 2009, City Council adopted a lease-purchase ordinance authorizing financing from BB&T in the amount of \$7,500,000 for fifteen years at an interest rate of 3.79% to fund capital projects to include \$4.5 million for the construction of the Tennis Center Complex. This amount represents a \$3 million facility cost and \$1.5 million for the tennis activity center (to be repaid by the Drs. Bruce and Lee Foundation over a three-year period). An additional \$3 million was included in the financing to provide a capital contribution for the construction of the Francis Marion University performing arts center to be located in downtown Florence. Construction of the tennis center complex is scheduled for completion and opening in the spring of 2010.

U.S. Highway 301 Water Transmission Main Extension – Approximately 7,000 feet of 30 inch water transmission line will be extended along the Highway 301 from East Palmetto Street to the intersection with South Wallace Road. From this point, 1,200 feet of 6-inch diameter connector line will be installed along South Wallace Road to connect to the existing system. Also included in the project will be construction of approximately 8,900 feet of 12-inch diameter water line along National Cemetery Road and an interconnection of the existing 30 inch transmission main with an 8 inch water line at the intersection of Old Marion Highway and SC Highway 327. These line extensions will improve delivery of water from the surface water plant to the system and will also eliminate three dead-end lines, where lower pressures and rusty water conditions are more likely to occur. Bids have been received and a contract awarded, for an extension of the City's 30-inch diameter water transmission main along Highway 301. The project was awarded to DS Utilities, Inc. of Little Mountain, SC in the amount of \$1,180,352. The work will be funded, in part, by an EPA grant of \$433,700, with the balance coming from the City's water and sewer utility construction account. It is anticipated that the project will be completed by February, 2010.

Comprehensive Plan Update – A Comprehensive Plan, in addition to being required by state law, is a necessary and important document to help guide the future growth and economic development of the Florence community. The City's current comprehensive plan was adopted in 1999 under a countywide consolidated planning and zoning operation, managed and administered by Florence County. Effective July 1, 2008, the City of Florence resumed responsibilities for planning and zoning functions within the City of Florence. The Comprehensive Plan must be adopted and updated every ten years. In February 2009, the City of Florence received proposals for updating its Comprehensive Plan and rewriting the City's zoning ordinance.

These projects were awarded to the firm of Kendig Keast Collaborative of Stafford, Texas. The updated plan will include an identification of key planning issues, followed by goals and specific recommendations. It will include chapters devoted to the pattern and character of development and redevelopment; the means of community mobility including streets, sidewalks, trails, and transit; adequate and affordable housing and neighborhood integrity; strategies for growing and strengthening the economy; an update of the downtown master plan and planning for the fringe and adjacent neighborhood areas; and an implementation framework and action agenda. The plan will be used to determine how the City may best leverage its assets and thus, create a better quality of life for its residents. While the current Comprehensive Plan was adopted as a consolidated, countywide plan, the updated plan will be designed with a more significant focus on the City of Florence. Therefore, in order to implement a comprehensive plan with a City focus, a new zoning ordinance for the City is also being written. This zoning ordinance will address urban development issues more commonly found within City boundaries. The anticipated completion date for the Comprehensive Plan is August 2010 and the projected completion date for the zoning ordinance is January 2011.

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

The investment goal of the City is to maintain adequate cash to meet current obligations and to invest in those legal securities that maximize earnings and protect principal. Monies that are not required on a short-term basis are invested in compliance with the guidelines of the South Carolina Code of Laws 6-5-10. The City earned interest revenue of \$552,400 on all investments for the year ended June 30, 2009.

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

The City maintains its insurance for tort liability, property, automobile fleet, boiler and machinery, and crime with the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF). Workers' compensation coverage is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both the SCMIRF and SCMIT funds are self-insured pools with other municipalities in South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina. The City carries a \$10,000 deductible under the SCMIRF plan and a \$10,000 under the SCMIT plan. Claims below these thresholds are managed by the City.

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

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

The City also provides postemployment health and dental care benefits for retirees and their dependents that meet certain service requirements. At the end of the current fiscal year, there were 53 retired employees receiving these benefits. Governmental Accounting Standards Board (GASB) Statement 45 requires public sector employers to recognize the cost of other postemployment benefits (OPEB) over the active service life of their employees rather than on a pay-as-you-go basis. In compliance with the GASB Statement 45 implementation requirement dates, the City has reported its actuarially determined health and dental OPEB related costs in its financial statements for fiscal year ending June 30, 2009. The City has chosen to fund its actuarially determined annual required contribution (ARC) costs through participation in the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), a tax-exempt governmental trust under Internal Revenue Code Section 115 and applicable State of South Carolina law. SC ORBET is coordinated and managed by the Municipal Association of South Carolina.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes V.A and V.B in the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Florence for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

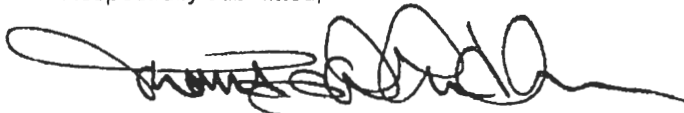
To be awarded a Certificate of Achievement award, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report, with contents which conform to GFOA program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

A Certificate of Achievement is valid for a period of one year only. The Certificate awarded for fiscal year ended 2008 marks the eleventh 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, 2008

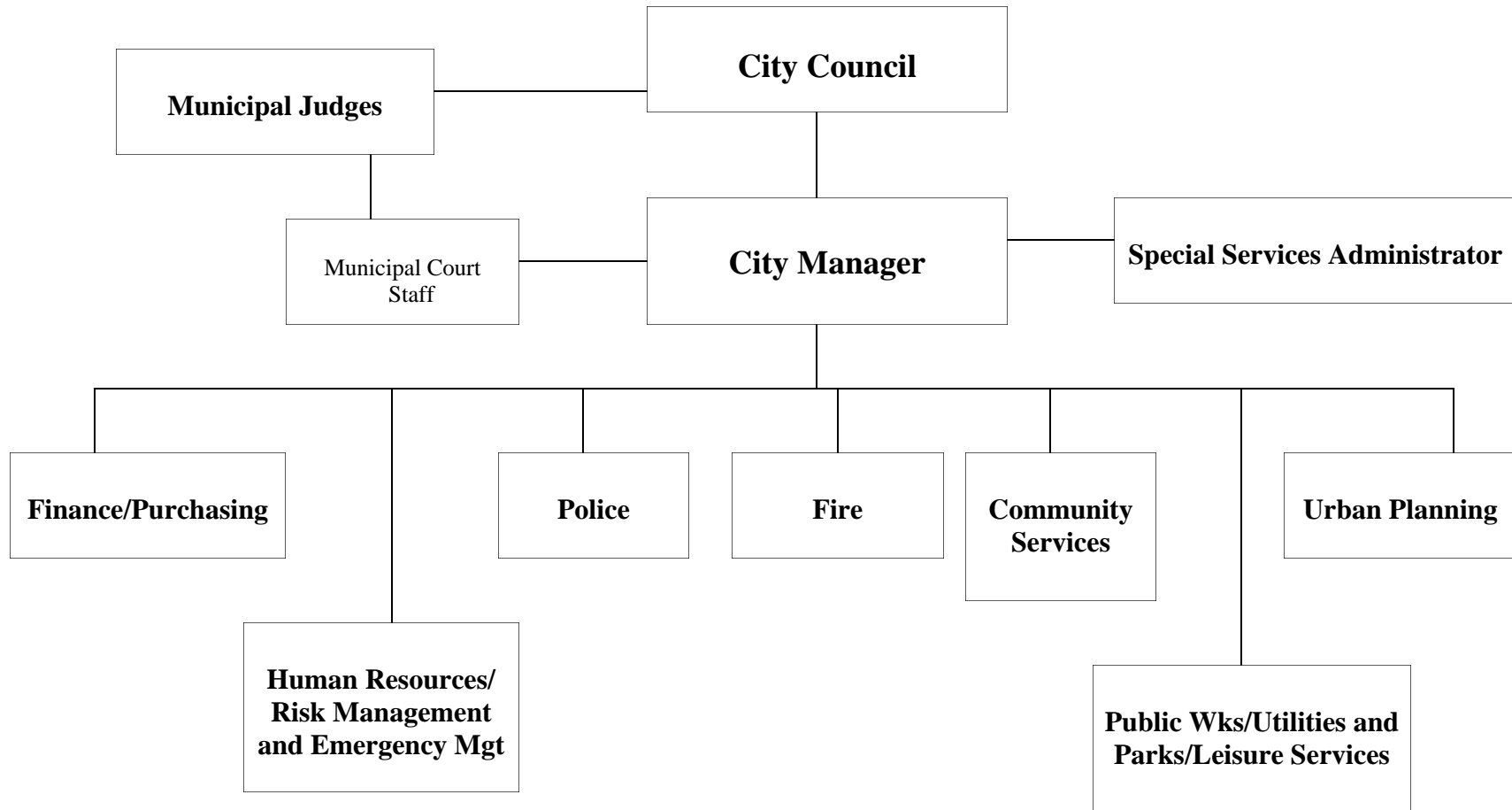
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF FLORENCE
ORGANIZATIONAL CHART
FY 2008-09**



CITY OF FLORENCE, SOUTH CAROLINA
PRINCIPAL OFFICIALS
JUNE 30, 2009

GOVERNING BODY

Stephen J. Wukela, Mayor

Billy D. Williams, Mayor Pro Tempore

Edward Robinson

William C. Bradham, Jr.

Frank J. Brand, III

Octavia Williams-Blake

Stephen C. Powers

ADMINISTRATION

David N. Williams, City Manager

Thomas W. Chandler, Finance Director

Darene S. Stankus, Human Resources/Risk Management Director

Scotty B. Davis, Community Services Director

Anson E. Shells, Police Chief

Randall S. Osterman, Fire Chief

Andrew H. Griffin, Public Works Director

Phillip M. Lookadoo, Urban Planning and Development Director

Thomas B. J. Shearin, Special Services Administrator

FINANCIAL SECTION

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, 2009, 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, 2009, 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 December 8, 2009, 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 14 through 24 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Florence, South Carolina basic financial statements. The introductory section, combining and individual fund statements and schedules, schedule of expenditures of federal awards, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Fines, Assessments, and Surcharges – Special Revenue Fund – Victim’s Rights Fund (page 89) 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 (page 121) 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.



Florence, South Carolina

December 8, 2009

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, 2009. 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 \$111,778,727 (*net assets*). Of this amount, \$28,090,396 (*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 \$2,632,761 during the fiscal year ended June 30, 2009, with a \$2,968,780 decrease resulting from governmental activities and a \$5,601,541 increase resulting from business-type activities.
- As of the close of the current fiscal year, the City of Florence's governmental funds reported combined ending fund balances of \$18,182,530, an increase of \$4,852,026 in comparison with the prior year. Approximately 98.52 percent of this total amount, \$17,912,530 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,022,785, or 32.78 percent of the total general fund expenditures.
- The City of Florence had \$70.8 million in bonds, notes and capital leases outstanding versus \$65.7 million last year, an increase of 7.8 percent.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Florence's finances in a manner similar to 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 25-26 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 27-32 of this report. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the major funds can be found on pages 31-32.

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 33-36 of this report.

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

The basic fiduciary fund financial statements can be found on pages 37 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 38-59 of this report.

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

Other financial information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 61-89 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Florence, assets exceeded liabilities by \$111,778,727 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (73 percent) reflects its investment in capital assets (e.g., land, building, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Florence's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The balance of unrestricted net assets, \$28,090,396, 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 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	
	2009	2008*	2009	2008	2009	2008
Current and other assets	\$ 21,536,312	\$ 18,231,183	\$ 26,821,286	\$ 27,326,827	\$ 48,357,598	\$ 45,558,010
Capital assets	25,259,768	23,873,353	116,383,384	113,797,575	141,643,152	137,670,928
Total assets	<u>46,796,080</u>	<u>42,104,536</u>	<u>143,204,670</u>	<u>141,124,402</u>	<u>190,000,750</u>	<u>183,228,938</u>
Long-term liabilities	15,634,584	6,488,543	57,824,529	61,761,477	73,459,113	68,250,020
Other liabilities *	3,333,449	4,819,166	1,429,461	1,013,786	4,762,910	5,832,952
Total liabilities	<u>18,968,033</u>	<u>11,307,709</u>	<u>59,253,990</u>	<u>62,775,263</u>	<u>78,222,023</u>	<u>74,082,972</u>
Net assets:						
Invested in capital assets, net of related debt	17,499,606	21,001,938	63,684,875	55,854,407	81,184,481	76,856,345
Restricted	30,000	20,000	2,473,850	-	2,503,850	20,000
Unrestricted	10,298,441	9,774,889	17,791,955	22,494,732	28,090,396	32,269,621
Total net assets	<u>\$ 27,828,047</u>	<u>\$ 30,796,827</u>	<u>\$ 83,950,680</u>	<u>\$ 78,349,139</u>	<u>\$ 111,778,727</u>	<u>\$ 109,145,966</u>

* Restated

Governmental activities. Governmental activities decreased the City of Florence's net assets by \$2,968,780, thereby accounting for 9.64 percent reduction in the net assets of the City. Key elements of this decrease are as follows:

An additional \$733,158 in streets, curbs, and gutters resulted from annexations and capital contributions from builders and developers.

The City sold property located at the northwest corner of Dargan Street and Cheves street for a net price of \$199,850. This property was purchased for and valued at \$500,511. There was a loss on the sale of this property totaling \$300,661.

The City contributed to \$299,995 to the Florence Downtown Development Corporation (FDDC) to purchase the abandoned Kimbrell's building.

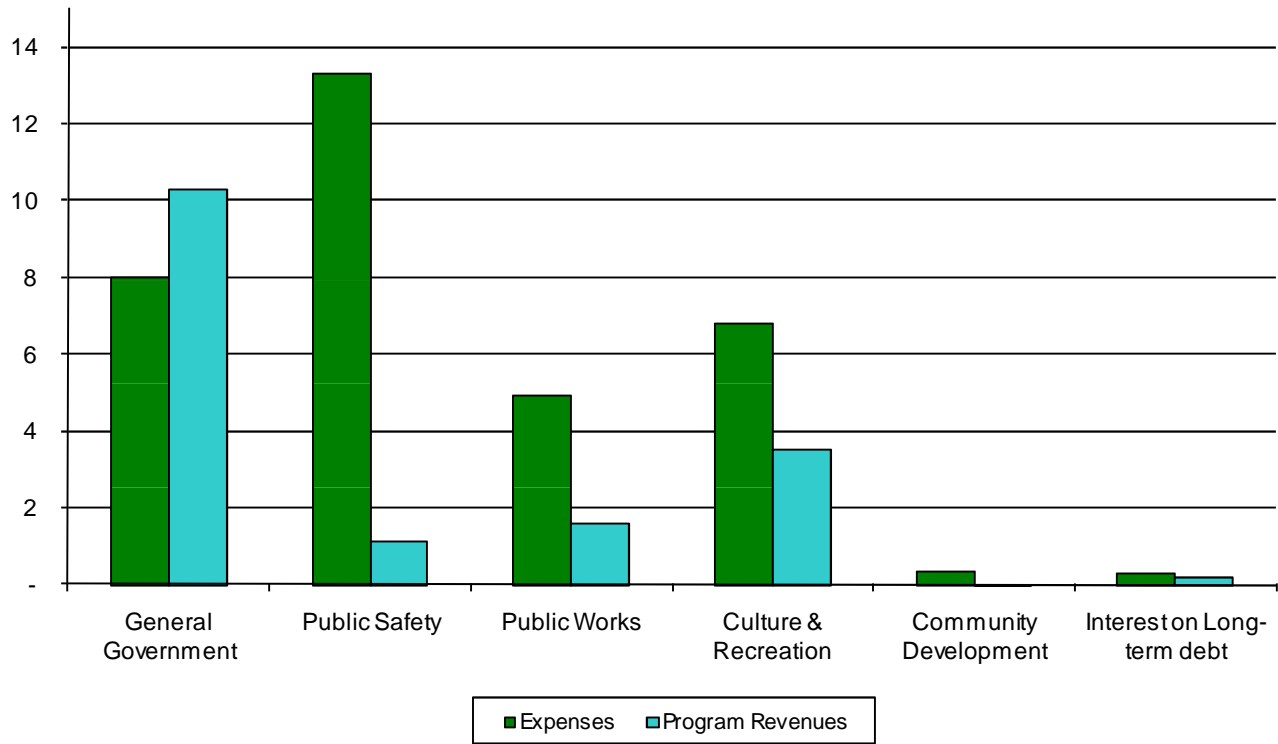
The City contributed \$3,000,000 to Francis Marion University to assist in the funding for the construction of the Performing Arts Center to be located in downtown.

City of Florence's Changes in Net Assets

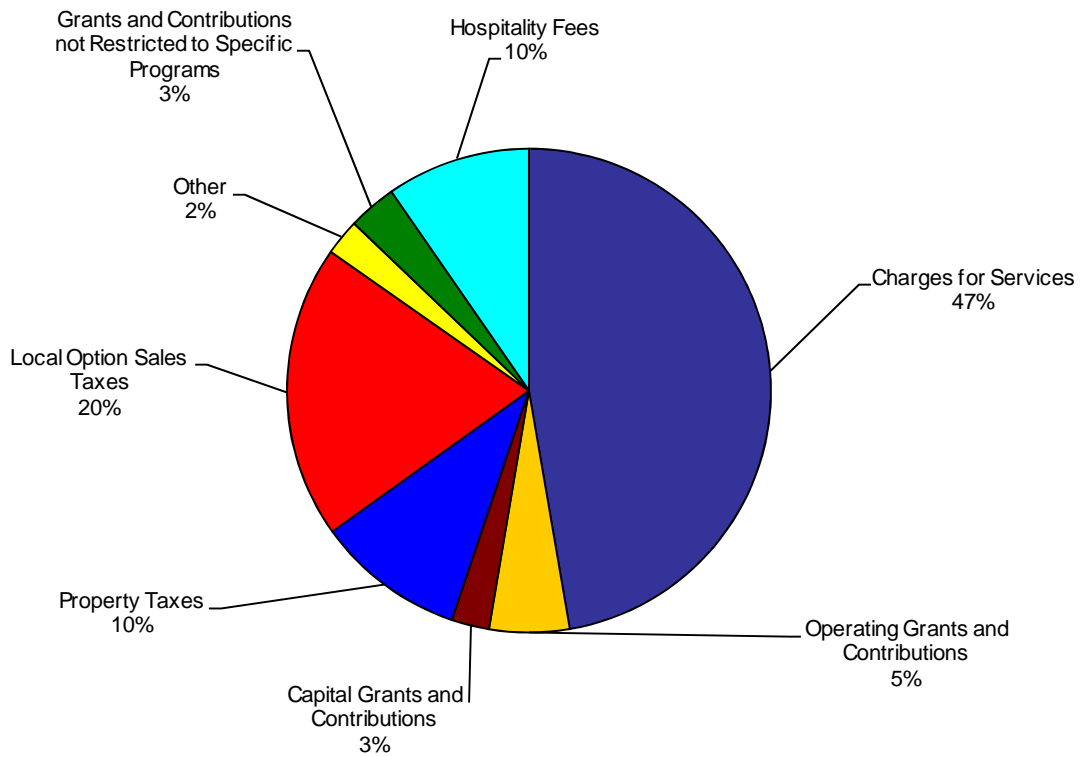
	Governmental activities		Business-type activities		Total	
	2009	2008 *	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	\$ 13,759,832	\$ 13,490,219	\$ 26,695,672	\$ 27,243,988	\$ 40,455,504	\$ 40,734,207
Operating grants and contributions	1,552,503	2,761,350	-	-	1,552,503	2,761,350
Capital grants and contributions	736,431	697,194	814,663	257,666	1,551,094	954,860
General Revenues:						
Property taxes *	8,594,436	8,168,557	-	-	8,594,436	8,168,557
Hospitality fees	2,800,739	2,799,149	-	-	2,800,739	2,799,149
Grants and contributions not restricted to specific programs	942,306	987,666	-	-	942,306	987,666
Other	701,102	1,308,449	1,279,059	759,267	1,980,161	2,067,716
Total revenue	<u>29,087,349</u>	<u>30,212,584</u>	<u>28,789,394</u>	<u>28,260,921</u>	<u>57,876,743</u>	<u>58,473,505</u>
Expenses:						
General Government	8,072,110	7,903,075	-	-	8,072,110	7,903,075
Public Safety	13,323,884	12,733,887	-	-	13,323,884	12,733,887
Public Works	4,930,457	4,579,662	-	-	4,930,457	4,579,662
Culture and Recreation	6,765,323	4,407,663	-	-	6,765,323	4,407,663
Community Development	328,207	216,096	-	-	328,207	216,096
Interest on long-term debt	273,148	147,403	-	-	273,148	147,403
Water and Sewer	-	-	20,480,653	18,350,029	20,480,653	18,350,029
Stormwater	-	-	1,070,200	1,074,366	1,070,200	1,074,366
Total expenses	<u>33,693,129</u>	<u>29,987,786</u>	<u>21,550,853</u>	<u>19,424,395</u>	<u>55,243,982</u>	<u>49,412,181</u>
Increase (decrease) in net assets before transfers	(4,605,780)	224,798	7,238,541	8,836,526	2,632,761	9,061,324
Transfers	<u>1,637,000</u>	<u>1,626,117</u>	<u>(1,637,000)</u>	<u>(1,626,117)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(2,968,780)	1,850,915	5,601,541	7,210,409	2,632,761	9,061,324
Net assets - beginning *	<u>30,796,827</u>	<u>28,945,912</u>	<u>78,349,139</u>	<u>71,138,730</u>	<u>109,145,966</u>	<u>100,084,642</u>
Net assets - ending	<u>\$ 27,828,047</u>	<u>\$ 30,796,827</u>	<u>\$ 83,950,680</u>	<u>\$ 78,349,139</u>	<u>\$ 111,778,727</u>	<u>\$ 109,145,966</u>

