

City of Easley, South Carolina

**Annual Financial Statements and Independent Auditors' Report
For the Year Ended June 30, 2008**

City of Easley, South Carolina
 Annual Financial Report
 For the Year Ended June 30, 2008

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Byerley, Payne & White

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NEIL E. BYERLEY (Deceased)
MARK A. PAYNE, CPA
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Independent Auditors' Report

To the Honorable Mayor and Council
City of Easley, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit (as of and for the year-ended March 31, 2008), each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina, as of and for the year ended June 30, 2008 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Easley's management. Our responsibility is to express opinions on these financial statements based on our audit.

The basic financial statements of the Combined Utility System of Easley, a discretely presented component unit was audited by other auditors. The Utility had total assets of \$118,918,053 as of March 31, 2008, and total revenues of \$41,434,016 for the year then ended. Our opinion on the basic financial statements, insofar as it relates to the amounts included for the Combined Utility System of Easley in the discretely presented component unit column is based solely on the report of other auditors.

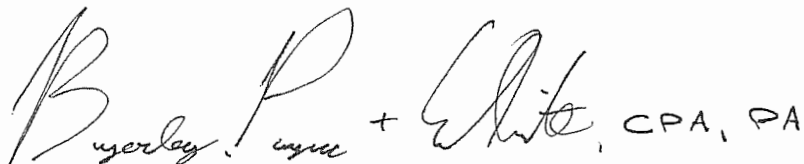
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, based on our audit and the report of other auditors on the Combined Utility System of Easley, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit (as of March 31, 2008), each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Easley has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

The budgetary comparison schedules on pages 23-25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 this 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 Easley, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and other schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Byrley, Payne & White, CPA, PA

November 21, 2008

GOVERNMENT - WIDE FINANCIAL STATEMENTS

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Combined Utility System of Easley FYE 3/31/08
Assets				
Cash and Other Cash Deposits	\$ 6,423,992	\$ -	\$ 6,423,992	\$ 12,319,081
Accounts Receivable	731,784	1,488	733,272	3,039,238
Rehabilitation Loans Receivable	1,042,493	-	1,042,493	-
Other Receivables	-	-	-	-
Property Taxes Receivable	41,634	-	41,634	-
Accrued Interest Receivable	54	-	54	-
Interfund Balances	(673,496)	673,496	-	-
Inventories	110,654	-	110,654	1,721,637
Prepaid Items	113,414	-	113,414	40,050
Restricted Assets:				
Cash and Other Cash Deposits	1,309,064	-	1,309,064	15,121,796
Interest Rate Swap Fair Market Value Deferral	-	-	-	1,690,649
Bond Issue Cost, Net	-	-	-	1,420,779
Capital Assets:				
Non Depreciable	4,886,882	-	4,886,882	10,609,119
Depreciable	24,529,863	391,815	24,921,678	121,145,977
Less Accumulated Depreciation	(8,603,194)	(43,351)	(8,646,545)	(48,190,273)
Total Assets	<u>29,913,144</u>	<u>1,023,448</u>	<u>30,936,592</u>	<u>118,918,053</u>
Liabilities				
Accounts Payable	-	-	-	2,023,331
Other Payables	15,578	-	15,578	-
Accrued Salaries	119,896	-	119,896	-
Employee Benefits Withheld and Accrued	82,803	-	82,803	151,714
Accrued Interest Payable	120,778	-	120,778	772,527
Deferred Gain on Refunding Bond (Net)	29,092	-	29,092	-
Retainage Payable	-	-	-	336,517
Customer Deposits	-	-	-	1,046,070
Interest Rate Swap	-	-	-	1,681,111
Waste Water Contracts Payable	-	-	-	243,254
Non-Current Liabilities:				
Due Within One Year:				
Compensated Absences	22,305	-	22,305	18,596
Capital Leases Payable	457,392	-	457,392	440,737
Bonds Payable	503,500	-	503,500	1,320,000
Due in More Than One Year:				
Compensated Absences	200,744	-	200,744	167,369
Capital Leases Payable	5,471,172	-	5,471,172	-
Bonds Payable	4,891,500	-	4,891,500	53,953,564
Total Liabilities	<u>11,914,760</u>	<u>-</u>	<u>11,914,760</u>	<u>62,154,790</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	10,458,360	348,464	10,806,824	40,795,520
Restricted For:				
Capital Projects	-	-	-	2,176,792
Debt Service	325,317	-	325,317	-
Judicial Services	53,910	-	53,910	-
Public Safety	108,015	-	108,015	-
Recreation and Tourism	1,366,450	-	1,366,450	-
Community Development	602,550	-	602,550	-
Unrestricted	5,083,782	674,984	5,758,766	13,790,951
Total Net Assets	<u>\$ 17,998,384</u>	<u>\$ 1,023,448</u>	<u>\$ 19,021,832</u>	<u>\$ 56,763,263</u>

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
Statement of Activities
For the Year Ended June 30, 2008

Function/Program Activities	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit Combined Utility System of Easley FYE 3/31/08
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 1,388,410	\$ 2,815,196	\$ -	\$ -	1,426,786	\$ -	\$ 1,426,786	\$ -
Judicial Services	936,293	915,077	-	-	(21,216)	-	(21,216)	-
Public Safety	5,027,533	909,796	135,363	-	(3,982,374)	-	(3,982,374)	-
Public Works	3,285,705	41,108	-	422,856	(2,821,741)	-	(2,821,741)	-
Recreation and Tourism	2,333,491	361,836	-	-	(1,971,655)	-	(1,971,655)	-
Community Development	329,883	-	-	348,151	18,268	-	18,268	-
Interest on Long-Term Debt	485,117	-	-	-	(485,117)	-	(485,117)	-
Total Governmental Activities	<u>13,786,432