* Restated

Expenses and Program Revenues - Governmental Activities



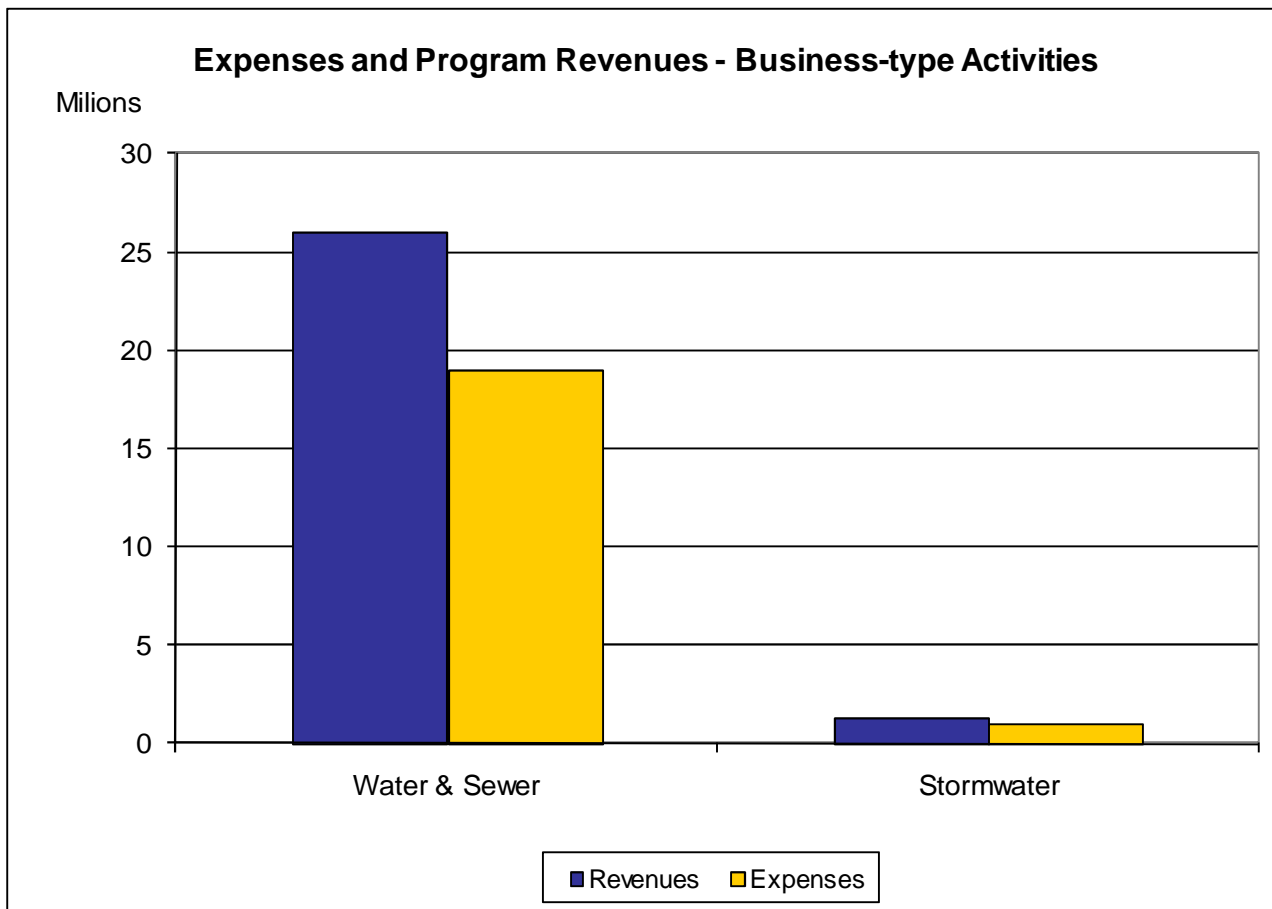
Revenue by Source - Governmental Activities



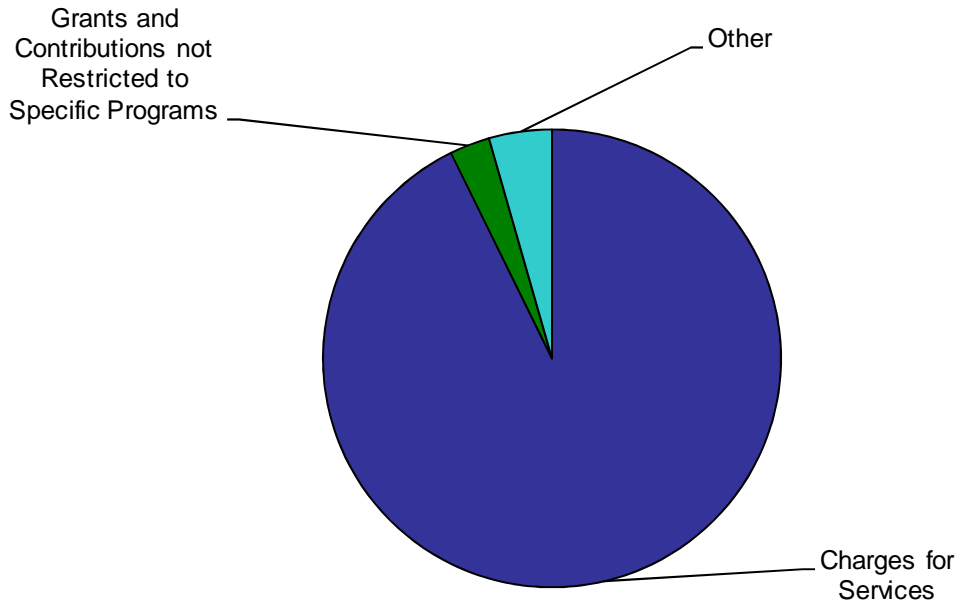
Business-type activities. Business-type activities increased the City of Florence's net assets by \$5,601,541, accounting for 192 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

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 \$706,366. Beginning July 2007, the City implemented a three-year phased increase in water and sewer rates. The City also implemented a one-time increase in other fees including service fees, tap fees, late fees, and reconnection fees. Water and sewer tap fees were increased effective January 2008. The additional revenue from these increases will be used to pay for the construction of a new Wastewater Treatment Plant. The construction contract for Phase 1 of the Wastewater Treatment Plant project has been signed and construction will begin in FY 2009-10. 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. To date the City has expended \$4,564,264 in engineering costs with \$3,928,907 being spent in FY 2008-09. Additional details regarding the Wastewater Treatment Plant construction project are provided in the Transmittal Letter.

Stormwater Improvement Projects – The City continues to work to improve its storm drainage system through a variety of projects completed this year. The combined cost of these newly completed projects was \$1,336,452. Additional details regarding the City's stormwater improvement construction projects are provided in the Transmittal Letter.



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$18,182,530, an increase of \$4,852,026 in comparison with the prior year. Approximately 98 percent of this total amount (\$17,912,530) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$270,000).

The general fund is the chief operating fund of the City of Florence. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,022,785, while total fund balance was \$9,292,785. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 32.78 percent of total general fund expenditures, while total fund balance represents 33.76 percent of that same amount.

The fund balance of the City's general fund increased by \$864,267 during the current fiscal year. While a number of factors contributed to this increase in fund balance, the increase is predominantly attributable to a reduction in capital outlay from the prior year, and the current year receipt of loan proceeds from a SCDHEC Brownfields Cleanup Revolving Loan for cleanup expenditures that were incurred and booked in the prior fiscal year.

The Hospitality Fee Fund has a total fund balance of \$7,250,208, an increase of \$4,288,417 from the prior year. The most significant factor contributing to this fund balance was the addition of lease-purchase funding for construction of a tennis complex.

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 \$17,791,955. The total growth in the net assets was \$5,601,541. 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 two separate occasions during the fiscal year 2008 – 2009. As a result of these amendments, the General Fund's final amended budget was \$1,291,400 greater than the original adopted budget. The following changes were made to the original budget:

- From Unappropriated Surplus was funded by an ordinance adopted on November 10, 2008, in the amount of \$1,666,900, from undesignated fund balance. Other increases in revenues were Loan/Lease Purchase Proceeds for \$678,500 and anticipated EPA Brownfields assessment grant funds in the amount of \$146,000. These funds were appropriated as follows:
 - § \$23,000 for a vehicle for Community Services
 - § \$500 for storage racks to be used by the Police Department
 - § \$25,000 for the Police Department to replace 15 computers
 - § \$66,500 for the Police Department to purchase weapons and traffic control equipment
 - § \$36,000 for Streets & Beautification to replace 2 pickup trucks
 - § 1,500 for Sanitation to purchase composting supplies
 - § \$792,500 for Sanitation to replace 4 sanitation trucks
 - § \$10,000 for Sanitation to purchase 2 recycling trailers
 - § \$1,200 for Equipment Maintenance to conduct routine compressor service and repair
 - § \$8,000 for Equipment Maintenance to replace a steam cleaner
 - § \$16,400 for Parks & Leisure Services for the Summer Youth Program
 - § \$25,000 for Parks & Leisure Services replacement of a van
 - § \$2,000 for Parks & Leisure Services to replace weed trimmers and blowers
 - § \$15,000 for Athletic Programs to replace a turf top dressing attachment
 - § \$3,000 for Athletic Programs to replace a golf cart
 - § \$20,000 for Athletic Programs for painting at Freedom Florence
 - § \$300,000 for Urban Planning for the development of a comprehensive plan and zoning ordinance rewrite
 - § \$51,300 for Urban Planning for the relocation of IT equipment to a new building and the purchase of an ARC special data engine
 - § \$278,100 to provide for the clearing and demolition of lots and abandoned structures within the city limits
 - § \$30,000 to provide for a portion of a brick wall barrier for the new City-County Complex cooling tower
 - § \$357,000 for loan-funded cleanup expenditures at the former Bush Recycling site
 - § \$146,000 for grant-funded Brownfields assessment expenditures
 - § \$12,900 to provide matching funds for the grant acquisition of land for trail and green space development
 - § \$7,500 for a portion of citywide IT upgrades
 - § \$43,000 for gateways and beautification projects
 - § \$100,000 for specialized equipment and projects in the Community Services, Police, Fire, Public Works, and Parks Departments
 - § \$120,000 to provide a portion of the renovation of the Urban Planning and Development Department and Utility Finance Division

§ By an ordinance adopted on April 13, 2009, appropriations in the General Fund budgets for Business & Professional License, Franchise Fees, Local Government Fund, and Traffic Fines were reduced by a net \$200,000. Additionally, in various departments, expenditures were reduced by \$200,000.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$141,643,152 (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 2.89 percent (a 5.81 percent increase for governmental activities and a 2.27 percent increase for business-type activities).

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

- Property located at the corner of Dargan Street & Cheves Street was sold for \$199,850
- Property on Dargan Street was purchased for \$11,510 in the General Fund
- The Water & Sewer Enterprise Fund purchased a variety of vehicles including pickup trucks, a bucket truck, excavator and backhoe totaling \$268,144
- The Sanitation Department purchased three sanitation trucks totaling \$605,896
- The Police Department lease-purchased 31 new vehicles valued at \$817,682, and purchased 1 vehicle for \$27,365
- The Fire Department lease-purchased a new vehicle valued at \$24,573
- The Urban Planning Department lease-purchased 2 new vehicles totaling \$35,961
- The Streets and Beautification Department purchased a vehicle for \$14,598
- The Police Department purchased a vehicle for \$23,189 utilizing seized narcotics funds
- The Hospitality Fee Fund expended \$269,195 for the construction of a monument at the Veterans Memorial Park
- The Hospitality Fee Fund is making reimbursement payments over a 5-year period for street improvements totaling \$200,0000
- The Urban Planning Department purchased planning and GIS software totaling \$98,935
- The Sanitation Department purchased two recycling trailers for \$10,346
- The Equipment Maintenance Department purchased a pressure washer for \$5,286
- Parks & Leisure Services purchased a new HVAC for Freedom Florence in the amount of \$6,275
- Streets & Beautification, Parks & Leisure Services, and Athletic Programs purchased mowers and ground equipment totaling \$56,086
- Utility Operations purchased several pieces of equipment utilized in the maintenance of the Water & Sewer system totaling \$71,744
- The City removed three smaller, outdated sewer treatment plants that were acquired when the City purchased Florence County's Water and Sewer system in 2002. These treatment plants have been closed and dismantled. The value removed from the City's capital assets totaled \$1,487,191

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

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 6,296,470	\$ 7,118,548	\$ 1,733,596	\$ 1,733,596	\$ 8,030,066	\$ 8,852,144
Buildings and systems	4,138,210	3,132,985	106,158,134	108,634,896	110,296,344	111,767,881
Infrastructure	4,497,077	6,915,201	-	-	4,497,077	6,915,201
Machinery and equipment	9,424,624	3,648,689	1,298,018	1,377,865	10,722,642	5,026,554
Construction in process	903,387	3,057,930	7,193,636	2,051,218	8,097,023	5,109,148
Totals	\$ 25,259,768	\$ 23,873,353	\$ 116,383,384	\$ 113,797,575	\$ 141,643,152	\$ 137,670,928

Additional information on the City's capital assets can be found in note IV.C. beginning on page 49 of this report.

Long-term debt. At the end of the current fiscal year, the City of Florence had total bonded debt, notes payable and capital leases outstanding of \$70,798,759.

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

	Governmental activities		Business-type activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenue Bonds	\$ -	\$ -	\$ 34,555,000	\$ 36,265,000	\$ 34,555,000	\$ 36,265,000
Notes Payable	2,235,000	1,280,000	22,645,511	24,873,896	24,880,511	26,153,896
Capital Leases	11,363,248	3,270,500	-	-	11,363,248	3,270,500
Totals	\$ 13,598,248	\$ 4,550,500	\$ 57,200,511	\$ 61,138,896	\$ 70,798,759	\$ 65,689,396

The City's total debt increased by \$5,109,363 (7.78 percent) during the current fiscal year.

The City of Florence maintains an "A+" rating from Standards & Poor's and an "A1" rating from Moody's for revenue obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue, without a referendum, to 8 percent of its total assessed valuation. The current debt limitation for the City is \$12,071,956. The City of Florence's has no outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

In addition to the information provided below, a number of economic factors which can be found in the statistical section of this report were considered in preparing the City's budget for the 2010 fiscal year:

- Amounts available for appropriation in the general fund are \$27.25 million, with an \$800,000 increase from the amount of the original 2009 fiscal year budget of \$26.45 million. The final 2009 budget after amendments was \$28.74 million. The City's budget amendments were reviewed earlier in this report.
- The City did not increase its tax rate in the fiscal year 2009 budget year.
- The Florence area experienced a 5.4% increase in the unemployment rate from fiscal year 2008.

As for the City's business-type activities, we expect that the 2010 results will also improve based on the following:

- In January 2006, a regional water and sewer master plan was completed and presented to City Council for review. Based on the alternatives outlined in the Master Plan, Council decided that the City's wastewater treatment functions should be redeveloped at the existing site located off National Cemetery Road. City Council authorized staff to enter a contract for the preparation of a preliminary engineering report (PER) for the new facility. A financing plan has been developed to include the implementation of a three-year phased increase in water and sewer rates and a one-time increase in related fees, including service fees, late charges, and reconnection fees. In June 2007, City Council adopted an ordinance implementing the three-year water and sewer rate increase. Other fees including service fees, late charges, and reconnection fees were also increased. Water and sewer tap fees were increased by an ordinance adopted by City Council in January 2008. Costs related to the facility will be financed through a low-interest rate state revolving fund loan and revenue bonds repaid through these rate and fee increases. Additional revenues to support the project may be provided from agency grants. During FY 2008-09 the City expended \$3,928,907 in engineering costs. The construction contract for Phase 1 of the Wastewater Treatment Plant project has been signed and construction will begin in FY 2009-10. 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 response to the current economic downturn, the City of Florence is committed to closely monitoring revenues against its projected revenues and controlling expenses.

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, 2009

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 7,250,380	\$ 4,593,445	\$ 11,843,825
Receivables	3,069,153	3,791,735	6,860,888
Inventories	257,872	562,922	820,794
Investments	5,194,002	13,995,785	19,189,787
Restricted cash and cash equivalents	5,678,086	2,168,587	7,846,673
Restricted investments	-	1,236,997	1,236,997
Unamortized bond issuance costs	86,819	471,815	558,634
Capital assets not being depreciated			
Land	6,296,470	1,733,596	8,030,066
Construction in progress	903,387	7,193,637	8,097,024
Capital assets net of accumulated depreciation			
Buildings and system	4,138,210	106,158,134	110,296,344
Machinery and equipment	4,497,077	1,298,017	5,795,094
Infrastructure	9,424,624	-	9,424,624
Total Assets	46,796,080	143,204,670	190,000,750
LIABILITIES			
Accounts payable	1,028,969	643,683	1,672,652
Accrued interest payable	143,766	631,334	775,100
Other liabilities	548,536	125,683	674,219
Unearned revenue	1,612,178	-	1,612,178
Customer deposits	-	28,761	28,761
Noncurrent liabilities:			
Due within one year	1,169,954	4,088,675	5,258,629
Due in more than one year	14,464,630	53,735,854	68,200,484
Total liabilities	18,968,033	59,253,990	78,222,023
NET ASSETS			
Invested in capital assets, net of related debt	17,499,606	63,684,875	81,184,481
Restricted for debt service	30,000	2,473,850	2,503,850
Unrestricted	10,298,441	17,791,955	28,090,396
Total net assets	\$ 27,828,047	\$83,950,680	\$ 111,778,727

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, 2009**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 8,068,970	\$ 10,362,160	\$ 179,982	\$ 736,431
Public safety	13,323,884	1,051,191	514,093	-
Public works	4,933,597	1,639,207	-	-
Culture and recreation	6,765,323	3,483,176	520,148	-
Community development	328,207	24,837	338,280	-
Interest on long-term debt	273,148	-	-	-
Total governmental activities	<u>33,693,129</u>	<u>16,560,571</u>	<u>1,552,503</u>	<u>736,431</u>
Business-type activities				
Water and sewer	20,480,653	25,476,228	-	742,308
Storm water	1,070,200	1,219,444	-	72,355
Total business-type activities	<u>21,550,853</u>	<u>26,695,672</u>	<u>-</u>	<u>814,663</u>
Total primary government	<u>\$55,243,982</u>	<u>\$ 43,256,243</u>	<u>\$ 1,552,503</u>	<u>\$ 1,551,094</u>
General revenues:				
Property taxes				
Unrestricted intergovernmental				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning (as restated)				
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
\$ 3,209,603 (11,758,600) (3,294,390) (2,761,999) 34,910 (273,148) <hr style="border-top: 1px solid black;"/> (14,843,624)	\$ - - - - - - <hr style="border-top: 1px solid black;"/> -	\$ 3,209,603 (11,758,600) (3,294,390) (2,761,999) 34,910 (273,148) <hr style="border-top: 1px solid black;"/> (14,843,624)
- - -	5,737,883 221,599 5,959,482	5,737,883 221,599 5,959,482
(14,843,624)	5,959,482	(8,884,142)
8,594,436 942,306 186,869 514,233 1,637,000 <hr style="border-top: 1px solid black;"/> 11,874,844 (2,968,780) 30,796,827	- - 365,531 913,528 (1,637,000) <hr style="border-top: 1px solid black;"/> (357,941) 5,601,541 78,349,139	8,594,436 942,306 552,400 1,427,761 - <hr style="border-top: 1px solid black;"/> 11,516,903 2,632,761 109,145,966
\$ 27,828,047	\$ 83,950,680	\$ 111,778,727

**CITY OF FLORENCE, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>Hospitality Fee Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,551,264	\$ 1,775,256	\$ 923,860	\$ 7,250,380
Receivables:				
Property taxes, less allowance for doubtful accounts	109,571	-	-	109,571
Due from other governmental agencies	1,854,885	-	120,778	1,975,663
Other	728,362	255,557	-	983,919
Due from other funds	312,083	-	-	312,083
Investments	4,506,678	268,858	418,466	5,194,002
Inventories	257,872	-	-	257,872
Restricted cash and cash equivalents	270,000	5,029,838	378,248	5,678,086
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assests	<u>\$ 12,590,715</u>	<u>\$ 7,329,509</u>	<u>\$ 1,841,352</u>	<u>\$ 21,761,576</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 852,752	\$ 79,301	\$ 96,916	\$ 1,028,969
Due to other funds	255,109	-	56,974	312,083
Other liabilities	548,536	-	-	548,536
Deferred revenue	77,280	-	-	77,280
Unearned revenue	1,564,253	-	47,925	1,612,178
Total liabilities	<u>3,297,930</u>	<u>79,301</u>	<u>201,815</u>	<u>3,579,046</u>
Fund balances:				
Reserved for:				
Debt service	270,000	-	-	270,000
Unreserved, designated for:				
Subsequent year's expenditures	990,100	273,200	-	1,263,300
Unreserved, undesignated reported in:				
General fund	8,032,685	-	-	8,032,685
Special revenue funds	-	6,977,008	1,639,537	8,616,545
Total fund balances	<u>9,292,785</u>	<u>7,250,208</u>	<u>1,639,537</u>	<u>18,182,530</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 12,590,715</u>	<u>\$ 7,329,509</u>	<u>\$ 1,841,352</u>	<u>\$ 21,761,576</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, 2009**

Total fund balances of governmental funds	\$ 18,182,530
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 (\$48,662,288) less accumulated depreciation (\$23,402,520).	25,259,768
Unamortized loan expense used in governmental activities are not financial resources and, therefore, are not reported in the funds	86,819
Deferred revenues for delinquent property taxes deferred in the governmental funds because they will not be received within sixty days of year end.	77,280
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,778,350)</u>
Total net assets of total governmental activities	<u><u>\$ 27,828,047</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, 2009

	<u>General Fund</u>	<u>Hospitality Fee</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 8,577,341	\$ -	\$ -	\$ 8,577,341
Licenses, permits and fees	10,332,888	2,800,739	-	13,133,627
Intergovernmental	1,800,363	13,990	715,599	2,529,952
Charges for services	1,854,371	-	193,242	2,047,613
Fines and forfeitures	725,808	-	-	725,808
Investment earnings	134,586	26,735	25,548	186,869
Miscellaneous	491,915	298,477	342,223	1,132,615
Total revenues	<u>23,917,272</u>	<u>3,139,941</u>	<u>1,276,612</u>	<u>28,333,825</u>
EXPENDITURES				
Current:				
General government	6,531,692	809,475	79,407	7,420,574
Public safety	12,138,344	-	271,467	12,409,811
Public works	4,294,095	-	-	4,294,095
Culture and recreation	2,320,934	3,655,440	431,965	6,408,339
Community development	-	-	328,207	328,207
Debt Service				
Principal	480,482	229,887	-	710,369
Interest	28,932	113,637	-	142,569
Debt issuance cost	5,064	47,241	-	52,305
Capital Outlay	1,722,494	1,125,844	262,309	3,110,647
Total expenditures	<u>27,522,037</u>	<u>5,981,524</u>	<u>1,373,355</u>	<u>34,876,916</u>
Excess (deficiency) of revenues over expenditures	<u>(3,604,765)</u>	<u>(2,841,583)</u>	<u>(96,743)</u>	<u>(6,543,091)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	2,058,117	7,700,000	-	9,758,117
Transfers in	2,460,915	-	-	2,460,915
Transfers out	(50,000)	(570,000)	(203,915)	(823,915)
Total other financing sources and uses	<u>4,469,032</u>	<u>7,130,000</u>	<u>(203,915)</u>	<u>11,395,117</u>
Net change in fund balances	864,267	4,288,417	(300,658)	4,852,026
Fund balances - beginning	<u>8,428,518</u>	<u>2,961,791</u>	<u>1,940,195</u>	<u>13,330,504</u>
Fund balances - ending	<u>\$ 9,292,785</u>	<u>\$ 7,250,208</u>	<u>\$ 1,639,537</u>	<u>\$ 18,182,530</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, 2009**

Net change in fund balances of total governmental funds: \$ 4,852,026

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

Governmental funds report capital outlays as expenditure. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which the capital outlay exceeded depreciation in the current
period. 1,158,199

The net effect of various miscellaneous transactions involving capital
assets (i.e., sales, trade-ins, and donations) is to decrease net assets. 228,217

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 17,094

Long-term debt issued provide current financial resources to
governmental funds, but incurring debt increases long-term liabilities in
the statement of net assets. Payment of long-term debt principal is an
expenditure in governmental funds, but the payment reduces long-term
liabilities in the government-wide statement of net assets. This is the
amount by which proceeds exceed repayments. (9,047,748)

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 is the amount
by which the debt issuance costs exceeded amortization in the current
period. 48,332

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. (224,900)

Change in net assets of governmental activities \$ (2,968,780)

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, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	Amounts	with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 8,286,000	\$ 8,358,000	\$8,577,341	\$ 219,341
Licenses, permits and fees	10,575,000	10,265,000	10,332,888	67,888
Intergovernmental	2,007,700	1,621,700	1,800,363	178,663
Charges for services	1,793,500	1,833,800	1,854,371	20,571
Fines and forfeitures	862,500	719,500	725,808	6,308
Investment earnings	230,500	122,000	134,586	12,586
Miscellaneous	236,000	403,000	491,915	88,915
Total revenues	<u>23,991,200</u>	<u>23,323,000</u>	<u>23,917,272</u>	<u>594,272</u>
EXPENDITURES				
Current:				
General government	5,791,500	7,511,310	6,531,692	(979,618)
Public safety	12,635,790	12,427,150	12,138,344	(288,806)
Public works	4,430,610	4,423,600	4,294,095	(129,505)
Culture and recreation	2,545,600	2,492,770	2,320,934	(171,836)
Debt Service:				
Principal	872,500	759,270	480,482	(278,788)
Interest	29,000	29,000	28,932	(68)
Debt issue costs	5,000	5,100	5,064	(36)
Capital Outlay	90,000	1,043,200	1,722,494	679,294
Total expenditures	<u>26,400,000</u>	<u>28,691,400</u>	<u>27,522,037</u>	<u>(1,169,363)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,408,800)</u>	<u>(5,368,400)</u>	<u>(3,604,765)</u>	<u>1,763,635</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	1,292,500	2,058,117	765,617
Transfers in	2,458,800	2,459,000	2,460,915	1,915
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources and uses	<u>2,408,800</u>	<u>3,701,500</u>	<u>4,469,032</u>	<u>767,532</u>
Net change in fund balances	-	(1,666,900)	864,267	2,531,167
Fund balances - beginning	<u>8,428,518</u>	<u>8,428,518</u>	<u>8,428,518</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,428,518</u>	<u>\$ 6,761,618</u>	<u>\$9,292,785</u>	<u>\$ 2,531,167</u>

The notes to financial statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
HOSPITALITY FEE FUND
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variances
	Original	Final	Amounts	with Final
				Budget
				Positive
				(Negative)
REVENUES				
Licenses, permits and fees	\$2,820,000	\$ 2,820,000	\$ 2,800,739	\$ (19,261)
Intergovernmental	-	-	13,990	13,990
Investment earnings	40,000	40,000	26,735	(13,265)
Miscellaneous	-	-	298,477	298,477
Unappropriated surplus	93,000	661,000	-	(661,000)
Total revenues	<u>2,953,000</u>	<u>3,521,000</u>	<u>3,139,941</u>	<u>(381,059)</u>
EXPENDITURES				
Current:				
General government	206,000	206,000	809,475	603,475
Culture and recreation	1,833,500	1,887,300	3,655,440	1,768,140
Debt Service:				
Principal	190,000	190,000	229,887	39,887
Interest	113,500	114,500	113,637	(863)
Debt issuance cost	-	-	47,241	47,241
Capital Outlay	40,000	553,200	1,125,844	572,644
Total expenditures	<u>2,383,000</u>	<u>2,951,000</u>	<u>5,981,524</u>	<u>3,030,524</u>
Excess (deficiency) of revenues over expenditures	<u>570,000</u>	<u>570,000</u>	<u>(2,841,583)</u>	<u>(3,411,583)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	7,700,000	7,700,000
Transfers out	(570,000)	(570,000)	(570,000)	-
Total other financing sources and uses	<u>(570,000)</u>	<u>(570,000)</u>	<u>7,130,000</u>	<u>7,700,000</u>
Net change in fund balances	-	-	4,288,417	4,288,417
Fund balance at beginning of year	<u>2,961,791</u>	<u>2,961,791</u>	<u>2,961,791</u>	<u>-</u>
Fund balance at end of year	<u><u>\$2,961,791</u></u>	<u><u>\$ 2,961,791</u></u>	<u><u>\$ 7,250,208</u></u>	<u><u>\$ 4,288,417</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, 2009**

	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	\$ 4,059,069	\$ 534,376	\$ 4,593,445
Accounts receivable, net	3,685,397	101,276	3,786,673
Other receivables	5,062	-	5,062
Investments	13,582,762	413,023	13,995,785
Due from other funds	-	133,610	133,610
Inventories	562,922	-	562,922
Total current assets	21,895,212	1,182,285	23,077,497
Non-current assets:			
Restricted cash and cash equivalents	1,236,853	931,734	2,168,587
Restricted investments	1,236,997	-	1,236,997
Unamortized loan expense	454,979	16,836	471,815
Capital assets			
Land	1,328,088	405,508	1,733,596
Buildings and system	149,282,487	4,608,577	153,891,064
Construction in progress	6,063,497	1,130,139	7,193,636
Machinery and equipment	6,628,833	634,038	7,262,871
Less accumulated depreciation	(51,107,286)	(2,590,497)	(53,697,783)
Total capital assets (net of accumulated depreciation)	112,195,619	4,187,765	116,383,384
Total non-current assets	115,124,448	5,136,335	120,260,783
Total assets	137,019,660	6,318,620	143,338,280
LIABILITIES			
Current liabilities:			
Accounts payable	477,368	166,315	643,683
Accrued interest	619,543	11,791	631,334
Other liabilities	116,606	9,077	125,683
Customer deposits	28,761	-	28,761
Due to other funds	133,610	-	133,610
Compensated absences - current	30,000	3,000	33,000
Notes payable - current	2,305,675	-	2,305,675
Revenue bonds payable - current	1,525,000	225,000	1,750,000
Total current liabilities	5,236,563	415,183	5,651,746
Non-current liabilities:			
Accrued compensated absences	531,446	59,570	591,016
Notes payable	20,339,838	-	20,339,838
Revenue bonds payable	29,645,000	3,160,000	32,805,000
Total non-current liabilities	50,516,284	3,219,570	53,735,854
Total liabilities	55,752,847	3,634,753	59,387,600
NET ASSETS			
Invested in capital assets, net of related debt	62,882,110	802,765	63,684,875
Restricted for debt service	2,473,850	-	2,473,850
Unrestricted	15,910,853	1,881,102	17,791,955
Total net assets	\$ 81,266,813	\$ 2,683,867	\$ 83,950,680

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, 2009

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	
	Water & Sewer Fund	Stormwater Utility Fund	Total
OPERATING REVENUES			
Current use charge	\$ 25,023,188	\$ -	\$ 25,023,188
Miscellaneous	906,313	7,215	913,528
Water and sewer tap fees	453,040	-	453,040
Stormwater service fees	-	1,219,444	1,219,444
Total operating revenues	<u>26,382,541</u>	<u>1,226,659</u>	<u>27,609,200</u>
OPERATING EXPENSES			
Personnel	3,853,100	383,577	4,236,677
Employee benefits	1,347,841	138,008	1,485,849
Purchased services	4,242,821	128,306	4,371,127
Supplies and materials	1,346,412	35,300	1,381,712
Other operating expenses	1,501,857	38,078	1,539,935
Depreciation and amortization	4,299,500	197,200	4,496,700
Total operating expenses	<u>16,591,531</u>	<u>920,469</u>	<u>17,512,000</u>
OPERATING INCOME (LOSS)	<u>9,791,010</u>	<u>306,190</u>	<u>10,097,200</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	330,133	35,398	365,531
Loss on disposal of assets	(1,270,307)	-	(1,270,307)
Interest expense	(2,618,815)	(149,731)	(2,768,546)
Total non-operating revenue (expenses)	<u>(3,558,989)</u>	<u>(114,333)</u>	<u>(3,673,322)</u>
INCOME (LOSS) BEFORE TRANSFERS	6,232,021	191,857	6,423,878
CAPITAL CONTRIBUTIONS	<u>742,308</u>	<u>72,355</u>	<u>814,663</u>
INCOME BEFORE TRANSFER	<u>6,974,329</u>	<u>264,212</u>	<u>7,238,541</u>
TRANSFERS			
Transfers in	-	50,000	50,000
Transfers out	(1,489,810)	(197,190)	(1,687,000)
Total transfers	<u>(1,489,810)</u>	<u>(147,190)</u>	<u>(1,637,000)</u>
CHANGE IN NET ASSETS	5,484,519	117,022	5,601,541
TOTAL NET ASSETS - BEGINNING	<u>75,782,294</u>	<u>2,566,845</u>	<u>78,349,139</u>
TOTAL NET ASSETS - ENDING	<u>\$ 81,266,813</u>	<u>\$ 2,683,867</u>	<u>\$ 83,950,680</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, 2009**

	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	\$ 25,748,702	\$1,219,625	\$ 26,968,327
Payments to employees for services	(3,848,365)	(385,732)	(4,234,097)
Payments to suppliers for goods and services	(8,122,133)	(210,264)	(8,332,397)
Other receipts	906,313	7,215	913,528
Net cash provided (used) by operating activities	<u>14,684,517</u>	<u>630,844</u>	<u>15,315,361</u>
Cash flows from noncapital financing activities			
Advances to other funds	-	(133,610)	(133,610)
Transfers in	-	50,000	50,000
Transfers out	(1,489,810)	(197,190)	(1,687,000)
Net cash provided (used) by noncapital financing activities	<u>(1,489,810)</u>	<u>(280,800)</u>	<u>(1,770,610)</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(5,649,665)	(1,893,507)	(7,543,172)
Principal payments on revenue bonds and notes	(3,723,385)	(215,000)	(3,938,385)
Interest on bonds and notes	(2,650,041)	(150,480)	(2,800,521)
Net cash provided (used) by capital and related financing activities	<u>(12,023,091)</u>	<u>(2,258,987)</u>	<u>(14,282,078)</u>
Cash flows from investing activities			
Proceeds from sale of investments	7,493,570	-	7,493,570
Purchase of investments	(9,638,209)	-	(9,638,209)
Investment income	310,979	35,834	346,813
Net cash provided (used) by investing activities	<u>(1,833,660)</u>	<u>35,834</u>	<u>(1,797,826)</u>
Net increase (decrease) in cash and cash equivalents	(662,044)	(1,873,109)	(2,535,153)
Cash and cash equivalents at beginning of year	<u>5,957,966</u>	<u>3,339,219</u>	<u>9,297,185</u>
Cash and cash equivalents at end of year	<u>\$ 5,295,922</u>	<u>\$1,466,110</u>	<u>\$ 6,762,032</u>
Reconciliation to Statement of Net Assets:			
Cash and cash equivalent - current	\$ 4,059,069	\$ 534,376	\$ 4,593,445
Restricted cash and cash equivalent - noncurrent	1,236,853	931,734	2,168,587
Total cash and cash equivalents	<u>\$ 5,295,922</u>	<u>\$1,466,110</u>	<u>\$ 6,762,032</u>

(Continued)

**CITY OF FLORENCE, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2009**

	Business-type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Water & Sewer Fund	Stormwater Utility Fund	
Reconciliation of operating income to cash flow provided by operating activities:			
Operating income	\$ 9,791,010	\$ 306,190	\$ 10,097,200
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	4,299,500	195,797	4,495,297
Amortization	45,489	1,403	46,892
Changes in operating assets and liabilities			
(Increase) decrease in receivables	276,498	181	276,679
(Increase) decrease in inventories	(49,792)	-	(49,792)
Increase (decrease) in accounts payable	316,798	129,428	446,226
Increase (decrease) in accrued expenses	1,592	425	2,017
Increase (decrease) in compensated absences	4,015	(2,580)	1,435
Increase (decrease) in customer deposits	(593)	-	(593)
Cash flow from operating activities	<u>\$ 14,684,517</u>	<u>\$ 630,844</u>	<u>\$ 15,315,361</u>
Noncash investing, capital and financing activities:			
Net increase in the fair value of investments	<u>\$ 19,154</u>	<u>\$ -</u>	<u>\$ 19,154</u>
Contribution of capital asset	<u>\$ 742,308</u>	<u>\$ 72,355</u>	<u>\$ 814,663</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, 2009**

Assets	
Cash and cash equivalents	\$ 209,725
Investments	<u>59,084</u>
Total assets	<u><u>\$ 268,809</u></u>
Liabilities	
Due to others	<u>\$ 268,809</u>
Total liabilities	<u><u>\$ 268,809</u></u>

The notes to financial statements are an integral part of these financial statements.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all nonfiduciary 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

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

I. Summary of Significant Accounting Policies (CONTINUED)

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

fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are summarized into a single column. The various fund categories and fund types presented in the financial statements are described below:

Governmental fund types

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

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

Proprietary fund types

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

Fiduciary fund types

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions, 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.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

3. Inventory

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

Proprietary Fund Types

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

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

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

Interest costs are capitalized as a part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Interest on the proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. There were no qualifying assets capitalizing interest during the year ended June 30, 2009.

6. Deferred and Unearned Revenues

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. 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.

8. 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.

9. Net Assets/Fund Equity

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved fund balance in the governmental funds at June 30, 2009, is designated as follows:

General Fund - General Government	<u>\$ 990,100</u>
Hospitality Fee Fund - General Government	<u>\$ 273,200</u>

10. Estimates

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

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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	\$ 143,766
Capital leases payable	11,363,248
Notes payable	2,235,000
Compensated absences	<u>2,036,336</u>
 Net adjustment to reduce fund balance-total governmental funds to arrive at net assets-governmental activities	 <u>\$ 15,778,350</u>

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

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

Capital outlay	\$ 3,110,647
Depreciation expense	<u>(1,952,448)</u>
 Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	 <u>\$ 1,158,199</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 details of this difference are as follows:

In the statement of activities, only the loss on the disposal of capital assets is reported. Thus the change in net assets differs from the change in fund balance by the cost of the capital assets sold	\$ (508,214)
 Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	 <u>736,431</u>
	<u>\$ 228,217</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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

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

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

Long-term debt issued	\$ (9,758,117)
Payment of long-term debt principal	<u>710,369</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u><u>\$ (9,047,748)</u></u>

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

Debt issuance cost	\$ 52,305
Amortization expense	<u>(3,973)</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u><u>\$ 48,332</u></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	\$ (2,036,336)
Compensated absences - prior year	1,938,043
Accrued interest - current year accrual	(143,766)
Accrued interest - prior year accrual	<u>17,159</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 <u><u>\$ (224,900)</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City's policy requires deposits to be secured by collateral, obligations of the U.S. Treasury and U.S. Agencies and instrumentalities, State of South Carolina or South Carolina local governments, valued at market or par, whichever is lower, less the amount of insurance (FDIC). Deposits of the City of \$16,715,855 at June 30, 2009, are insured or collateralized with securities held by the pledging financial institutions' trust department in the name of the City. \$16,215,855 of the deposits at June 30, 2009, are collateralized with securities held by the pledging financial institutions' trust department in the name of the City.

Restricted cash of \$5,678,086 at June 30, 2009, in the Governmental Funds includes \$5,029,838 of unspent proceeds of capital leases and notes payable to be used for the purchase and construction of capital assets and \$270,000 to be used for debt service. Restricted cash of \$2,168,587 in the Enterprise Fund includes \$931,734 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

The City is authorized to invest in obligations of the U.S. Treasury and U.S. agencies and instrumentalities, repurchase agreements, certificates of deposit, and the state treasurer's investment pool. The City's investment policy limits investments to a maximum maturity of three years and does not limit investments by type of instrument. The City's investment policy requires that securities be held by a third-party custodian in the name of the City. As of June 30, 2009, none of the City's security investments are exposed to custodial credit risk.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and investments (Continued)

As of June 30, 2009, the City had the following investments.

	Fair Value	Investment Maturities (in years)		Credit Ratings
		Less Than 1	1 - 5	
U.S. Governments and Agencies				
Federal Farm Credit Banks	\$ 1,000,940	\$ -	\$ 1,000,940	AAA
Federal Home Loan Bank	6,224,548	-	6,224,548	AAA
South Carolina Local				
Government Investment Pool	13,201,296	13,201,296	-	N/A
	<u>\$ 20,426,784</u>	<u>\$ 13,201,296</u>	<u>\$ 7,225,488</u>	

All investments are reported at fair value. The fair value of U.S. Government securities is based on sales prices or bid-and-asked quotations on national securities exchanges or in the over-the-counter market. Credit ratings are provided by Standard & Poor's. Investments of the South Carolina Local Government Investment Pool are exempt from risk categorization because third party custodians take delivery of the investment securities. South Carolina Local Government Investment Pool is exempt from registration with the SEC under 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.

B. Receivables

Receivables as of June 30, 2009, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectable accounts, are as follows:

	General	Hospitality Fee	Non-Major	Water and Sewer	Stormwater Utility
Accounts	\$ -	\$ -	\$ -	\$ 3,755,898	\$ 103,217
Taxes	142,290	-	-	-	-
Intergovernmental	1,854,885	-	121,810	-	-
Other	728,362	255,557	-	5,062	-
Gross receivables	2,725,537	255,557	121,810	3,760,960	103,217
Less allowance for uncollectibles	(32,719)	-	(1,032)	(70,501)	(1,941)
	<u>\$ 2,692,818</u>	<u>\$ 255,557</u>	<u>\$ 120,778</u>	<u>\$ 3,690,459</u>	<u>\$ 101,276</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables (Continued)

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, 2009, the various components of deferred revenue and unearned revenue in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable	\$ 77,280	\$ -
Local option sales tax receivable	-	1,564,253
Grant drawdowns prior to meeting all eligibility requirements	-	47,925
	<u>\$ 77,280</u>	<u>\$ 1,612,178</u>

C. Capital assets

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

	Balances June 30, 2008	Increases	Decreases	Transfers	Balances June 30, 2009
Capital assets not being depreciated:					
Land	\$ 7,118,548	\$ 14,783	\$ 836,861	\$ -	\$ 6,296,470
Construction in progress	3,057,930	1,095,198	-	(3,249,741)	903,387
Total capital assets not being depreciated	<u>10,176,478</u>	<u>1,109,981</u>	<u>836,861</u>	<u>(3,249,741)</u>	<u>7,199,857</u>
Capital assets being depreciated:					
Buildings	5,721,998	336,350	-	800,782	6,859,130
Infrastructure	15,537,995	733,158	-	2,383,959	18,655,112
Machinery and equipment	14,360,398	2,003,939	481,148	65,000	15,948,189
Total capital assets being depreciated	<u>35,620,391</u>	<u>3,073,447</u>	<u>481,148</u>	<u>3,249,741</u>	<u>41,462,431</u>
Less accumulated depreciation for:					
Buildings	2,589,013	131,907	-	-	2,720,920
Infrastructure	8,622,794	607,694	-	-	9,230,488
Machinery and equipment	10,711,709	1,212,847	473,444	-	11,451,112
Total accumulated depreciation	<u>21,923,516</u>	<u>1,952,448</u>	<u>473,444</u>	<u>-</u>	<u>23,402,520</u>
Total capital assets being depreciated, net	<u>13,696,875</u>	<u>1,120,999</u>	<u>7,704</u>	<u>3,249,741</u>	<u>18,059,911</u>
Governmental activities capital assets, net	<u>\$ 23,873,353</u>	<u>\$ 2,230,980</u>	<u>\$ 844,565</u>	<u>\$ -</u>	<u>\$ 25,259,768</u>

Additions and decreases to capital assets include an exchange of land valued at \$336,351 for a building of equal value. Also included in additions are capital contributions in the amount of \$736,430.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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, 2008	Increases	Decreases	Transfers	Balances June 30, 2009
Capital assets not being depreciated:					
Land	\$ 1,733,596	\$ -	\$ -	\$ -	\$ 1,733,596
Construction in progress	2,051,218	7,189,844	4,407	(2,043,019)	7,193,636
Total capital assets not being depreciated	3,784,814	7,189,844	4,407	(2,043,019)	8,927,232
Capital assets being depreciated:					
Buildings and system	152,520,772	814,464	1,487,191	2,043,019	153,891,064
Machinery and equipment	6,940,270	351,513	28,912	-	7,262,871
Total capital assets being depreciated	159,461,042	1,165,977	1,516,103	2,043,019	161,153,935
Less accumulated depreciation for:					
Buildings and system	43,885,876	4,063,936	216,882	-	47,732,930
Machinery and equipment	5,562,405	431,361	28,913	-	5,964,853
Total accumulated depreciation	49,448,281	4,495,297	245,795	-	53,697,783
Total capital assets being depreciated, net	110,012,761	(3,329,320)	1,270,308	2,043,019	107,456,152
Business-type activities capital assets, net	\$ 113,797,575	\$ 3,860,524	\$ 1,274,715	\$ -	\$ 116,383,384

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 124,257
Public safety	874,392
Public works	614,750
Culture and recreation	339,049
Total depreciation - governmental activities	\$ 1,952,448
Business-Type Activities	
Water and sewer	\$ 4,299,500
Stormwater	195,797
Total depreciation - business-type activities	\$ 4,495,297

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund receivables, payables, and transfers

Interfund receivable and payable balances at June 30, 2009, are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ 75,131	\$ -
Nonmajor governmental	-	75,131
Total	\$ 75,131	\$ 75,131

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

Interfund transfers for the year ended June 30, 2009, are as follows:

	Transfer In		
	General Fund	Nonmajor Enterprise Funds	Total
Transfer Out			
General fund	\$ -	\$ 50,000	\$ 50,000
Hospitality fee fund	570,000	-	570,000
Nonmajor governmental funds	203,915	-	203,915
Water and sewer enterprise fund	1,489,810	-	1,489,810
Nonmajor enterprise funds	197,190	-	197,190
Total transfers out	\$ 2,460,915	\$ 50,000	\$ 2,510,915

The transfers consist primarily of \$1,489,810 to General Fund from Water and Sewer Enterprise Fund and \$570,000 to General Fund from Hospitality Fee Fund based on budgetary authorization.

E. Capital leases

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

Machinery & Equipment	\$ 2,225,095
Infrastructure	2,383,959
Less: Accumulated Depreciation	<u>(429,474)</u>
Total	\$ <u>4,179,580</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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, 2009, were as follows:

Years Ending June 30,

2010	\$	1,342,283
2011		1,335,877
2012		1,497,147
2013		1,496,872
2014		1,260,274
2015 - 2019		4,173,547
2020 - 2024		3,355,221
		14,461,221
Less amount representing interest		3,097,973
	\$	11,363,248

F. Long-term debt

A summary of the changes in long-term liabilities for the year ended June 30, 2009, is as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
<u>Governmental Activities</u>					
Capital leases	\$ 3,270,500	\$ 8,733,117	\$ 640,369	\$ 11,363,248	\$ 895,629
Notes payable	1,280,000	1,025,000	70,000	2,235,000	174,325
Compensated absences	1,938,043	1,189,636	1,091,343	2,036,336	100,000
	\$ 6,488,543	\$ 10,947,753	\$ 1,801,712	\$ 15,634,584	\$ 1,169,954
<u>Business-Type Activities</u>					
Revenue Bonds					
Water and sewer	\$ 32,665,000	\$ -	\$ 1,495,000	\$ 31,170,000	\$ 1,525,000
Stormwater	3,600,000	-	215,000	3,385,000	225,000
Total bonds payable	36,265,000	-	1,710,000	34,555,000	1,750,000
Notes Payable					
Water and sewer	24,873,896	-	2,228,385	22,645,511	2,305,675
Compensated absences					
Water and sewer	557,431	342,767	338,752	561,446	30,000
Stormwater	65,150	35,070	37,650	62,570	3,000
	\$ 61,761,477	\$ 377,837	\$ 4,314,787	\$ 57,824,527	\$ 4,088,675

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (Continued)

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

Notes payable from governmental activities at June 30, 2009, are as follows:

<p>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</p>	\$ 1,000,000
<p>In July 2008, the City borrowed \$825,000 on a note guaranteed under the South Carolina Brownsfields Cleanup Revolving Loan Fund (BCLRF) bearing a 1% interest rate. Principal and interest payments of \$43,450 are due semi-annually through October 2019.</p>	825,000
<p>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.</p>	160,000
<p>In November 2007, the City borrowed \$300,000 on a note from Pee Dee Electric Cooperative, Inc., bearing 0% interest. Principal payments are \$2,500 per month plus a service charge of 1% of the unpaid balance for each year 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 \$270,000 in the General Fund.</p>	<u>250,000</u>
	<u><u>\$ 2,235,000</u></u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

IV. DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-term debt (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2010	\$ 174,325	\$ 46,379	\$ 220,704
2011	214,241	48,051	262,292
2012	215,035	45,128	260,163
2013	215,837	41,965	257,802
2014	176,648	38,614	215,262
2015 - 2019	888,914	139,155	1,028,069
2020 - 2024	350,000	47,317	397,317
	<u>\$ 2,235,000</u>	<u>\$ 406,609</u>	<u>\$ 2,641,609</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, 2009
Revenue Bonds	Series 2000	\$ 25,690,000	5.50 to 7.50	3/1/2030	\$ 22,120,000
	Series 2002	8,360,000	3.80	9/1/2017	7,520,000
	Series 2003B	2,000,000	3.90	9/1/2018	1,530,000
	Series 2006	4,000,000	4.18	6/2/2021	3,385,000
					<u>\$ 34,555,000</u>
Notes Payable	August 1991	1,100,000	4.25	7/1/2012	\$ 179,294
	June 1993	23,828,128	4.25	12/1/2014	8,662,661
	May 1999	2,767,997	3.50	3/1/2020	1,723,143
	May 2000	6,210,343	3.50	1/1/2032	5,204,731
	May 2000	4,062,403	4.25	6/1/2032	3,514,788
	October 2002	3,821,332	0.00	1/1/2012	1,146,400
	January 2003	2,517,834	3.75	2/1/2034	2,214,498
					<u>\$ 22,645,515</u>

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

Year Ending June 30	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,750,000	\$ 1,816,403	\$ 2,305,675	\$ 821,197	\$ 4,055,675	\$ 2,637,600
2011	1,790,000	1,728,381	2,386,217	740,655	4,176,217	2,469,036
2012	1,835,000	1,637,424	2,470,144	656,729	4,305,144	2,294,153
2013	1,885,000	1,543,605	2,110,476	570,291	3,995,476	2,113,896
2014	1,945,000	1,446,547	2,198,808	481,959	4,143,808	1,928,506
2015-2019	9,800,000	5,658,716	3,705,269	1,712,906	13,505,269	7,371,622
2020-2024	6,250,000	3,557,750	2,523,918	1,186,602	8,773,918	4,744,352
2025-2029	7,505,000	1,782,275	2,876,008	689,742	10,381,008	2,472,017
2030-2034	1,795,000	98,725	2,069,000	143,860	3,864,000	242,585
	<u>\$ 34,555,000</u>	<u>\$ 19,269,826</u>	<u>\$ 22,645,515</u>	<u>\$ 7,003,941</u>	<u>\$ 57,200,515</u>	<u>\$ 26,273,767</u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

V. OTHER INFORMATION

A. Employee benefits

1. State retirement plans

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

Generally, all employees are required to participate and contribute to the SCRS as a condition of employment. The normal cost is funded by contributions from the members at a rate of 6.5% of wages earned for the year. The employer's contribution rate is 9.24%. 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 6.5% rate. The employer's contribution rate is 10.65%. There are no early retirement provisions under SCPORS. A member must have 25 years service for full retirement or must be age 55 with 5 years service, both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14% of average final compensation, for each year of credited service.

During the year the City contributed \$895,144 to the SCRS and \$810,597 to the SCPORS. Contributions by employees during the year were \$610,162 to the SCRS and \$485,611 to the SCPORS. The City's covered payroll for the SCRS and SCPORS was \$9,532,951 and \$7,470,935, respectively. Total current year payroll for all employees was \$17,471,055.

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

Year Ended	SCRS		SCPORS	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
June 30, 2007	\$ 676,478	100	\$ 712,829	100
June 30, 2008	805,346	100	729,313	100
June 30, 2009	895,144	100	810,597	100

2. Deferred compensation plan

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

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

V. OTHER INFORMATION (CONTINUED)

A. Employee benefits (Continued)

2. Deferred compensation plan (Continued)

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

B. Postemployment benefits other than pensions

Plan description

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

As of July 1, 2007, the measurement date for the plan year 2009, there were 491 covered participants; 61 members are retirees receiving benefits and 430 are 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 \$385.04 for retirees and \$687.74 for retiree and spouse. The cost of coverage for pre-65 retirees is also implicitly subsidized by the City. Spouses are implicitly subsidized until age 65. All coverage ends at the death of the retiree. The current average monthly premium is approximately \$263.56 for retirees after age 65.

For Retirees before July 14, 2008

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

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

V. OTHER INFORMATION (CONTINUED)

B. Postemployment benefits other than pensions (Continued)

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

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

<u>Years of Service</u>	<u>Percentage</u>
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 increase 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%.

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

V. OTHER INFORMATION (CONTINUED)

B. Postemployment benefits other than pensions (Continued)

Annual OPEB Cost and Funded Status and Funding Progress

For 2009, the City's implementation year for GASB Statement No. 45, the annual OPEB cost (expense) of \$772,000 for the Plan was equal to the ARC and was the amount contributed, resulting in neither an OPEB asset or obligation. The following table shows the components of the City's annual OPEB cost for 2009.

Normal cost	\$ 204,000
30 year amortization of unfunded accrued liability (UAL)	<u>568,000</u>
Total Annual Required Contribution	<u><u>\$ 772,000</u></u>

Contributions included \$461,000 paid by the City to the Plan to pre-fund benefits and \$311,000 made by the City through payment of covered participants' explicit and implicit subsidized benefits.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the Net OPEB (obligation) asset for 2009 were as follows:

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

At July 1, 2007, the most recent actuarial valuation date, the plan was not funded. The City implemented GASB Statement No. 45 in fiscal year 2009. The actuarial accrued liability for benefits (AAL) was \$9,126,000, with zero Plan assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,126,000. The funded ratio (Actuarial value of plan assets/AAL) was zero percent. The covered payroll (annual payroll of active employees covered by the plan) was \$14,801,000, and the ratio of the UAAL to the covered payroll was 61.7 percent.

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.

CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

V. OTHER INFORMATION (CONTINUED)

B. Postemployment benefits other than pensions (Continued)

The City uses the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 11%. The trend rate will decrease in 0.5% steps until it reaches 5% after twelve years. Both rates included a 3% inflation assumption. The asset valuation method used is market value. The SC ORBET's actuarial consultants intend to use a smoothing method over a 5 year period with the assumed investment rate of return. 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, 2009, was 29 years.

C. Risk management

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

D. Commitments

The City has committed itself on a number of construction and architectural contracts for Hospitality, Special Revenue, Water and Sewer, and Stormwater Utility Enterprise Fund capital improvements. As of June 30, 2009, the outstanding commitments total approximately \$7,711,900.

On July 23, 1990, Florence City Council approved a joint service agreement with Florence County for a Civic Center. The City appropriated \$403,700 for the year ended June 30, 2009 as its share of the cost of the Civic Center.

On October 14, 2002, Florence City Council approved an ordinance to provide \$500,000 over a period of approximately five years to Florence County for the construction of a communications tower to serve northern Florence County, including a significant portion of the City of Florence. As of June 30, 2009, the outstanding commitment was \$100,000.

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, 2009, 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, 2009**

V. OTHER INFORMATION (CONTINUED)

F. Equity restatement

Beginning governmental net assets in the government-wide financial statements were restated as follows:

<u>Government-wide</u>	<u>Governmental Activities</u>
Net assets as originally presented	\$ 32,767,409
Correction of an error	
Deferred revenues for Local Option Sales Taxes were understated due to incorrect application of accounting principle.	(1,970,582)
Net assets as restated	<u>\$ 30,796,827</u>

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
YEAR ENDED JUNE 30, 2009**

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
Primary Government 7/1/2007	\$ -	\$ 9,126,000	\$ 9,126,000	0.0%	\$14,801,000	61.7%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Justice Assistance Grants – This fund is used to account for expenditure of the grand funding for equipment utilized to improve public safety.

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

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

NONMAJOR GOVERNMENTAL FUNDS
(Continued)

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

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

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

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

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

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Housing Partnership</u>	<u>HOME Program</u>	<u>Community Development Block Grants</u>	<u>Park Commission</u>	<u>All American City</u>
ASSETS					
Cash and cash equivalents	\$ 5,076	\$ 309,008	-	\$ 2,192	\$ 4,484
Due from other governments	-	-	-	-	-
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	378,248	-	-
Total assets	<u>\$ 5,076</u>	<u>\$ 309,008</u>	<u>\$ 378,248</u>	<u>\$ 2,192</u>	<u>\$ 4,484</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 316	\$ -	\$ -
Due to other funds	-	-	31,433	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>31,749</u>	<u>-</u>	<u>-</u>
Fund balances:					
Unreserved	<u>5,076</u>	<u>309,008</u>	<u>346,499</u>	<u>2,192</u>	<u>4,484</u>
Total fund balances	<u>5,076</u>	<u>309,008</u>	<u>346,499</u>	<u>2,192</u>	<u>4,484</u>
Total liabilities and fund balances	<u>\$ 5,076</u>	<u>\$ 309,008</u>	<u>\$ 378,248</u>	<u>\$ 2,192</u>	<u>\$ 4,484</u>

Special Revenue Funds

Fire	Leisure Service Program	Drug Free Florence	E-911	Victim's Rights	Drug Control
\$ 14,419	\$ 54,028	\$ 7,272	\$ 267,854	\$ 33,718	\$ 140,860
-	-	-	-	-	-
-	-	-	-	119,191	30,417
-	-	-	-	-	-
<u>\$ 14,419</u>	<u>\$ 54,028</u>	<u>\$ 7,272</u>	<u>\$ 267,854</u>	<u>\$ 152,909</u>	<u>\$ 171,277</u>
\$ -	\$ 4,629	\$ -	\$ -	\$ -	\$ 3,725
-	-	-	-	-	-
-	43,224	-	-	-	-
-	47,853	-	-	-	3,725
<u>14,419</u>	<u>6,175</u>	<u>7,272</u>	<u>267,854</u>	<u>152,909</u>	<u>167,552</u>
<u>14,419</u>	<u>6,175</u>	<u>7,272</u>	<u>267,854</u>	<u>152,909</u>	<u>167,552</u>
<u>\$ 14,419</u>	<u>\$ 54,028</u>	<u>\$ 7,272</u>	<u>\$ 267,854</u>	<u>\$ 152,909</u>	<u>\$ 171,277</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Federal Equitable Sharing	Tobacco/ Alcohol Compliance	Summer Youth Program	Justice Assistance Grant	BJA Grant
ASSETS					
Cash and cash equivalents	\$ 46,967	\$ 8,113	\$ -	\$ -	\$ -
Due from other governments	-	-	-	18,157	-
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	\$ 46,967	\$ 8,113	\$ -	\$ 18,157	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	18,157	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	-	18,157	-
Fund balances:					
Unreserved	46,967	8,113	-	-	-
Total fund balances	46,967	8,113	-	-	-
Total liabilities and fund balances	\$ 46,967	\$ 8,113	\$ -	\$ 18,157	\$ -

Special Revenue Funds

Accommodation Tax	Leisure Service Registration	Animal Shelter Development	Employee Assistance	Public Safety Grants	Boys & Girls Club	Total Nonmajor Governmental Funds
\$ -	\$ 6,768	\$ 7,286	\$ 3,070	\$ 8,178	\$ 4,567	\$ 923,860
100,319	-	-	-	2,302	-	120,778
-	-	268,858	-	-	-	418,466
-	-	-	-	-	-	378,248
<u>\$ 100,319</u>	<u>\$ 6,768</u>	<u>\$ 276,144</u>	<u>\$ 3,070</u>	<u>\$ 10,480</u>	<u>\$ 4,567</u>	<u>\$ 1,841,352</u>
\$ 87,846	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ 96,916
7,384	-	-	-	-	-	56,974
-	4,701	-	-	-	-	47,925
95,230	4,701	-	400	-	-	201,815
5,089	2,067	276,144	2,670	10,480	4,567	1,639,537
5,089	2,067	276,144	2,670	10,480	4,567	1,639,537
<u>\$ 100,319</u>	<u>\$ 6,768</u>	<u>\$ 276,144</u>	<u>\$ 3,070</u>	<u>\$ 10,480</u>	<u>\$ 4,567</u>	<u>\$ 1,841,352</u>

**CITY OF FLORENCE, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2009**

	Housing Partnership	Home Program	Community Development Block Grants	Park Commission	All American City
Revenues					
Intergovernmental	\$127,192	\$ -	\$ 146,298	\$ -	\$ -
Charges for services	-	-	-	-	-
Investment earnings	9	2,093	4,012	44	31
Miscellaneous	-	22,927	-	400	-
Total revenues	<u>127,201</u>	<u>25,020</u>	<u>150,310</u>	<u>444</u>	<u>31</u>
Expenditures					
General government	-	-	-	4,984	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community development	132,193	-	196,014	-	-
Capital outlay:	-	-	262,309	-	-
Total expenditures	<u>132,193</u>	<u>-</u>	<u>458,323</u>	<u>4,984</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,992)</u>	<u>25,020</u>	<u>(308,013)</u>	<u>(4,540)</u>	<u>31</u>
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,992)	25,020	(308,013)	(4,540)	31
Fund balances at beginning of year	<u>10,068</u>	<u>283,988</u>	<u>654,512</u>	<u>6,732</u>	<u>4,453</u>
Fund balances at end of year	<u>\$ 5,076</u>	<u>\$309,008</u>	<u>\$ 346,499</u>	<u>\$ 2,192</u>	<u>\$ 4,484</u>

Special Revenue Funds

<u>Fire</u>	<u>Leisure Service Program</u>	<u>Drug Free Florence</u>	<u>E-911</u>	<u>Victim's Rights</u>	<u>Drug Control</u>	<u>Federal Equitable Sharing</u>	<u>Tobacco/ Alcohol Compliance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	41,589	-	151,653	-	-	-	-
461	345	49	1,386	3,835	4,826	354	64
99,194	919	3,200	-	108,867	10,692	-	-
<u>99,655</u>	<u>42,853</u>	<u>3,249</u>	<u>153,039</u>	<u>112,702</u>	<u>15,518</u>	<u>354</u>	<u>64</u>
-	-	-	48,126	-	-	-	1,530
94,629	-	4,457	-	-	72,814	7,081	-
-	44,987	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>94,629</u>	<u>44,987</u>	<u>4,457</u>	<u>48,126</u>	<u>-</u>	<u>72,814</u>	<u>7,081</u>	<u>1,530</u>
<u>5,026</u>	<u>(2,134)</u>	<u>(1,208)</u>	<u>104,913</u>	<u>112,702</u>	<u>(57,296)</u>	<u>(6,727)</u>	<u>(1,466)</u>
-	-	-	-	(163,003)	-	-	-
-	-	-	-	(163,003)	-	-	-
5,026	(2,134)	(1,208)	104,913	(50,301)	(57,296)	(6,727)	(1,466)
9,393	8,309	8,480	162,941	203,210	224,848	53,694	9,579
<u>\$ 14,419</u>	<u>\$ 6,175</u>	<u>\$ 7,272</u>	<u>\$ 267,854</u>	<u>\$ 152,909</u>	<u>\$167,552</u>	<u>\$ 46,967</u>	<u>\$ 8,113</u>

CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	Summer Youth Program	Justice Assistance Grant	BJA Grant	Accommodation Tax	Leisure Service Registration
Revenues					
Intergovernmental	\$ 14,492	\$ 18,157	\$48,439	\$ 343,238	\$ -
Charges for services	-	-	-	-	-
Investment earnings	-	-	-	81	175
Miscellaneous	-	-	-	-	73,670
Total revenues	14,492	18,157	48,439	343,319	73,845
Expenditures					
General government	14,492	-	-	-	-
Public safety	-	18,157	48,439	-	-
Culture and recreation	-	-	-	298,308	73,670
Community development	-	-	-	-	-
Capital outlay:	-	-	-	-	-
Total expenditures	14,492	18,157	48,439	298,308	73,670
Excess (deficiency) of revenues over (under) expenditures	-	-	-	45,011	175
Other financing sources (uses)					
Transfers out	-	-	-	(40,912)	-
Total financing sources (uses)	-	-	-	(40,912)	-
Net change in fund balances	-	-	-	4,099	175
Fund balances at beginning of year	-	-	-	990	1,892
Fund balances at end of year	\$ -	\$ -	\$ -	\$ 5,089	\$ 2,067

Special Revenue Funds

Animal Shelter Development	Employee Assistance	Public Safety Grants	Boys & Girls Club	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 17,783	\$ -	\$ 715,599
-	-	-	-	193,242
7,682	17	2	82	25,548
1,285	9,300	11,769	-	342,223
<u>8,967</u>	<u>9,317</u>	<u>29,554</u>	<u>82</u>	<u>1,276,612</u>
-	10,275	-	-	79,407
-	-	25,890	-	271,467
-	-	-	15,000	431,965
-	-	-	-	328,207
-	-	-	-	262,309
<u>-</u>	<u>10,275</u>	<u>25,890</u>	<u>15,000</u>	<u>1,373,355</u>
<u>8,967</u>	<u>(958)</u>	<u>3,664</u>	<u>(14,918)</u>	<u>(96,743)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,915)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,915)</u>
<u>8,967</u>	<u>(958)</u>	<u>3,664</u>	<u>(14,918)</u>	<u>(300,658)</u>
<u>267,177</u>	<u>3,628</u>	<u>6,816</u>	<u>19,485</u>	<u>1,940,195</u>
<u>\$ 276,144</u>	<u>\$ 2,670</u>	<u>\$ 10,480</u>	<u>\$ 4,567</u>	<u>\$ 1,639,537</u>

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ENTERPRISE FUND

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

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

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

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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, 2009

	Budgeted Amounts		Actual Amounts	Variances with Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Current use charge	\$ 26,296,000	\$ 25,950,000	\$ 25,023,188	\$ (926,812)
Miscellaneous	674,000	620,000	906,313	286,313
Water and sewer tap fees	1,095,000	345,000	453,040	108,040
Total operating revenues	<u>28,065,000</u>	<u>26,915,000</u>	<u>26,382,541</u>	<u>(532,459)</u>
OPERATING EXPENSES				
Personnel	4,007,860	3,936,040	3,853,100	(82,940)
Employee benefits	1,510,600	1,386,150	1,347,841	(38,309)
Purchased services	4,630,240	4,650,020	4,242,821	(407,199)
Supplies and materials	1,284,100	1,350,549	1,346,412	(4,137)
Other operating expenses	1,471,700	1,535,100	1,501,857	(33,243)
Depreciation and amortization	4,300,000	4,300,000	4,299,500	(500)
Total operating expenses	<u>17,204,500</u>	<u>17,157,859</u>	<u>16,591,531</u>	<u>(566,328)</u>
OPERATING INCOME (LOSS)	<u>10,860,500</u>	<u>9,757,141</u>	<u>9,791,010</u>	<u>33,869</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	257,000	200,000	330,133	130,133
Loss on disposal of assets	-	-	(1,270,307)	(1,270,307)
Interest expense	(5,978,300)	(5,978,300)	(2,618,815)	3,359,485
Total non-operating revenue (expenses)	<u>(5,721,300)</u>	<u>(5,778,300)</u>	<u>(3,558,989)</u>	<u>2,219,311</u>
INCOME (LOSS) BEFORE TRANSFERS	5,139,200	3,978,841	6,232,021	2,253,180
CAPITAL CONTRIBUTIONS	-	-	742,308	742,308
INCOME BEFORE TRANSFER	5,139,200	3,978,841	6,974,329	2,995,488
TRANSFERS				
Transfers out	(5,139,200)	(3,978,841)	(1,489,810)	2,489,031
CHANGE IN NET ASSETS	-	-	5,484,519	5,484,519
TOTAL NET ASSETS - BEGINNING	<u>75,782,294</u>	<u>75,782,294</u>	<u>75,782,294</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 75,782,294</u>	<u>\$ 75,782,294</u>	<u>\$ 81,266,813</u>	<u>\$ 5,484,519</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, 2009

	Budgeted Amounts		Actual Amounts	Variances with Final Budget - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Stormwater service fees	\$ 1,220,000	\$1,206,000	\$ 1,219,444	\$ 13,444
Miscellaneous	20,000	15,200	7,215	(7,985)
Total operating revenues	<u>1,240,000</u>	<u>1,221,200</u>	<u>1,226,659</u>	<u>5,459</u>
OPERATING EXPENSES				
Personnel	387,140	383,480	383,577	97
Employee benefits	148,670	148,010	138,008	(10,002)
Purchased services	152,700	140,490	128,306	(12,184)
Supplies and materials	33,000	36,300	35,300	(1,000)
Other operating expenses	179,310	170,530	38,078	(132,452)
Depreciation and amortization	195,000	196,000	197,200	1,200
Total operating expenses	<u>1,095,820</u>	<u>1,074,810</u>	<u>920,469</u>	<u>(154,341)</u>
OPERATING INCOME (LOSS)	<u>144,180</u>	<u>146,390</u>	<u>306,190</u>	<u>159,800</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	153,000	150,800	35,398	(115,402)
Interest expense	(150,000)	(150,000)	(149,731)	269
Total non-operating revenue (expenses)	<u>3,000</u>	<u>800</u>	<u>(114,333)</u>	<u>(115,133)</u>
INCOME (LOSS) BEFORE TRANSFERS	147,180	147,190	191,857	44,667
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>72,355</u>	<u>72,355</u>
INCOME BEFORE TRANSFER	147,180	147,190	264,212	117,022
TRANSFERS				
Transfers in	50,000	50,000	50,000	-
Transfers out	(197,180)	(197,190)	(197,190)	-
CHANGE IN NET ASSETS	-	-	117,022	117,022
TOTAL NET ASSETS - BEGINNING	<u>2,566,845</u>	<u>2,566,845</u>	<u>2,566,845</u>	<u>-</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,566,845</u>	<u>\$2,566,845</u>	<u>\$ 2,683,867</u>	<u>\$ 117,022</u>

AGENCY FUNDS

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

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

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

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

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

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

**CITY OF FLORENCE, SOUTH CAROLINA
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2009**

	<u>Keep Florence Beautiful</u>	<u>Human Relations Council</u>	<u>Florence Co. Munci. Assoc.</u>	<u>Court Escrow</u>	<u>Narcotics Holding Fund</u>	<u>Totals</u>
Assets						
Cash and cash equivalents	\$ 4,173	\$ 1,954	\$ 3,003	\$ 46,967	\$ 153,628	\$ 209,725
Investments	-	-	-	-	59,084	59,084
Total assets	<u>\$ 4,173</u>	<u>\$ 1,954</u>	<u>\$ 3,003</u>	<u>\$ 46,967</u>	<u>\$ 212,712</u>	<u>\$ 268,809</u>
Liabilities						
Due to others	<u>\$ 4,173</u>	<u>\$ 1,954</u>	<u>\$ 3,003</u>	<u>\$ 46,967</u>	<u>\$ 212,712</u>	<u>\$ 268,809</u>
Total liabilities	<u>\$ 4,173</u>	<u>\$ 1,954</u>	<u>\$ 3,003</u>	<u>\$ 46,967</u>	<u>\$ 212,712</u>	<u>\$ 268,809</u>

**CITY OF FLORENCE, SOUTH CAROLINA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
<u>Keep Florence Beautiful</u>				
Assets				
Cash and cash equivalents	\$ 934	\$ 9,190	\$ 5,951	\$ 4,173
Liabilities				
Due to others	\$ 934	\$ 9,190	\$ 5,951	\$ 4,173
<u>Human Relations Council</u>				
Assets				
Cash and cash equivalents	\$ 1,941	\$ 13	\$ -	\$ 1,954
Liabilities				
Due to others	\$ 1,941	\$ 13	\$ -	\$ 1,954
<u>Florence Co. Munic. Assoc.</u>				
Assets				
Cash and cash equivalents	\$ 2,983	\$ 20	\$ -	\$ 3,003
Liabilities				
Due to others	\$ 2,983	\$ 20	\$ -	\$ 3,003
<u>Court Escrow</u>				
Assets				
Cash and cash equivalents	\$ 54,631	\$ -	\$ 7,664	\$ 46,967
Liabilities				
Due to others	\$ 54,631	\$ -	\$ 7,664	\$ 46,967
<u>Narcotics Holding Fund</u>				
Assets				
Cash and cash equivalents	\$ 128,113	\$ 28,376	\$ 2,861	\$ 153,628
Investments	57,405	1,679	-	59,084
	<u>\$ 185,518</u>	<u>\$ 30,055</u>	<u>\$ 2,861</u>	<u>\$ 212,712</u>
Liabilities				
Due to others	\$ 185,518	\$ 30,055	\$ 2,861	\$ 212,712
<u>Total - All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 188,602	\$ 37,599	\$ 16,476	\$ 209,725
Investments	57,405	1,679	-	59,084
Total Assets	<u>\$ 246,007</u>	<u>\$ 39,278</u>	<u>\$ 16,476</u>	<u>\$ 268,809</u>
Liabilities				
Due to others	\$ 246,007	\$ 39,278	\$ 16,476	\$ 268,809
Total Liabilities	<u>\$ 246,007</u>	<u>\$ 39,278</u>	<u>\$ 16,476</u>	<u>\$ 268,809</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes				
Current	\$ 2,670,000	\$ 2,687,000	\$ 2,719,225	\$ 32,225
Local option sales tax	5,485,000	5,550,000	5,705,843	155,843
Penalties	4,000	3,000	5,068	2,068
Payments in lieu of taxes	56,000	58,000	84,688	26,688
Delinquent taxes	71,000	60,000	62,517	2,517
Total Property Taxes	<u>8,286,000</u>	<u>8,358,000</u>	<u>8,577,341</u>	<u>219,341</u>
Licenses and fees				
Business and professional license	6,925,000	6,500,000	6,548,847	48,847
Franchise fees	3,400,000	3,550,000	3,566,878	16,878
Prior year business license	250,000	215,000	217,163	2,163
Total Licenses and Fees	<u>10,575,000</u>	<u>10,265,000</u>	<u>10,332,888</u>	<u>67,888</u>
Intergovernmental				
State shared revenue	1,040,000	917,500	942,306	24,806
Governmental reimbursements	210,000	195,000	205,824	10,824
Community development	66,700	66,700	66,700	-
Grants	608,500	362,500	495,533	133,033
Marketing and promotion	82,500	80,000	90,000	10,000
Total Intergovernmental	<u>2,007,700</u>	<u>1,621,700</u>	<u>1,800,363</u>	<u>178,663</u>
Charges for services				
Refuse - landfill fee	1,250,000	1,249,800	1,250,793	993
Refuse - collection fee	310,000	305,000	310,025	5,025
Planning and zoning fees	-	25,000	29,271	4,271
Recreation fees	233,500	254,000	264,282	10,282
Total Charges for Services	<u>1,793,500</u>	<u>1,833,800</u>	<u>1,854,371</u>	<u>20,571</u>
Fines and Forfeitures				
Criminal fines	170,000	165,000	168,103	3,103
Traffic fines	680,000	540,000	540,557	557
Parking violations fines	10,000	13,000	15,423	2,423
Animal control fines	2,500	1,500	1,725	225
Total Fines and Forfeitures	<u>862,500</u>	<u>719,500</u>	<u>725,808</u>	<u>6,308</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues - Continued				
Miscellaneous				
Investment income	\$ 230,500	\$ 122,000	\$ 134,586	\$ 12,586
Miscellaneous	100,000	300,000	390,833	90,833
Concessions	136,000	103,000	101,082	(1,918)
Total Miscellaneous	<u>466,500</u>	<u>525,000</u>	<u>626,501</u>	<u>101,501</u>
TOTAL REVENUES	<u>23,991,200</u>	<u>23,323,000</u>	<u>23,917,272</u>	<u>594,272</u>
EXPENDITURES				
General government				
City Council				
Salary and wages	83,260	89,850	89,071	779
Retirement	7,820	8,440	8,364	76
Health insurance	33,070	32,450	31,191	1,259
Workers' compensation	16,350	16,350	11,718	4,632
Social security	6,370	6,580	6,067	513
Printing and supplies	5,500	7,700	7,491	209
Postage	150	150	27	123
Membership and dues	20,000	20,000	16,058	3,942
Travel and conferences	32,000	57,500	57,284	216
Telephone and telegraph	200	100	(150)	250
Telephone and related services	300	1,000	619	381
Professional services	27,000	33,500	33,141	359
Special departmental supplies	1,500	5,000	4,340	660
Capital Outlay	-	3,900	-	3,900
Total City Council	<u>233,520</u>	<u>282,520</u>	<u>265,221</u>	<u>17,299</u>
Legal Services				
Salary and wages	54,430	55,160	54,984	176
Retirement	5,110	5,110	5,091	19
Health insurance	4,860	4,960	4,863	97
Workers' compensation	200	200	153	47
Social security	4,160	4,200	4,158	42
Printing and supplies	1,000	2,000	1,783	217
Postage	150	300	265	35
Membership and dues	900	900	425	475
Travel and conferences	500	250	-	250
Telephone and telegraph	250	150	143	7
Telephone and related services	600	400	360	40

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Legal Services (Continued)				
Employee training	\$ 1,600	\$ 1,600	\$ 900	\$ 700
Professional services	95,000	93,500	88,734	4,766
Special departmental supplies	1,000	750	4,269	(3,519)
Total Legal Services	<u>169,760</u>	<u>169,480</u>	<u>166,128</u>	<u>3,352</u>
Justice and Law				
Salary and wages	292,870	329,250	328,628	622
Retirement	27,500	28,100	28,032	68
Health insurance	28,850	28,850	28,847	3
Workers' compensation	15,100	10,900	10,799	101
Social security	22,400	22,550	22,518	32
Printing and supplies	7,500	8,000	7,961	39
Postage	2,800	2,100	2,002	98
Membership and dues	550	200	85	115
Travel and conferences	5,000	2,000	1,868	132
Auto operating expenses	6,000	6,200	6,172	28
Telephone and telegraph	1,400	500	493	7
Telephone and related services	800	700	591	109
Maintenance and service contracts	5,000	5,400	5,427	(27)
Machine and equipment repairs	500	400	318	82
Employee training	2,000	1,200	1,107	93
Professional services	10,000	7,000	7,412	(412)
Special departmental supplies	7,000	5,600	5,460	140
Total Justice and Law	<u>435,270</u>	<u>458,950</u>	<u>457,720</u>	<u>1,230</u>
City Manager				
Salary and wages	329,920	337,390	336,831	559
Retirement	30,980	31,460	31,393	67
Health insurance	24,110	32,880	32,609	271
Workers' compensation	9,630	7,030	6,893	137
Social security	25,240	23,020	22,625	395
Printing and supplies	5,000	4,600	4,505	95
Postage	2,000	2,000	1,449	551
Membership and dues	3,800	4,000	3,966	34
Travel and conferences	8,000	7,600	7,475	125
Car allowance	7,200	7,200	7,200	-
Auto operating expenses	1,600	(200)	(297)	97
Telephone and telegraph	3,500	2,400	1,729	671
Telephone and related services	3,400	3,000	2,852	148
Maintenance and service contracts	500	1,200	1,186	14

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
 General government (Continued)				
 City Manager (Continued)				
Employee training	\$ 2,200	\$ 1,500	\$ 597	\$ 903
Professional services	2,000	3,000	2,120	880
Special departmental supplies	3,800	2,100	1,846	254
Gas and oil	1,500	1,300	1,120	180
Total City Manager	<u>464,380</u>	<u>471,480</u>	<u>466,099</u>	<u>5,381</u>
 Finance				
Salary and wages	477,180	478,610	478,241	369
Retirement	44,810	44,140	43,949	191
Health insurance	48,260	48,190	48,055	135
Workers' compensation	21,640	16,140	15,471	669
Social security	36,500	35,540	35,138	402
Printing and supplies	4,500	3,700	3,625	75
Postage	8,100	8,700	8,584	116
Membership and dues	1,700	1,700	1,642	58
Travel and conferences	2,800	4,000	3,843	157
Auto operating expenses	300	300	238	62
Telephone and telegraph	4,200	3,300	3,146	154
Telephone and related services	4,000	2,700	2,560	140
Maintenance and service contracts	6,500	8,700	8,628	72
Machine and equipment repairs	200	100	-	100
Public notices	1,300	1,100	1,018	82
Employee training	1,500	2,500	2,471	29
Professional services	2,000	500	415	85
Special departmental supplies	65,000	70,000	69,876	124
Gas and oil	500	450	406	44
Total Finance	<u>730,990</u>	<u>730,370</u>	<u>727,306</u>	<u>3,064</u>
 Personnel				
Salary and wages	261,580	262,520	262,165	355
Retirement	24,560	24,300	24,140	160
Health insurance	28,830	27,950	27,723	227
Workers' compensation	13,180	9,680	9,421	259
Social security	20,010	19,170	19,046	124
Printing and supplies	12,000	14,000	13,341	659
Postage	1,450	1,450	1,218	232
Membership and dues	1,400	1,100	1,005	95
Travel and conferences	4,000	4,000	911	3,089
Auto operating expenses	700	700	48	652
Telephone and telegraph	2,000	800	513	287
Telephone and related services	2,000	2,000	1,467	533

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Personnel (Continued)				
Maintenance and service contracts	\$ 3,500	\$ 3,600	\$ 3,584	\$ 16
Machine and equipment repairs	200	200	150	50
Public notices	12,000	12,000	5,679	6,321
Employee training	3,000	500	150	350
Professional services	22,950	22,950	15,529	7,421
Medical expenses	45,000	55,000	43,213	11,787
Special departmental supplies	8,000	7,900	7,848	52
Gas and oil	900	500	164	336
Total Personnel	<u>467,260</u>	<u>470,320</u>	<u>437,315</u>	<u>33,005</u>
Community Service				
Salary and wages	305,770	304,250	302,365	1,885
Retirement	28,710	28,660	28,100	560
Health insurance	38,510	38,510	38,496	14
Workers' compensation	12,990	12,990	9,267	3,723
Social security	23,390	23,400	22,801	599
Printing and supplies	5,000	6,000	4,121	1,879
Postage	1,200	1,200	1,189	11
Membership and dues	1,000	1,000	500	500
Travel and conferences	3,200	3,200	2,754	446
Auto operating expenses	1,200	1,700	1,693	7
Telephone and telegraph	1,200	1,200	1,007	193
Telephone and related services	3,200	3,700	3,550	150
Radio maintenance	500	500	-	500
Maintenance and service contracts	2,200	2,700	2,538	162
Uniform and clothing	2,000	1,500	573	927
Employee training	2,000	2,000	585	1,415
Professional services	12,000	11,000	7,375	3,625
Special departmental supplies	5,400	5,400	5,352	48
Gas and oil	9,500	10,500	7,943	2,557
Capital outlay	-	23,000	11,510	11,490
Total Community Service	<u>458,970</u>	<u>482,410</u>	<u>451,719</u>	<u>30,691</u>
Urban Planning & Development				
Salary and wages	344,390	300,580	299,866	714
Retirement	32,340	27,710	27,484	226
Health insurance	33,870	28,210	27,910	300
Workers' compensation	13,000	9,800	9,267	533

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
General government (Continued)				
Urban Planning & Development (Continued)				
Social security	\$ 26,350	\$ 22,680	\$ 21,867	\$ 813
Printing and supplies	8,000	12,000	11,493	507
Postage	1,600	2,100	1,528	572
Membership and dues	2,200	2,400	2,702	(302)
Travel and conferences	6,000	1,290	2,827	(1,537)
Auto operating expenses	1,050	1,050	142	908
Electricity	7,250	9,250	8,113	1,137
Telephone and telegraph	1,500	1,500	300	1,200
Telephone and related services	3,600	3,600	2,150	1,450
Maintenance and service contracts	2,300	12,000	11,679	321
Building maintenance	8,000	2,000	1,226	774
Public notices	7,500	6,500	3,683	2,817
Rent payments	17,100	18,100	17,522	578
Employee training	4,000	3,000	857	2,143
Professional services	-	306,000	5,059	300,941
Special departmental supplies	6,000	12,130	16,248	(4,118)
Gas and oil	5,000	4,000	1,735	2,265
Water usage	1,000	1,000	950	50
Capital outlay	90,000	124,450	93,368	31,082
Total Urban Planning & Development	<u>622,050</u>	<u>911,350</u>	<u>567,976</u>	<u>343,374</u>
Total General Government	<u>3,582,200</u>	<u>3,976,880</u>	<u>3,539,484</u>	<u>437,396</u>
Public Safety				
Police				
Salary and wages	5,487,160	5,381,690	5,377,580	4,110
Retirement	594,540	576,400	575,589	811
Health insurance	654,920	602,950	584,906	18,044
Workers' compensation	317,720	269,620	227,169	42,451
Social security	419,760	403,220	396,391	6,829
Printing and supplies	11,000	9,700	6,490	3,210
Postage	3,500	3,500	2,746	754
Membership and dues	9,000	9,000	5,965	3,035
Travel and conferences	12,000	4,500	1,950	2,550
Auto operating expenses	80,000	83,000	86,885	(3,885)
Electricity	12,000	12,200	12,343	(143)
Telephone and telegraph	12,000	7,500	6,206	1,294
Telephone and related services	31,000	27,000	24,700	2,300
Radio maintenance	8,000	8,000	7,447	553
Maintenance service contracts	22,500	32,000	31,952	48

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Police (Continued)				
Machine and equipment repairs	\$ 6,000	\$ 8,000	\$ 5,080	\$ 2,920
Building and maintenance	6,000	3,500	1,195	2,305
Uniform and clothing	53,000	53,000	47,326	5,674
Prisoner housing	185,000	230,000	224,836	5,164
Rent payments	15,000	15,000	15,000	-
Employee training	28,000	17,300	16,091	1,209
Professional services	19,000	18,000	11,726	6,274
Pal expenses	14,500	10,500	6,628	3,872
Medical expenses	1,000	1,000	-	1,000
Rewards	1,000	1,000	-	1,000
Special departmental supplies	45,000	151,000	150,774	226
Gas and oil	300,000	282,500	278,090	4,410
Water usage	1,000	2,000	1,725	275
Grant expenditures	7,000	7,000	5,116	1,884
Capital outlay	-	101,800	883,144	(781,344)
Total Police	8,356,600	8,331,880	8,995,050	(663,170)
Fire				
Salary and wages	2,868,000	2,800,440	2,724,272	76,168
Retirement	315,960	307,660	295,388	12,272
Health insurance	341,930	338,680	331,491	7,189
Workers' compensation	157,250	157,250	112,511	44,739
Social security	219,400	211,740	201,990	9,750
Printing and supplies	13,500	16,100	15,639	461
Postage	500	100	51	49
Membership and dues	800	700	500	200
Travel and conferences	2,000	1,800	1,779	21
Auto operating expenses	40,000	40,000	39,515	485
Electricity	34,850	34,850	34,082	768
Telephone and telegraph	8,000	13,200	12,715	485
Telephone and related services	14,000	10,000	9,897	103
Heating fuel	25,000	25,000	22,197	2,803
Fire prevention	17,000	16,500	15,265	1,235
Radio maintenance	5,000	4,200	1,549	2,651
Maintenance service contracts	14,000	17,450	17,343	107
Machine and equipment repairs	10,000	7,200	7,094	106
Building and maintenance	15,000	13,200	10,073	3,127
Uniform and clothing	61,000	58,000	52,946	5,054
Employee training	20,000	14,700	13,560	1,140
Professional services	6,000	6,000	5,528	472
Special departmental supplies	35,000	41,000	40,529	471
Gas and oil	45,000	49,500	49,355	145

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Safety (Continued)				
Fire (Continued)				
Water usage	\$ 10,000	\$ 11,800	\$ 11,169	\$ 631
Capital outlay	-	18,000	24,573	(6,573)
Total Fire	<u>4,279,190</u>	<u>4,215,070</u>	<u>4,051,011</u>	<u>164,059</u>
Total Public Safety	<u>12,635,790</u>	<u>12,546,950</u>	<u>13,046,061</u>	<u>(499,111)</u>
Public Works				
Street and Beautification				
Salary and wages	868,010	829,060	827,091	1,969
Retirement	81,510	77,610	76,700	910
Health insurance	139,000	131,090	128,701	2,389
Workers' compensation	49,440	49,440	35,186	14,254
Social security	66,400	63,320	61,772	1,548
Printing and supplies	200	350	343	7
Postage	100	50	34	16
Membership and dues	400	250	135	115
Travel and conferences	500	100	71	29
Auto operating expenses	21,000	20,000	21,649	(1,649)
Electricity	14,500	13,500	13,147	353
Telephone and related services	1,300	1,930	1,530	400
Radio maintenance	1,500	1,000	995	5
Machine and equipment repairs	34,000	36,000	38,489	(2,489)
Tree beautification	11,000	7,500	6,949	551
Sign shop supplies	19,000	10,000	9,151	849
Uniform and clothing	13,500	11,500	10,800	700
Chemicals	5,000	5,400	5,276	124
Paving materials and supplies	9,000	12,000	10,708	1,292
Employee training	500	600	600	-
Professional services	10,000	21,000	20,395	605
Special departmental supplies	22,000	25,500	25,207	293
Gas and oil	60,000	60,500	60,730	(230)
Water usage	11,000	12,000	11,534	466
Capital outlay	-	24,000	23,719	281
Total Streets and Beautification	<u>1,438,860</u>	<u>1,413,700</u>	<u>1,390,912</u>	<u>22,788</u>
Sanitation				
Salary and wages	785,320	780,450	776,230	4,220
Retirement	73,740	72,250	72,202	48
Health insurance	127,090	128,380	128,005	375
Workers' compensation	49,530	44,630	35,385	9,245
Social security	60,080	60,050	57,832	2,218

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Public Works (Continued)				
Sanitation (Continued)				
Printing and supplies	\$ 200	\$ 100	\$ 7	\$ 93
Postage	100	100	35	65
Membership and dues	100	-	-	-
Travel and conferences	100	-	-	-
Auto operating expenses	80,000	111,000	110,077	923
Telephone and related services	200	300	267	33
Radio maintenance	2,500	2,500	2,456	44
Maintenance and service contracts	14,000	10,000	9,801	199
Machine and equipment repairs	75,000	59,000	58,518	482
Landfill services	1,100,000	1,130,800	1,055,186	75,614
Uniform and clothing	10,000	10,000	9,566	434
Compost supplies	1,500	1,000	996	4
Public notices	6,500	6,950	6,587	363
Employee training	100	-	-	-
Professional services	400	300	266	34
Special departmental supplies	8,000	8,000	10,226	(2,226)
Gas and oil	213,000	218,000	211,256	6,744
Capital outlay	-	617,000	616,242	758
Total Sanitation	2,607,460	3,260,810	3,161,140	99,670
Equipment Maintenance				
Salary and wages	258,190	259,190	258,594	596
Retirement	24,240	24,260	24,049	211
Health insurance	33,690	33,690	33,684	6
Workers' compensation	17,220	16,470	12,331	4,139
Social security	19,750	19,480	18,975	505
Printing and supplies	100	100	60	40
Auto operating expenses	1,000	1,150	1,280	(130)
Telephone and related services	100	150	66	84
Heating fuel	6,500	6,500	5,352	1,148
Radio maintenance	300	-	-	-
Maintenance and service contracts	3,000	2,000	1,779	221
Machine and equipment repairs	2,500	1,200	331	869
Uniform and clothing	3,500	3,700	3,811	(111)
Employee training	500	100	71	29
Special departmental supplies	5,500	15,100	15,055	45
Gas and oil	8,200	7,000	6,566	434
Capital outlay	-	9,740	-	9,740
Total Equipment Maintenance	384,290	399,830	382,004	17,826
Total Public Works	4,430,610	5,074,340	4,934,056	140,284

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Culture and Recreation				
Parks and Leisure services				
Salary and wages	\$ 836,510	\$ 785,570	\$ 770,308	\$ 15,262
Retirement	76,360	68,600	67,784	816
Health insurance	134,410	113,450	112,665	785
Workers' compensation	57,260	51,260	40,976	10,284
Social security	63,990	60,370	57,516	2,854
Printing and supplies	2,000	3,450	3,025	425
Postage	1,500	2,050	2,010	40
Membership and dues	1,200	1,050	1,020	30
Travel and conferences	3,000	1,400	1,399	1
Auto operating expenses	8,000	8,000	8,507	(507)
Electricity	67,000	78,100	78,003	97
Telephone and telegraph	3,000	3,000	2,872	128
Telephone and related services	1,400	1,550	1,517	33
Radio maintenance	1,000	1,000	804	196
Maintenance and service contracts	12,500	19,500	19,157	343
Machine and equipment repairs	8,000	9,600	10,145	(545)
Building maintenance	25,000	31,500	31,371	129
Tree beautification	3,500	12,000	1,100	10,900
Uniform and clothing	4,000	4,000	4,317	(317)
Food and supplies	6,000	3,850	3,812	38
Employee training	1,500	750	703	47
Professional services	20,000	40,000	16,305	23,695
Special departmental supplies	50,000	62,500	61,662	838
Gas and oil	32,000	32,400	32,665	(265)
Water usage	11,000	13,000	12,058	942
Boys and girls club's	21,000	32,500	32,337	163
Tournaments	500	500	-	500
Grant expenditures	35,000	35,000	-	35,000
Capital outlay	-	28,800	18,578	10,222
Total Parks and Leisure services	1,486,630	1,504,750	1,392,616	112,134
Athletic Programs				
Salary and wages	491,760	455,160	417,818	37,342
Retirement	46,180	27,810	24,927	2,883
Health insurance	52,700	48,860	45,529	3,331
Workers' compensation	12,010	12,010	8,578	3,432
Social security	37,620	36,980	31,689	5,291
Printing and supplies	1,000	500	484	16
Postage	1,500	50	-	50
Membership and dues	500	750	660	90
Travel and conferences	4,000	3,000	2,746	254
Auto operating expenses	3,000	2,000	1,469	531
Electricity	148,000	152,500	152,231	269

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
 Culture and Recreation (Continued)				
 Athletic Programs (Continued)				
Telephone and telegraph	\$ 3,000	\$ 1,000	\$ 991	\$ 9
Telephone and related services	500	1,300	1,146	154
Maintenance and service contracts	13,000	11,100	11,015	85
Machine and equipment repairs	6,000	4,650	4,558	92
Building maintenance	10,000	11,700	11,788	(88)
Uniform and clothing	2,000	2,000	1,984	16
Food and supplies	84,000	84,000	81,072	2,928
Employee training	200	450	440	10
Professional services	15,000	16,700	16,617	83
Special departmental supplies	40,000	46,000	45,451	549
Gas and oil	8,000	8,600	8,248	352
Water usage	25,000	26,000	25,991	9
Marketing and promotion	52,000	52,000	49,764	2,236
Tournaments	2,000	2,000	1,700	300
Upgrade and painting	-	9,700	-	9,700
Capital outlay	-	92,510	51,360	41,150
Total Athletic Programs	<u>1,058,970</u>	<u>1,109,330</u>	<u>998,256</u>	<u>111,074</u>
Total Culture and Recreation	<u>2,545,600</u>	<u>2,614,080</u>	<u>2,390,872</u>	<u>223,208</u>
Non-Departmental				
Employee relations	28,000	29,000	28,708	292
Unemployment compensation	10,000	30,000	29,453	547
OPEB Expense	474,500	483,000	482,690	310
Property and liability insurance	325,000	308,000	277,979	30,021
Small claims	80,000	94,500	69,334	25,166
Employee W/C small claims	70,000	65,000	36,914	28,086
Boys' and Girls' club	20,000	20,000	20,000	-
Transit system	35,000	35,000	35,000	-
Florence Area Humane Society	50,000	50,000	50,000	-
Pee Dee Chapter Red Cross	10,000	10,000	10,000	-
Lot clearing and demolition	-	62,000	61,154	846
City-County Complex operation	227,300	257,300	250,548	6,752
Contingency	100,000	396,980	-	396,980
Street lights	650,000	644,000	643,582	418
Brownsfields grant	-	357,000	330,875	26,125
EPA grants	-	81,000	58,311	22,689
Solid Waste grant	-	40,000	39,780	220
Rail to trail project	-	21,100	3,575	17,525
Boards and commissions	300	300	300	-
Land grant match	-	12,900	-	12,900
IT Upgrade	27,500	27,500	13,041	14,459
IT Support Services	96,700	99,100	99,042	58

CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CONTINUED
GENERAL FUND
YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Non-Departmental (Continued)				
FDDC Contribution for building acquisition	\$ -	\$ 300,000	\$ 299,995	\$ 5
Gateway and beautification	-	53,000	52,898	102
Special projects	60,000	82,500	82,175	325
BCRLF loan repayment	35,000	6,600	6,283	317
218 W Evans Building Upgrade	-	120,000	115,449	4,551
Total Non-Departmental	<u>2,299,300</u>	<u>3,685,780</u>	<u>3,097,086</u>	<u>588,694</u>
Debt Service				
Principal	872,500	759,270	480,482	278,788
Debt issuance costs	5,000	5,100	5,064	36
Interest	29,000	29,000	28,932	68
Total Debt Service	<u>906,500</u>	<u>793,370</u>	<u>514,478</u>	<u>278,892</u>
TOTAL EXPENDITURES	<u>26,400,000</u>	<u>28,691,400</u>	<u>27,522,037</u>	<u>1,169,363</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,408,800)</u>	<u>(5,368,400)</u>	<u>(3,604,765)</u>	<u>1,763,635</u>
Other Financing Sources (Uses)				
Long-term debt issued	-	1,292,500	2,058,117	765,617
Transfers in	2,458,800	2,459,000	2,460,915	1,915
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>2,408,800</u>	<u>3,701,500</u>	<u>4,469,032</u>	<u>767,532</u>
NET CHANGES IN FUND BALANCES	-	(1,666,900)	864,267	2,531,167
Fund balance at beginning of year	<u>8,428,518</u>	<u>8,428,518</u>	<u>8,428,518</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 8,428,518</u>	<u>\$ 6,761,618</u>	<u>\$ 9,292,785</u>	<u>\$ 2,531,167</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Water service fees	\$ 14,155,000	\$ 13,610,000	\$ 12,983,510	\$ (626,490)
Sewer service fees	11,915,000	12,145,000	11,813,100	(331,900)
Sewer surcharge	53,000	60,000	68,766	8,766
Cut on fees	173,000	135,000	157,812	22,812
Water tap fees	800,000	260,000	344,027	84,027
Sewer tap fees	295,000	85,000	109,013	24,013
Service charges	297,000	230,000	255,388	25,388
Late fees	267,000	280,000	285,028	5,028
Miscellaneous income	110,000	110,000	365,897	255,897
Total Operating Revenues	<u>28,065,000</u>	<u>26,915,000</u>	<u>26,382,541</u>	<u>(532,459)</u>
Operating Expenses				
Engineering				
Salary and wages	549,440	562,040	537,049	24,991
Retirement	51,590	52,620	50,754	1,866
Health insurance	48,310	48,300	48,293	7
Workers' compensation	19,430	19,430	13,863	5,567
Social security	42,030	40,640	38,117	2,523
Printing and supplies	3,000	2,500	1,994	506
Postage	500	250	168	82
Membership and dues	1,000	500	350	150
Auto operating expenses	2,500	2,500	1,047	1,453
Electricity	23,500	24,700	24,430	270
Travel and conferences	3,500	2,500	2,457	43
Telephone and telegraph	4,000	3,000	2,702	298
Telephone and related services	4,000	4,200	4,110	90
Heating fuel	8,000	8,000	5,362	2,638
Radio maintenance	300	300	245	55
Maintenance and service contracts	25,000	17,900	14,731	3,169
Building maintenance	8,000	8,000	8,020	(20)
Uniforms and Clothing	3,500	3,200	2,974	226
Public notices	200	200	178	22
Employees training	5,000	4,000	3,476	524
Professional services	80,000	104,500	83,266	21,234
Special departmental supplies	7,500	7,000	7,091	(91)
Gas and oil	10,000	10,000	8,983	1,017
Water usage	9,500	10,100	9,638	462
Other equipment	11,200	-	-	-
Total Engineering	<u>921,000</u>	<u>936,380</u>	<u>869,298</u>	<u>67,082</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Utility Finance				
Salary and wages	\$ 402,140	\$ 400,920	\$ 398,155	\$ 2,765
Retirement	37,760	37,120	37,018	102
Health insurance	62,480	61,690	59,343	2,347
Workers' compensation	28,090	20,290	20,067	223
Social security	30,760	29,970	29,453	517
Printing and supplies	1,500	1,500	145	1,355
Postage	125,000	131,200	130,961	239
Membership and dues	100	80	80	-
Travel and conferences	1,500	1,500	1,429	71
Auto operating expenses	100	300	239	61
Electricity	9,500	14,500	14,317	183
Telephone and telegraph	4,500	2,000	1,546	454
Telephone and related services	500	500	441	59
Radio maintenance	100	-	-	-
Maintenance and service contracts	47,000	47,200	47,458	(258)
Building maintenance	11,500	2,500	376	2,124
Rent payments	17,100	17,700	17,522	178
Employee training	1,000	500	434	66
Professional services	14,000	16,100	16,025	75
Special departmental supplies	40,000	46,700	46,543	157
Gas and oil	200	200	104	96
Water usage	600	600	1,166	(566)
Building and fixed equipment	-	12,600	765	11,835
Furniture and fixtures	-	19,000	18,711	289
Office machines	-	12,600	8,739	3,861
Other equipment	4,300	14,000	-	14,000
Total Utility Finance	839,730	891,270	851,037	40,233
Wastewater Treatment				
Salary and wages	851,940	796,520	785,929	10,591
Retirement	81,390	72,010	71,909	101
Health insurance	110,590	88,770	88,411	359
Workers' compensation	49,530	35,730	35,461	269
Social security	65,170	58,610	58,377	233
Printing and supplies	500	150	111	39
Postage	500	480	375	105
Membership and dues	7,800	6,800	6,045	755
Travel and conferences	750	500	198	302
Auto operating expenses	10,000	7,500	7,099	401
Electricity	889,000	979,000	978,595	405
Telephone and telegraph	2,100	1,300	1,196	104
Telephone and related services	3,100	4,520	4,362	158
Heating fuel	150	-	-	-
Radio maintenance	1,500	2,990	2,825	165

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Wastewater Treatment (Continued)				
Maintenance and service contracts	\$ 2,000	\$ 1,210	\$ 1,342	\$ (132)
Machine and equipment repairs	340,000	460,000	410,696	49,304
Building maintenance	6,000	3,160	3,084	76
Landfill services	251,000	250,000	246,274	3,726
Uniforms and clothing	10,500	8,400	7,790	610
Compost supplies	30,000	13,200	5,313	7,887
Chemicals	72,000	82,000	81,334	666
Lab supplies	14,000	18,450	18,060	390
Public notices	500	710	709	1
Employee training	4,000	4,340	4,337	3
Professional services	60,000	43,500	38,666	4,834
Special departmental supplies	100,000	70,700	39,799	30,901
Gas and oil	60,000	46,100	46,306	(206)
Water and usage	30,000	35,000	32,268	2,732
Upgrade and painting	100,000	10,000	7,516	2,484
Other equipment	3,000	-	-	-
Total Wastewater Treatment	3,157,020	3,101,650	2,984,387	117,263
Water Production - Surface Water				
Salary and wages	361,540	360,660	358,294	2,366
Retirement	33,950	33,510	33,474	36
Health insurance	43,360	43,370	43,362	8
Workers' compensation	31,750	23,250	22,747	503
Social security	27,660	27,460	26,746	714
Printing and supplies	1,600	1,750	1,315	435
Postage	500	170	105	65
Membership and dues	800	800	250	550
Travel and conferences	800	-	-	-
Auto operating expenses	3,500	25,000	2,157	22,843
Electricity	300,000	335,040	312,391	22,649
Telephone and telegraph	3,350	3,220	3,083	137
Telephone and related services	400	1,810	1,709	101
Heating fuel	22,000	19,040	17,724	1,316
Radio maintenance	950	230	222	8
Maintenance and service contracts	10,000	5,000	2,884	2,116
Machine and equipment repairs	43,500	43,500	37,794	5,706
Building maintenance	18,000	17,000	11,625	5,375
Uniforms and clothing	4,000	4,000	3,836	164
Chemicals	242,000	360,530	360,529	1
Lab supplies	42,000	44,320	41,533	2,787
Public notices	500	250	-	250
Employee training	1,000	1,370	1,365	5
Professional services	45,550	13,140	13,103	37
Special departmental supplies	53,500	46,650	45,968	682

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating Expenses (Continued)				
Water Production - Surface Water (Continued)				
Gas and oil	\$ 10,000	\$ 7,350	\$ 5,375	\$ 1,975
Water and usage	1,400	1,300	1,242	58
Office machines	-	5,800	-	5,800
Upgrade and painting	225,000	67,930	66,747	1,183
Other equipment	3,000	-	-	-
Total Water Production - Surface Water	<u>1,531,610</u>	<u>1,493,450</u>	<u>1,415,580</u>	<u>77,870</u>
Water Production - Ground Water				
Salary and wages	271,980	270,190	267,321	2,869
Retirement	25,540	24,760	24,351	409
Health insurance	38,410	38,410	38,035	375
Workers' compensation	19,440	14,440	13,939	501
Social security	20,810	20,670	19,763	907
Printing and supplies	500	200	177	23
Postage	110	90	85	5
Membership and dues	850	700	440	260
Travel and conferences	300	-	-	-
Auto operating expenses	9,000	4,000	2,735	1,265
Electricity	770,000	812,370	767,837	44,533
Telephone and telegraph	5,500	8,410	8,064	346
Telephone and related services	16,000	20,630	20,353	277
Heating fuel	150	210	209	1
Radio maintenance	1,000	-	-	-
Machine and equipment repairs	80,000	61,910	63,243	(1,333)
Building maintenance	7,000	3,300	3,122	178
Uniforms and clothing	3,300	3,300	2,679	621
Chemicals	100,000	134,000	121,819	12,181
Lab supplies	10,000	12,000	11,595	405
Employee training	1,000	1,000	515	485
Professional services	45,000	47,270	46,677	593
Well repairs	80,500	43,000	21,519	21,481
Special departmental supplies	9,000	5,000	4,363	637
Gas and oil	25,000	25,000	22,066	2,934
Water and usage	6,000	6,200	5,862	338
Upgrade and painting	65,000	65,000	-	65,000
Other equipment	11,500	-	-	-
Total Water Production - Ground Water	<u>1,622,890</u>	<u>1,622,060</u>	<u>1,466,769</u>	<u>155,291</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, 2009

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Operating Expenses (Continued)				
Utility Operations				
Salary and wages	\$ 1,459,800	\$ 1,394,700	\$ 1,356,620	\$ 38,080
Retirement	137,080	130,480	126,090	4,390
Health insurance	225,550	217,810	212,432	5,378
Workers' compensation	110,800	82,000	79,271	2,729
Social security	111,670	107,260	99,954	7,306
Printing and supplies	2,000	1,500	1,265	235
Postage	850	950	883	67
Membership and dues	440	440	385	55
Travel and conferences	1,200	700	475	225
Auto operating expenses	35,000	40,000	44,349	(4,349)
Electricity	11,000	11,000	10,682	318
Telephone and telegraph	600	600	192	408
Telephone and related services	2,150	4,150	3,658	492
Radio maintenance	1,000	1,200	1,045	155
Maintenance and service contracts	1,000	2,000	1,972	28
Machine and equipment repairs	50,000	45,000	45,595	(595)
Building maintenance	1,800	4,300	3,673	627
Traffic lights	9,000	8,000	8,141	(141)
Uniforms and clothing	21,000	22,000	22,524	(524)
Meters, parts and supplies	180,000	135,399	189,614	(54,215)
Pipe fittings and hydrants	260,000	250,000	251,423	(1,423)
Paving materials and supplies	30,000	37,500	36,846	654
Employee training	1,500	500	-	500
Professional services	7,000	12,700	60,079	(47,379)
Special departmental supplies	24,000	22,000	23,143	(1,143)
Gas and oil	135,000	155,000	142,419	12,581
Machines and equipment	65,000	128,300	-	128,300
Other equipment	191,700	191,700	191,695	5
Equipment replacement	48,440	-	-	-
Total Utility Operations	3,124,580	3,007,189	2,914,425	92,764
Utility Construction				
Salary and wages	111,020	151,010	149,732	1,278
Retirement	10,420	13,470	13,143	327
Health insurance	19,180	19,180	19,180	-
Workers' compensation	19,360	14,360	13,863	497
Social security	8,490	10,540	10,425	115
Auto operating expenses	1,000	200	35	165
Radio maintenance	200	200	-	200
Machine and equipment repairs	2,000	1,500	-	1,500
Uniforms and clothing	800	800	297	503
Pipe Fittings and hydrants	55,000	54,000	53,081	919
Paving materials and supplies	5,000	3,000	3,145	(145)

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, 2009

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Operating Expenses (Continued)				
Utility Construction (Continued)				
Special departmental supplies	\$ 1,000	\$ 500	\$ 206	\$ 294
Gas and oil	2,500	2,000	571	1,429
Total Utility Construction	<u>235,970</u>	<u>270,760</u>	<u>263,678</u>	<u>7,082</u>
Non-Departmental				
Depreciation	4,300,000	4,300,000	4,299,500	500
Bank charges	25,000	21,000	19,637	1,363
Employee relations	20,000	19,500	15,218	4,282
Unemployment compensation	3,000	4,500	4,076	424
Other post employment benefits	162,500	165,500	165,250	250
Property and liability insurance	213,500	190,500	173,048	17,452
Small claims	20,000	16,000	15,282	718
Employee W/C small claims	5,000	16,500	16,172	328
City-County complex operation	227,300	257,200	250,549	6,651
Contingency	146,000	50,500	25,000	25,500
IT support services	77,400	79,300	79,234	66
IT upgrade	22,000	44,600	5,512	39,088
Special projects	550,000	545,000	634,096	(89,096)
218 W. Evans Building Maintenance	-	125,000	123,783	1,217
Total Non-Departmental	<u>5,771,700</u>	<u>5,835,100</u>	<u>5,826,357</u>	<u>8,743</u>
TOTAL OPERATING EXPENSES				
	<u>17,204,500</u>	<u>17,157,859</u>	<u>16,591,531</u>	<u>566,328</u>
OPERATING INCOME				
	<u>10,860,500</u>	<u>9,757,141</u>	<u>9,791,010</u>	<u>33,869</u>
Non-Operating Revenues (Expenses)				
Investment earnings	257,000	200,000	330,133	130,133
Gain (loss) on disposal of assets	-	-	(1,270,307)	(1,270,307)
Interest expense	(5,978,300)	(5,978,300)	(2,618,815)	3,359,485
Total Non-Operating Revenues (Expenses)	<u>(5,721,300)</u>	<u>(5,778,300)</u>	<u>(3,558,989)</u>	<u>2,219,311</u>
INCOME BEFORE TRANSFERS				
	5,139,200	3,978,841	6,232,021	2,253,180
Capital contributions	-	-	742,308	742,308
Transfers out	(5,139,200)	(3,978,841)	(1,489,810)	2,489,031
Change in net assets	-	-	5,484,519	5,484,519
Net assets at beginning of year	<u>75,782,294</u>	<u>75,782,294</u>	<u>75,782,294</u>	<u>-</u>
NET ASSETS AT END OF YEAR				
	<u>\$ 75,782,294</u>	<u>\$ 75,782,294</u>	<u>\$ 81,266,813</u>	<u>\$ 5,484,519</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, 2009

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Operating Revenues				
Stormwater service fees	\$ 1,220,000	\$ 1,206,000	\$ 1,219,444	\$ 13,444
Miscellaneous income	20,000	15,200	7,215	(7,985)
Total Operating Revenues	1,240,000	1,221,200	1,226,659	5,459
Operating Expenses				
Salary and wages	387,140	383,480	383,577	(97)
Retirement	36,350	36,200	35,940	260
Health insurance	52,840	52,870	52,868	2
Workers' compensation	29,860	29,860	21,369	8,491
Social security	29,620	29,080	27,831	1,249
Printing and supplies	500	300	174	126
Membership and dues	1,000	700	570	130
Postage	200	100	31	69
Travel and conferences	500	400	337	63
Auto operating expenses	10,000	11,000	9,644	1,356
Electricity	4,000	3,600	3,141	459
Telephone and telegraph	100	-	-	-
Telephone and related services	200	300	300	-
Radio maintenance	500	500	322	178
Machine and equipment repairs	16,000	17,890	13,846	4,044
Uniforms and Clothing	5,000	4,000	3,214	786
Pipe fittings and hydrants	8,000	10,500	10,009	491
Employees training	1,200	800	265	535
Professional services	60,000	61,000	60,744	256
Special departmental supplies	24,500	25,500	25,117	383
Gas and oil	28,000	31,500	28,018	3,482
Depreciation	195,000	196,000	195,797	203
Bank charges	3,500	3,300	3,300	-
Employee relations	2,100	900	369	531
Unemployment compensation	110	50	26	24
Property and liability insurance	6,000	5,200	4,988	212
Other postretirement employee benefits	13,000	13,260	13,260	-
Amortization of bond issue costs	-	-	1,403	(1,403)
Small claims	100	100	-	100
Contingency	12,500	1,760	-	1,760
Special projects	123,000	129,660	-	129,660
IT support services	19,500	20,000	19,808	192
IT upgrade	5,500	1,500	1,315	185
Other equipment	20,000	3,500	2,886	614
TOTAL OPERATING EXPENSES	1,095,820	1,074,810	920,469	154,341
OPERATING INCOME	144,180	146,390	306,190	159,800

**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, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Non-Operating Revenues (Expenses)				
Investment earnings	\$ 153,000	\$ 150,800	\$ 35,398	\$ (115,402)
Interest expense	(150,000)	(150,000)	(149,731)	269
Total Non-Operating Revenues (Expenses)	<u>3,000</u>	<u>800</u>	<u>(114,333)</u>	<u>(115,133)</u>
INCOME BEFORE TRANSFERS	147,180	147,190	191,857	44,667
Contributed capital	-	-	72,355	72,355
Transfers in	50,000	50,000	50,000	-
Transfers out	(197,180)	(197,190)	(197,190)	-
Change in net assets	-	-	117,022	117,022
Net assets at beginning of year	<u>2,566,845</u>	<u>2,566,845</u>	<u>2,566,845</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 2,566,845</u></u>	<u><u>\$ 2,566,845</u></u>	<u><u>\$ 2,683,867</u></u>	<u><u>\$ 117,022</u></u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINES, ASSESSMENTS AND SURCHARGES
SPECIAL REVENUE FUND – VICTIM’S RIGHTS FUND
YEAR ENDED JUNE 30, 2009**

Court fines		
Court fines collected		\$ 705,272
Court fines retained by City		<u>(705,272)</u>
Court fines remitted to the State Treasurer		<u>\$ -</u>
Court Assessments, Surcharges and Pullout		
Court assessment collected		\$ 756,354
Court surcharges collected		227,927
Court pullout collected		24,534
Court assessments, surcharges and pullout retained by City		<u>(108,867)</u>
Court assessments, surcharges and pullout remitted to the State Treasurer		<u>\$ 899,948</u>
Victims Services		
Court assessments allocated to Victims Services		\$ 84,494
Court surcharges allocated to Victim Services		24,373
Investment income		<u>3,835</u>
Funds allocated to Victim Services		112,702
Victim Services expenditures		<u>(163,003)</u>
Funds provided in current year		(50,301)
Funds available for carryforward from prior year		<u>203,210</u>
Funds available for carryforward at end of year		<u>\$ 152,909</u>

STATISTICAL SECTION

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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 (1)
(Accrual Basis of Accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	\$ 12,189,355
Restricted			-	-	-	-	-	167,439	20,000	30,000
Unrestricted			12,048,544	10,478,230	9,618,837	9,426,872	9,759,013	9,853,296	11,745,471	15,608,692
Total governmental activities net assets			<u>\$ 31,502,869</u>	<u>\$ 30,252,768</u>	<u>\$ 30,918,210</u>	<u>\$ 32,480,014</u>	<u>\$ 32,383,837</u>	<u>\$ 30,724,489</u>	<u>\$ 32,767,409</u>	<u>\$ 27,828,047</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 24,577,936	\$ 32,242,757	\$ 31,971,063	\$ 41,575,877	\$ 47,714,364	\$ 49,295,162	\$ 53,017,659	\$ 54,491,789	\$ 55,854,407	\$ 63,684,875
Restricted	-	-	-	-	-	-	-	280,988	-	2,473,850
Unrestricted	40,586,380	26,293,121	17,083,030	12,570,127	13,654,173	14,553,098	13,696,663	16,365,953	22,494,732	17,791,955
Total business-type activities net assets	<u>\$ 65,164,316</u>	<u>\$ 58,535,878</u>	<u>\$ 49,054,093</u>	<u>\$ 54,146,004</u>	<u>\$ 61,368,537</u>	<u>\$ 63,848,260</u>	<u>\$ 66,714,322</u>	<u>\$ 71,138,730</u>	<u>\$ 78,349,139</u>	<u>\$ 83,950,680</u>
Primary government totals										
Invested in capital assets, net of related debt	\$ 24,577,936	\$ 32,242,757	\$ 51,425,388	\$ 61,350,415	\$ 69,013,737	\$ 72,348,304	\$ 75,642,483	\$ 75,195,543	\$ 76,856,345	\$ 75,874,230
Restricted	-	-	-	-	-	-	-	448,427	20,000	\$ 2,503,850
Unrestricted	40,586,380	26,293,121	29,131,574	23,048,357	23,273,010	23,979,970	23,455,676	26,219,249	34,240,203	\$ 33,400,647
Total primary government net assets	<u>\$ 65,164,316</u>	<u>\$ 58,535,878</u>	<u>\$ 80,556,962</u>	<u>\$ 84,398,772</u>	<u>\$ 92,286,747</u>	<u>\$ 96,328,274</u>	<u>\$ 99,098,159</u>	<u>\$ 101,863,219</u>	<u>\$ 111,116,548</u>	<u>\$ 111,778,727</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.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 6,191,940	\$ 5,882,028	\$ 5,502,778	\$ 6,008,887	\$ 5,988,907	\$ 7,903,075	\$ 8,072,110
Public safety	10,100,303	10,467,776	10,982,959	11,683,483	12,365,574	12,733,887	13,323,884
Public works	4,328,155	4,107,632	4,191,109	4,449,471	4,451,755	4,579,662	4,930,457
Culture and recreation	1,343,332	1,919,012	3,029,951	3,282,275	7,588,055	4,407,663	6,765,323
Community development	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207
Interest on debt	1,264	27,823	2,083	21,608	165,107	147,403	273,148
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>
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
Stormwater	643,199	634,494	655,871	877,543	1,050,567	1,074,366	1,070,200
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>
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>
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
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
Capital grants and contributions	-	500,000	1,294,186	564,662	723,680	697,194	736,431
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>
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
Stormwater	1,058,348	1,046,266	1,066,694	1,090,893	1,124,063	1,213,130	1,219,444
Capital grants and contributions	1,910,569	4,772,555	-	21,000	228,060	257,666	814,663
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>
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>
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)
Business-type activities	6,036,917	8,657,447	3,663,696	3,864,053	5,306,313	8,077,259	5,959,482
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>

(Continued)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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
Unrestricted grants and contributions	974,076	1,422,854	941,113	1,006,529	1,143,389	987,666	942,306
Investment earnings	135,677	57,738	116,464	255,196	479,844	439,199	186,869
Miscellaneous	115,078	242,415	435,721	344,108	603,307	869,250	514,233
Transfers	1,185,396	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000
Total governmental activities	<u>9,621,431</u>	<u>10,527,235</u>	<u>10,412,734</u>	<u>11,017,369</u>	<u>12,032,174</u>	<u>12,282,797</u>	<u>11,874,844</u>
Business-type activities							
Investment earnings	240,390	77,086	228,027	457,067	730,095	759,267	365,531
Miscellaneous	-	-	-	-	-	-	913,528
Transfers	(1,185,396)	(1,512,000)	(1,412,000)	(1,455,058)	(1,612,000)	(1,626,117)	(1,637,000)
Total business-type activities	<u>(945,006)</u>	<u>(1,434,914)</u>	<u>(1,183,973)</u>	<u>(997,991)</u>	<u>(881,905)</u>	<u>(866,850)</u>	<u>(357,941)</u>
Total Primary government	<u><u>8,676,425</u></u>	<u><u>9,092,321</u></u>	<u><u>9,228,761</u></u>	<u><u>10,019,378</u></u>	<u><u>11,150,269</u></u>	<u><u>11,415,947</u></u>	<u><u>11,516,903</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)
Business-type activities	5,091,911	7,222,533	2,479,723	2,866,062	4,424,408	7,210,409	5,601,541
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>

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

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

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

(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
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 270,000
Unreserved	9,186,704	10,389,423	11,118,386	10,080,026	8,548,666	8,206,188	8,004,650	8,187,370	8,128,515	9,022,785
Total General Fund	\$ 9,186,704	\$ 10,389,423	\$ 11,118,386	\$ 10,080,026	\$ 8,548,666	\$ 8,206,188	\$ 8,004,650	\$ 8,187,370	\$ 8,428,515	\$ 9,292,785
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,988,084	\$ 1,151,487	\$ -
Unreserved										
Special revenue funds	1,036,564	549,878	719,494	450,929	1,282,068	1,383,486	2,023,353	1,691,698	3,750,499	8,889,745
Total all other governmental funds	\$ 1,036,564	\$ 549,878	\$ 719,494	\$ 450,929	\$ 1,282,068	\$ 1,383,486	\$ 2,023,353	\$ 4,679,782	\$ 4,901,986	\$ 8,889,745

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Property Taxes	\$ 6,792,442	\$ 6,976,218	\$ 7,018,246	\$ 7,320,927	\$ 7,280,753	\$ 7,409,461	\$ 7,813,788	\$ 7,954,442	\$ 8,172,899	\$ 8,577,341
Licenses and fees	5,899,590	6,828,618	7,250,910	7,671,638	8,581,809	10,222,663	10,499,074	11,228,029	13,011,915	13,133,627
Intergovernmental	1,990,282	2,710,397	3,609,720	2,802,036	2,169,463	2,621,052	2,448,800	4,099,227	3,609,493	2,529,952
Charges for services	1,338,042	1,395,519	1,426,616	1,317,815	1,448,821	1,487,413	1,615,327	1,787,838	1,980,238	2,047,613
Fines and forfeitures	930,993	950,840	918,356	785,772	628,344	591,924	688,837	825,692	827,954	725,808
Investment earnings	-	-	-	135,677	57,738	116,464	255,196	479,844	439,199	186,869
Miscellaneous	995,069	1,416,112	971,951	442,748	1,678,382	1,680,684	450,306	956,527	2,165,312	1,132,615
Total revenues	<u>17,946,418</u>	<u>20,277,704</u>	<u>21,195,799</u>	<u>20,476,613</u>	<u>21,845,310</u>	<u>24,129,661</u>	<u>23,771,328</u>	<u>27,331,599</u>	<u>30,207,010</u>	<u>28,333,825</u>
Expenditures										
Current										
General government	3,965,258	5,276,377	5,472,909	6,116,046	5,362,932	4,967,408	5,439,557	5,446,156	7,389,797	7,407,872
Public safety	7,986,596	8,627,319	8,742,561	9,450,501	9,669,395	10,335,380	10,774,687	11,587,658	11,921,922	12,417,086
Public works	3,468,575	3,514,149	3,213,734	3,470,619	3,564,636	3,747,404	3,970,308	4,024,636	4,251,485	4,290,955
Culture and recreation	1,583,666	1,714,786	1,760,442	1,075,979	1,611,730	2,715,224	2,940,458	5,242,151	4,072,780	6,408,020
Community development	797,438	455,409	1,027,411	741,417	759,905	1,031,915	363,629	477,068	216,096	328,207
Debt Service										
Principal	362,269	370,972	355,597	48,664	243,651	240,921	272,252	505,051	543,977	670,369
Interest	14,007	32,144	18,063	1,984	20,676	9,998	-	162,476	154,483	142,569
Debt issuance cost	-	-	-	-	-	-	-	35,867	7,584	52,305
Capital Outlay	1,859,239	976,865	1,115,431	2,474,976	3,296,847	2,734,471	1,781,644	2,384,387	4,147,936	3,116,214
Total expenditures	<u>20,037,048</u>	<u>20,968,021</u>	<u>21,706,148</u>	<u>23,380,186</u>	<u>24,529,772</u>	<u>25,782,721</u>	<u>25,542,535</u>	<u>29,865,450</u>	<u>32,706,060</u>	<u>34,833,597</u>
Excess of revenues over (under) expenditures	(2,090,630)	(690,317)	(510,349)	(2,903,573)	(2,684,462)	(1,653,060)	(1,771,207)	(2,533,851)	(2,499,050)	(6,499,772)
Other financing sources (uses)										
Operating transfers in	1,232,625	1,421,847	1,617,838	1,822,215	1,983,406	2,244,169	1,850,987	2,320,701	2,337,842	(823,915)
Operating transfers out	(54,700)	(65,703)	(210,011)	(235,331)	(471,406)	(832,169)	(426,829)	(708,701)	(700,842)	2,460,915
Proceeds of capital lease	756,172	47,856	-	-	472,241	-	785,378	3,761,000	1,325,402	9,558,117
Total other financing sources (uses)	<u>1,934,097</u>	<u>1,404,000</u>	<u>1,407,827</u>	<u>1,586,884</u>	<u>1,984,241</u>	<u>1,412,000</u>	<u>2,209,536</u>	<u>5,373,000</u>	<u>2,962,402</u>	<u>11,195,117</u>
Net change in governmental fund balance	<u>\$ (156,533)</u>	<u>\$ 713,683</u>	<u>\$ 897,478</u>	<u>\$ (1,316,689)</u>	<u>\$ (700,221)</u>	<u>\$ (241,060)</u>	<u>\$ 438,329</u>	<u>\$ 2,839,149</u>	<u>\$ 463,352</u>	<u>\$ 4,695,345</u>
Debt service as a percentage of non-capital expenditures	1.9%	2.0%	1.8%	0.2%	1.1%	1.0%	1.1%	2.3%	2.2%	2.80%

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Water & Sewer										
Service Fees	\$ 13,404,850	\$ 15,052,406	\$ 15,823,076	\$ 18,073,785	\$ 18,633,285	\$ 19,247,289	\$ 20,289,696	\$ 21,368,185	\$ 24,202,597	\$ 24,796,610
Sewer Surcharges	65,539	129,507	175,638	81,558	100,107	144,525	78,501	97,078	59,654	68,766
Cut on Fees	49,400	48,787	51,475	72,300	57,405	63,075	65,245	74,325	178,735	157,812
Water & Sewer										
Tap Fees	532,128	584,981	414,443	489,342	554,213	610,873	671,204	835,823	1,030,488	453,040
Service Charges	88,935	80,425	81,475	197,763	116,150	127,780	129,788	125,372	290,606	255,388
Late Fees	57,070	57,423	59,911	73,895	76,308	77,990	81,019	87,053	164,823	285,028
Concessions Sales (1)	70,095	66,846	90,379	-	-	-	-	-	-	-
Stormwater Fees (2)	-	-	815,978	1,004,784	1,042,990	1,066,694	1,089,301	1,121,916	1,198,218	1,219,444
Investment earnings	1,032,765	2,259,981	687,827	240,390	77,086	228,027	457,067	730,095	759,267	365,531
Miscellaneous	32,610	141,545	315,926	211,903	80,653	258,963	123,654	321,912	376,533	1,187,775
Total revenues	15,333,392	18,421,901	18,516,128	20,445,720	20,738,197	21,825,216	22,985,475	24,761,759	28,260,921	28,789,394
Expenditures										
Current										
Engineering	447,343	586,538	708,699	659,660	634,732	713,268	776,610	809,866	906,622	869,298
Utility Finance	441,493	508,925	483,717	557,960	580,154	583,610	678,718	727,049	741,982	851,037
Wastewater Treatment	2,041,221	2,358,987	2,293,916	2,392,892	2,472,668	2,554,603	2,668,538	2,596,617	2,661,429	2,984,387
Water Production	2,103,870	1,980,260	1,595,177	2,252,778	2,216,561	2,351,240	2,492,365	2,742,980	3,046,488	2,882,349
Utility Operations	1,499,526	1,610,475	1,726,644	1,808,572	1,949,015	2,103,824	2,299,328	2,424,662	2,690,956	2,914,425
Utility Construction	81,240	137,483	210,092	172,437	130,579	187,231	194,431	109,020	190,226	263,678
Concessions	65,134	59,369	74,756	-	-	-	-	-	-	-
Stormwater	-	-	469,412	643,199	634,494	655,871	877,543	883,581	916,032	920,469
Non-departmental	4,477,539	5,783,454	5,911,485	7,591,484	8,158,016	8,783,846	8,676,822	8,431,576	8,270,660	9,865,212
Net Interdepartmental										
Transfer	1,177,925	1,356,144	1,407,827	1,610,366	1,512,000	1,412,000	1,455,058	1,612,000	1,626,117	1,637,000
Total expense	12,335,291	14,381,635	14,881,725	17,689,348	18,288,219	19,345,493	20,119,413	20,337,351	21,050,512	23,187,855
Net change in net assets	\$ 2,998,101	\$ 4,040,266	\$ 3,634,403	\$ 2,756,372	\$ 2,449,978	\$ 2,479,723	\$ 2,866,062	\$ 4,424,408	\$ 7,210,409	\$ 5,601,539

(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.

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>
2000	\$ 6,792,442	\$ 5,899,590	\$ -	\$ 919,609	\$ 13,611,641
2001	6,979,218	6,828,618	-	950,840	14,758,676
2002	7,018,246	7,250,910	-	918,356	15,187,512
2003	7,211,204	7,671,638	-	785,772	15,668,614
2004	7,292,228	7,459,531	1,122,278	628,344	16,502,381
2005	7,507,436	7,939,460	2,283,203	591,924	18,322,023
2006	7,956,478	8,127,825	2,371,249	688,837	19,144,389
2007	7,954,442	8,566,956	2,661,073	825,692	20,008,163
2008	8,172,899	10,212,766	2,799,149	827,954	22,012,768
2009	8,577,341	10,332,888	2,800,739	725,808	22,436,776

(1) Effective 1/1/2004

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

Fiscal Year	Tax Year	Real Property		Personal Property		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial Property (1)	Motor Vehicles	Other					
2000	1999	\$69,047,533	\$ -	\$15,641,910	\$22,392,292	\$1,615,504	\$105,466,231	60.8	\$1,736,069,752	6.07%
2001	2000	27,695,328	42,607,328	19,824,070	24,687,220	3,667,523	111,146,423	60.8	1,826,642,377	6.08
2002	2001	28,870,030	44,419,632	16,562,690	21,648,517	3,777,535	107,723,334	60.8	1,832,185,626	5.88
2003	2002	29,931,710	45,447,167	16,229,621	22,859,025	3,769,229	110,698,294	60.8	1,896,430,587	5.84
2004	2003	31,115,448	48,098,049	17,286,560	20,732,334	3,927,684	113,304,707	60.8	1,973,989,803	5.74
2005	2004	32,500,494	48,880,890	16,116,529	19,725,439	3,885,174	113,338,178	60.8	2,012,358,171	5.63
2006	2005	39,049,201	59,067,023	16,839,936	22,146,872	4,173,248	132,929,784	54.9	2,396,889,288	5.55
2007	2006	41,046,491	60,601,586	15,664,410	21,288,733	4,255,786	134,345,434	54.9	2,472,593,261	5.43
2008	2007	43,624,088	63,334,142	15,510,400	20,406,476	4,262,629	138,612,477	54.9	2,577,078,442	5.38
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

Source: Florence County

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

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

Fiscal Year	Tax Year	City of Florence			Overlapping Rates (1)							Total Direct & Overlapping Rates
		Operating Millage	Debt Service Millage	Total City Millage	Florence County			School District One			Technical College Millage	
					Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2000	1999	60.8	0.0	60.8	64.5	0.0	64.5	97.2	14.0	111.2	3.5	240.0
2001	2000	60.8	0.0	60.8	64.5	0.0	64.5	100.2	13.2	113.4	3.5	242.2
2002	2001	60.8	0.0	60.8	64.5	0.0	64.5	108.2	15.1	123.3	3.5	252.1
2003	2002	60.8	0.0	60.8	68.0	1.5	69.5	119.0	26.6	145.6	3.5	279.4
2004	2003	60.8	0.0	60.8	68.5	1.5	70.0	140.2	18.0	158.2	3.5	292.5
2005	2004	60.8	0.0	60.8	68.5	1.5	70.0	145.7	16.3	162.0	3.5	296.3
2006	2005	54.9	0.0	54.9	66.3	1.5	67.8	140.2	16.4	156.6	3.4	282.7
2007	2006	54.9	0.0	54.9	67.9	9.0	76.9	151.0	15.0	166.0	3.4	301.2
2008	2007	54.9	0.0	54.9	67.9	9.0	76.9	157.5	19.0	176.5	4.9	313.2
2009	2008	54.9	0.0	54.9	67.9	9.0	76.9	163.7	19.0	182.7	4.9	319.4

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.

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

Taxpayer	2009			2000		
	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.	\$ 10,207,470	1	6.76%	\$ 9,721,180	1	9.07%
McLeod Regional Medical Center	4,379,270	2	2.90	-		0.00
Magnolia, LLC	3,256,870	3	2.16	3,141,840	3	2.93
Carolina Power and Light	3,251,830	4	2.15	2,247,100	5	2.10
BellSouth Telecommunications	2,936,550	5	1.95	3,308,710	2	3.09
Raldex, Inc	1,387,790	6	0.92	-		0.00
Holcombe Land Development	1,311,780	7	0.87	609,190	10	0.57
Wal-Mart	1,196,980	8	0.79	-		0.00
Edens & Avant Fin. Ltd. Partnership	1,066,770	9	0.71	-		0.00
Lowe's Home Improvement	780,590	10	0.52	-		0.00
Byrd Properties, Inc.				2,297,830	4	2.14
Blue Cross Blue Shield of SC				663,580	6	0.62
South Carolina Electric and Gas				645,710	7	0.60
Fleet Real Estate Fund Corp.				635,320	8	0.59
New Land Development				619,340	9	0.58

Source: Florence County

(1) Total Assessed Value for 2009 was \$150,899,448

(2) Total Assessed Value for 2000 was \$107,218,298

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Original Tax Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections of Prior Tax Year's Levy in Subsequent Fiscal Years</u>	<u>Total Collections to Date</u>	
			<u>Amount</u>	<u>Percentage of Levy</u>		<u>Collected</u>	<u>Percentage of Levy</u>
2000	1999	\$ 6,518,873	\$ 6,381,085	97.9	\$ 61,886	\$ 6,442,971	98.8%
2001	2000	6,980,688	6,552,838	93.9	73,017	6,625,855	94.9
2002	2001	6,779,253	6,620,054	97.7	53,712	6,673,766	98.4
2003	2002	6,959,625	6,904,209	99.2	62,068	6,966,277	99.9
2004	2003	7,127,729	6,858,315	96.2	56,684	6,914,999	97.0
2005	2004	7,127,180	6,993,031	98.1	76,521	7,069,552	99.2
2006	2005	7,526,956	7,382,948	98.1	58,013	7,440,961	98.9
2007	2006	7,609,207	7,526,794	98.9	64,492	7,591,286	99.8
2008	2007	7,843,843	7,733,752	98.6	67,548	7,801,300	99.5
2009	2008	8,284,380	8,125,465	98.1	33,536	8,159,001	98.5

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	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Revenue Bonds	Notes Payable		
2000	\$ -	\$ -	\$ -	\$ 740,525	\$ 35,369,486	\$ 21,911,358	\$ 58,021,369	\$ 1,918
2001	-	-	-	416,592	34,203,813	26,233,748	60,854,153	1,972
2002	-	-	-	60,995	32,608,141	29,610,931	62,280,067	2,015
2003	-	-	-	12,331	39,282,468	33,344,134	72,638,933	2,331
2004	-	-	-	240,921	39,511,795	32,958,638	72,711,354	2,321
2005	-	-	-	-	37,641,122	31,125,861	68,766,983	2,190
2006	-	-	-	4,274,126	39,670,000	29,111,139	73,055,265	2,319
2007	-	-	-	3,769,075	37,090,000	27,028,107	67,887,182	2,150
2008	-	-	1,280,000	3,270,500	36,265,000	24,873,896	65,689,396	2,072
2009	-	-	2,235,000	11,363,248	34,555,000	22,645,511	70,798,759	2,223

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

Table 13

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Per Capita</u>
2000	30,248	\$ 107,218,298 (2)	\$ -	\$ -	\$ -	0%	\$ -
2001	30,866	\$ 114,813,946	\$ -	\$ -	\$ -	0%	\$ -
2002	30,902	\$ 111,500,869	\$ -	\$ -	\$ -	0%	\$ -
2003	31,159	\$ 114,467,523	\$ -	\$ -	\$ -	0%	\$ -
2004	31,326	\$ 117,232,391	\$ -	\$ -	\$ -	0%	\$ -
2005	31,406	\$ 117,223,352	\$ -	\$ -	\$ -	0%	\$ -
2006	31,506	\$ 137,103,032 (2)	\$ -	\$ -	\$ -	0%	\$ -
2007	31,570	\$ 138,601,220	\$ -	\$ -	\$ -	0%	\$ -
2008	31,706	\$ 142,875,106	\$ -	\$ -	\$ -	0%	\$ -
2009	31,842	\$ 150,899,448	\$ -	\$ -	\$ -	0%	\$ -

(1) Source: Fiscal Year 2000 is U.S. Census figure; all others estimated by U. S. Census Bureau or City of Florence Finance Department.

(2) Reassessment

**CITY OF FLORENCE, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 20, 2009**

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

Table 15

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$8,577,464	\$9,185,116	\$8,920,070	\$9,157,402	\$9,378,591	\$9,377,868	\$10,968,243	\$11,088,098	\$11,430,008	\$12,071,956
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$8,577,464</u>	<u>\$9,185,116</u>	<u>\$8,920,070</u>	<u>\$9,157,402</u>	<u>\$9,378,591</u>	<u>\$9,377,868</u>	<u>\$10,968,243</u>	<u>\$11,088,098</u>	<u>\$11,430,008</u>	<u>\$12,071,956</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2009

Taxable Assessed Value - 2008 Levy	\$146,617,414
Add back: exempt real property	4,282,034
Total Assessed Value	<u>\$150,899,448</u>
Debt Limit (8% of Total Assessed Value Without Referendum)	\$12,071,956
Debt applicable to limit:	
Total Bonded Debt	\$ -
Less Deductions Allowed by Law	<u>-</u>
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u>\$12,071,956</u>

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

<u>Fiscal Year</u>	<u>Gross Revenue (1)</u>	<u>Less: Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2000	\$ 15,262,996	\$ 7,075,386	\$ 8,187,610	\$ 2,282,988	\$ 1,491,354	\$ 3,774,342	2.17
2001	18,354,405	7,607,785	10,746,620	2,459,581	2,807,459	5,267,040	2.04
2002	17,608,578	7,463,469	10,145,109	2,955,108	3,014,009	5,969,117	1.70
2003	19,382,569	8,496,911	10,885,658	3,306,140	3,326,816	6,632,956	1.64
2004	19,687,358	8,522,953	11,164,405	3,421,442	3,412,801	6,834,243	1.63
2005	20,742,121	9,461,277	11,280,844	3,616,634	3,363,546	6,980,180	1.62
2006	21,837,986	10,087,728	11,750,258	3,902,590	3,181,807	7,084,397	1.66
2007	23,213,857	10,240,322	12,973,535	4,085,899	2,987,178	7,073,077	1.83
2008	26,654,167	11,204,841	15,449,326	2,392,078	2,782,452	5,174,530	2.99
2009	26,712,674	12,292,031	14,420,643	3,341,252	2,650,041	5,991,293	2.41

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

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (in millions) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2000	30,248	\$4,203	\$21,817	14,149	6.1%
2001	30,866	4,486	23,209	13,634	5.2
2002	30,902	4,679	24,115	13,424	7.8
2003	31,159	4,799	24,600	14,309	9.2
2004	31,326	4,950	25,204	14,117	8.7
2005	31,406	5,208	26,399	13,905	8.4
2006	31,506	5,395	27,449	14,715	7.5
2007	31,570	5,861	29,661	15,510	6.1
2008	31,706	6,093	30,690	15,490	6.7
2009	31,842	*	*	15,783	12.1

* Information not yet available

(1) Fiscal Year 2000 is U.S. Census figure; all others estimated by the U. S. Census Bureau or City of Florence Finance Dept.

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year.

Source for fiscal years 1997 - 2003 was State Budget & Control Board, Office of Research & Statistics.

(3) Florence School District One

(4) South Carolina Employment Security Commission. Represents unemployment for Florence County.

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

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment (1)</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of of Total County Employment (1)</u>
McLeod Regional Medical Center	3,151	1	4.7%	4,500	1	NA
Florence School District One	1,718	2	2.6	-	-	-
Carolinas Hospital System	1,640	3	2.4	1,265	3	-
Palmetto Gov't Benefits/TRICARE	1,600	4	2.4	-	-	NA
Florence County	898	5	1.3	763	6	NA
The Assurant Group	675	6	1.0	-	-	-
Wal-Mart	620	7	0.9	-	-	-
SC DHEC	600	8	0.9	-	-	-
City of Florence	433	9	0.6	-	-	-
Florence Co. Disabilities & Spec. Needs	350	10	0.5	-	-	-
Blue Cross Blue Shield of SC				1,500	2	NA
Fleet Real Estate Fund Corp.				880	5	NA
The ESAB Group				900	4	NA
Amana, Inc.				600	7	NA
Francis Marion University				500	8	NA
La-Z-Boy East				475	9	NA
Pepsi Cola				210	10	NA

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

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

Customer	Type of Business	2009			2000		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Johnson Controls	Manufacturing	1	164,099	1.25%			
McLeod Regional Hospital	Medical Services	2	157,597	1.20	3	\$77,784	1.21%
Francis Marion University	University	3	143,086	1.09	5	66,090	1.03
Roche Carolina	Manufacturing	4	79,997	0.61			
Carolinas Hospital System	Medical Services	5	75,839	0.58	9	31,856	0.50
Pet Dairy	Manufacturing	6	71,593	0.55			
McDonalds	Restaurant	7	70,088	0.53			
Rental Uniforms	Industrial	8	68,283	0.52	6	45,322	0.70
Institution Food Service	Manufacturing	9	61,805	0.47			
Days Inn	Motel	10	58,846	0.45			
Florence County	Government				1	349,262	5.43
General Electric	Manufacturing				2	86,573	1.35
Flav O Rich	Manufacturing				4	69,680	1.08
Amana	Manufacturing				7	43,714	0.68
Pepsi Cola	Manufacturing				8	37,026	0.58
Forest Lake Apartments	Residential				10	31,604	0.49
TOTALS			<u>\$951,233</u>	<u>7.25%</u>		<u>\$838,911</u>	<u>13.05%</u>

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

Customer	Type of Business	2009			2000		
		Rank	Billed Revenues	Percentage of Total Billed Revenues	Rank	Billed Revenues	Percentage of Total Billed Revenues
Koppers	Manufacturing	1	\$354,069	2.87%	3	\$97,483	1.40%
McLeod Regional Hospital	Medical Services	2	198,831	1.61	4	93,882	1.35
Francis Marion University	University	3	186,021	1.51	6	86,461	1.24
PET Dairy	Manufacturing	4	140,016	1.13		-	0.00
ESAB	Manufacturing	5	130,836	1.06	5	88,461	1.27
Rental Uniforms	Industrial	6	109,431	0.89	7	68,542	0.98
Darlington County	Government	7	104,280	0.85		-	0.00
Johnson Controls	Manufacturing	8	86,382	0.70		-	0.00
Carolinas Hospital System	Medical Services	9	81,525	0.66	9	41,165	0.59
Roche Carolina	Manufacturing	10	75,434	0.61	2	117,541	1.68
Flav O Rich	Manufacturing				1	131,123	1.88
Florence County	Government				8	56,234	0.81
Forest Lake Arpartment	Residential				10	38,336	0.55
TOTALS			<u>\$1,466,825</u>	<u>11.89%</u>		<u>\$819,228</u>	<u>12.61%</u>

Table 21

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

	Fiscal Year									
	2000	2001	2002	2003 (1)	2004	2005	2006	2007	2008	2009 (2)
Water Customers:										
Residential	18,307	18,716	19,133	23,902	24,647	25,259	25,957	26,610	27,189	27,139
Commercial	2,866	2,797	2,869	2,694	2,739	2,763	2,802	2,849	2,970	2,958
Industrial	-	-	-	-	-	-	-	-	-	7
Total	<u>21,173</u>	<u>21,513</u>	<u>22,002</u>	<u>26,596</u>	<u>27,386</u>	<u>28,022</u>	<u>28,759</u>	<u>29,459</u>	<u>30,159</u>	<u>30,104</u>
Sewer Customers:										
Residential	13,094	13,421	13,752	14,375	14,989	15,421	16,241	16,761	17,190	17,143
Commercial	2,044	2,006	2,071	2,031	2,068	2,086	2,119	2,157	2,247	2,234
Industrial	-	-	-	-	-	-	-	-	-	7
Total	<u>15,138</u>	<u>15,427</u>	<u>15,823</u>	<u>16,406</u>	<u>17,057</u>	<u>17,507</u>	<u>18,360</u>	<u>18,918</u>	<u>19,437</u>	<u>19,384</u>
Total Utility Customers:	<u><u>36,311</u></u>	<u><u>36,940</u></u>	<u><u>37,825</u></u>	<u><u>43,002</u></u>	<u><u>44,443</u></u>	<u><u>45,529</u></u>	<u><u>47,119</u></u>	<u><u>48,377</u></u>	<u><u>49,596</u></u>	<u><u>49,488</u></u>

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

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

Table 22

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

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

Table 23

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Minimum Rates (1)										
Inside City Rates										
3/4"	\$ 7.64	\$ 8.33	\$ 9.01	\$ 9.45	\$ 9.65	\$ 9.83	\$ 10.02	\$ 10.27	\$ 11.10	\$ 11.77
1"	8.25	12.61	13.75	14.48	14.68	14.97	15.26	15.67	16.92	17.94
1 1/4"	8.42	13.68	14.94	15.74	15.94	16.26	16.58	17.02	18.37	19.47
1 1/2"	9.99	24.38	26.80	28.32	28.52	29.12	29.70	30.52	32.92	34.90
2"	12.43	40.97	45.19	47.82	48.02	49.05	50.04	51.45	55.46	58.79
3"	19.41	88.58	97.97	103.80	104.00	106.28	108.42	111.52	120.18	127.39
4"	29.18	154.92	171.50	181.80	182.00	186.01	189.76	195.22	210.34	222.96
6"	57.10	344.85	382.03	405.09	405.29	414.28	422.64	434.85	468.48	496.59
8"	96.18	610.74	676.78	717.70	717.90	733.85	748.68	770.32	829.89	879.68
Volume Rate (per 1,000 gallons)	1.13	1.16	1.20	1.29	1.35	1.38	1.41	1.43	1.55	1.64
Minimum Rates (1)										
Outside City Rates										
3/4"	8.03	11.01	11.98	12.60	12.80	13.05	13.30	13.65	15.15	16.51
1"	8.95	17.43	19.09	20.14	20.34	20.76	21.17	21.75	24.12	26.29
1 1/4"	9.21	19.03	20.87	22.03	22.23	22.69	23.14	23.77	26.36	28.73
1 1/2"	11.56	35.08	38.66	40.90	41.10	41.98	42.82	44.02	48.79	53.18
2"	15.22	59.96	66.24	70.15	70.35	71.85	73.32	75.41	83.57	91.09
3"	25.69	131.38	145.41	154.12	154.32	157.72	160.90	165.52	183.39	199.89
4"	40.34	230.89	255.72	271.11	271.31	277.32	282.92	291.07	322.47	351.49
6"	82.22	515.78	571.51	606.06	606.26	619.72	632.24	650.51	720.64	785.49
8"	140.85	914.62	1,013.62	1,074.98	1,075.18	1,099.07	1,121.28	1,153.72	1,278.07	1,393.09
Volume Rate (per 1,000 gallons)	1.69	1.74	1.80	1.94	2.03	2.07	2.12	2.15	2.39	2.61

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

Table 24

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Minimum Rates (1)										
Inside City Rates										
3/4"	\$ 14.81	\$ 14.00	\$ 14.60	\$ 15.61	\$ 15.91	\$ 16.12	\$ 16.41	\$ 16.82	\$ 18.28	\$ 19.38
1"	20.92	22.32	23.28	25.07	25.41	25.75	26.23	26.92	29.28	31.04
1 1/4"	22.64	24.40	25.45	27.43	27.79	28.16	28.69	29.45	32.03	33.95
1 1/2"	38.29	45.20	47.15	51.07	51.55	52.24	53.25	54.71	59.52	63.09
2"	62.62	77.44	80.79	87.71	88.38	89.56	91.32	93.86	102.15	108.28
3"	132.18	170.00	177.35	192.91	194.11	196.72	200.61	206.27	224.50	237.97
4"	229.51	298.96	311.89	339.48	341.42	346.02	352.88	362.88	395.30	419.02
6"	507.73	668.16	697.07	759.09	763.16	773.44	788.82	811.25	883.04	936.02
8"	897.22	1,185.04	1,236.31	1,346.54	1,353.60	1,371.82	1,399.14	1,438.96	1,566.32	1,660.30
Volume Rate (per 1,000 gallons)	1.87	1.46	1.53	1.62	1.66	1.71	1.75	1.77	1.90	2.01
Minimum Rates (1)										
Outside City Rates										
3/4"	18.73	19.20	20.03	21.52	21.85	22.14	22.55	23.14	25.86	28.19
1"	27.88	28.68	33.05	35.70	36.11	36.59	37.29	38.29	42.82	46.68
1 1/4"	30.46	34.80	36.30	39.25	39.67	40.20	40.97	42.08	47.06	51.30
1 1/2"	53.93	66.00	68.85	74.71	75.31	76.32	77.81	79.97	89.47	97.52
2"	90.43	114.36	119.30	129.67	130.55	132.31	134.91	138.70	155.21	169.18
3"	194.77	253.20	264.15	287.47	289.15	293.04	298.85	307.31	343.95	374.91
4"	340.77	446.64	465.96	57.32	510.12	516.98	527.26	542.23	606.90	661.52
6"	758.11	1,000.44	1,043.72	1,136.74	1,142.73	1,158.11	1,181.17	1,214.78	1,359.71	1,482.09
8"	1,342.34	1,775.76	1,852.59	2,017.92	2,028.38	2,055.70	2,096.64	2,156.34	2,413.65	2,630.88
Volume Rate (per 1,000 gallons)	1.87	2.19	2.30	2.43	2.49	2.57	2.63	2.66	2.93	3.19

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

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

Function	Full-time Equivalent City Government Positions									
	2000	2001	2002	2003	2004	2005	2006	2007(1)	2008	2009
General Government Admin.	10	10	11	18	19	19	13	11	12	12
Finance Department	9	9	9	9	9	10	10	10	10	10
Personnel Department	4	4	4	4	4	4	4	4	5	5
Community Services Department	3	3	5	5	5	5	5	7	8	8
Public Safety										
Police	110	112	114	123	127	138	140	138	138	140
Fire	71	71	71	71	71	71	71	70	70	71
Total Public Safety	181	183	185	194	198	209	211	208	208	211
Public Works Department										
Streets and Beautification	28	30	28	28	28	28	30	30	30	30
Sanitation	21	21	23	23	23	23	24	24	25	27
Equipment Maintenance	8	8	8	8	8	8	8	8	8	7
Total Public Works	57	59	59	59	59	59	62	62	63	64
Parks and Recreation	29	31	31	31	17	23	23	23	35	39
Urban Planning & Development	0	0	0	0	0	0	0	4	4	8
Water and Sewer	97	97	97	105	114	115	116	117	117	117
Stormwater	0	0	0	11	11	12	12	11	11	11
Total Employees	390	396	401	436	436	456	456	457	473	485

Source: City of Florence Budget

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

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

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 (1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Physical Arrests	3,218	3,904	2,800	2,569	2,737	2,918	2,881	3,003	3,523	3,787
Traffic Violations	8,257	8,055	7,499	4,765	4,366	6,345	8,876	9,323	9,598	8,692
Parking Violations	1,189	1,178	1,228	838	966	1,020	1,153	757	623	924
Fire										
Calls Answered	3,416	3,300	3,855	2,060	2,603	2,162	2,324	2,413	2,236	2,177
Inspections	802	998	998	705	780	941	974	1,021	837	1,286
Water System										
Service Connections	21,365	21,365	22,100	26,813	27,475	28,166	28,759	29,459	30,238	30,240
Average daily consumptions (in millions of gallons)	12.10	12.10	11.70	11.70	12.06	12.06	12.50	13.00	14.00	13.00
Maximum daily capacity (in millions of gallons)	16.80	25.00	27.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00
Wastewater System										
Service connections	15,267	15,541	15,900	NA	17,154	17,632	18,360	18,918	19,486	19,530
Average daily treatment (in millions of gallons)	9.10	7.40	7.70	10.10	10.10	10.10	8.90	10.00	9.82	11.00
Maximum daily capacity (in millions of gallons)	15.00	15.00	15.00	15.00	15.10	15.00	15.00	15.00	15.00	18.00

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

Table 27

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

<u>Function</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	2	2	2	2	2	2
Resource Centers	3	6	6	6	3	3	3	3	3	4
Patrol units	106	106	108	113	113	115	125	157	127	135
Fire Stations										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Highways and Streets										
Streets (in miles)	235	219	231	235	241	241	246	241	241	283
Streetlights	4,100	4,400	4,750	4,970	5,125	5,572	5,816	6,052	6,075	6,235
Culture and Recreation										
Community centers	4	4	4	4	3	3	4	3	4	4
Parks	13	13	13	13	13	14	15	16	16	17
Park acreage	300	300	300	300	300	530	500	530	605	624
Swimming pools	3	3	2	0	0	0	0	0	0	0
Tennis courts	25	25	26	26	24	24	24	22	24	24
Water System										
Water mains (in miles)	350	410	629	698	726	730	730	730	741	718
Fire hydrants	968	1,075	1,355	1,000	1,280	1,524	1,786	1,801	1,882	2,334
Wastewater System										
Sanitary sewers (in miles)	316	330	335	352	357	368	375	375	390	388
Treatment plants	1	1	1	1	2	1	1	1	1	1
Stormwater System										
Storm sewers (in miles)	85	90	91	91	95	100	105	109	110	115

Table 28

**CITY OF FLORENCE, SOUTH CAROLINA
MISCELLANEOUS STATISTICS
LAST TEN FISCAL YEARS**

Date of Incorporation	1890
Form of Government	Council/Manager
Total Number of Full-Time Employees	485
Area in square miles	20.76
Facilities and services not included in the primary government	
Cable Television System	
Miles of service (Florence County)	1,268
Number of satellite receiving stations	-
Education	
Number of elementary schools	12
Number of elementary school instructors	578
Number of secondary schools	8
Number of secondary school instructors	517
Facilities and services not included in the reporting entity	
Hospitals	
Number of hospitals	3
Number of patient beds	913
Other data	
Business Licenses issued for fiscal year 2008-2009	3,935
New Business Licenses issued for fiscal year 2008-2009	686
Business License Receipts	\$ 6,679,082
Percent change in Business License receipts from prior year	-7.53%
Franchise Fee Receipts	\$ 2,873,481
Percent change in Franchise Fee receipts from prior year	24.58%
Population (estimated population)	31,842
City of Florence gross retail sales for calendar year 2008	\$ 2,230,267,834
Per Capita spending for calendar year 2008	\$ 70,042
Outstanding General Obligation Debt	\$ -
Outstanding Revenue Debt	\$ 34,455,000
City of Florence Bond Rating	
Moody's Investor's Service	A1
Standards and Poor's	A+
Residential construction permits issued	247
Construction value	\$ 16,572,635
Commercial construction permits issued	137
Construction value	\$ 37,149,200

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SINGLE AUDIT SECTION

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

Honorable Mayor and City Council
City of Florence
Florence, South Carolina

Compliance

We have audited the compliance of the City of Florence, South Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Florence's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Florence's management. Our responsibility is to express an opinion on the City of Florence's compliance based on our audit.

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

In our opinion, the City of Florence complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

Honorable Mayor and City Council
City of Florence
Page Two

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

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

We noted certain matters we reported to management of the City of Florence in a separate letter dated December 8, 2009.

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.

A handwritten signature in cursive script that reads "Wilbur Rogers LLP".

Florence, South Carolina
December 8, 2009

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Expenditures
U.S Department of Housing and Urban Development			
Community Development Block Grant Entitlement	14.218	N/A	\$ 175,493
Community Development Block Grant - Section 108 Loan Guarantee Program	14.248	N/A	<u>332,606</u>
Total Department of Housing and Urban Development			<u>508,099</u>
U.S. Department of Transportation			
Passed through S.C. Dept. of Transportation Florence Rail/Trail Project	20.205	ENH-17-06-PIN33460	3,310
LEN	20.600	2JC-09012	<u>17,842</u>
Total Department of Transportation			<u>21,152</u>
U.S. Department of Health and Human Resources			
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	N/A	<u>5,862</u>
U.S. Department of Justice			
Bureau of Justice Assistance Grant	16.580	N/A	18,157
Community Oriented Policing Services	16.710	N/A	<u>38,632</u>
Total Department of Justice			<u>56,789</u>
U.S. Environmental Protection Agency			
Direct Program Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	310,100
Total federal expenditures			<u><u>\$ 902,002</u></u>

**CITY OF FLORENCE, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009**

1. Significant Accounting Policies

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

2. Outstanding Loans

At June 30, 2009 the City had the following outstanding loans:

	CFDA #	Amount
U.S. Department of Housing and Urban Development		
CDBG Section 108 Loan Guarantees	14.248	\$ 1,000,000
U.S. Environmental Protection Agency		
Wastewater Treatment Plant Upgrade/Expansion	66.458	8,662,661
Upper Middle Swamp Interceptor	66.458	179,294
Water Supply Improvements	66.468	1,723,143
Pee Dee Regional Water System/Finished Water Main	66.468	5,204,731
Rain Water Storage	66.468	2,214,498
Total Environmental Protection Agency		<u>17,984,327</u>
Total loans outstanding		<u>\$ 18,984,327</u>

**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified Opinion</u>
Internal control over financial reporting: Material weakness (es) identified?	_____ yes <u> X </u> no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major programs: Material weakness(es) identified?	_____ yes <u> X </u> no
Reportable condition(s) identified that are not considered to be material weaknesses?	_____ yes <u> X </u> none reported

Type of auditor’s report issued on compliance for major programs:	<u>Unqualified Opinion</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____ yes <u> X </u> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.248	HUD Section 108 Loans

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
--	------------------

Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no
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**CITY OF FLORENCE, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009**

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, 2009**

None

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

Honorable Mayor and City Council
City of Florence
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, 2009, which collectively comprise the City of Florence, South Carolina's basic financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Members

SC Association of Certified Public Accountants

NC Association of Certified Public Accountants

Member

Division for CPA Firms, AICPA

Compliance and Other Matters

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

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

We noted certain matters we reported to management of the City of Florence in a separate letter dated December 8, 2009.

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.

A handwritten signature in cursive script that reads "Welston Rogers LLP".

Florence, South Carolina
December 8, 2009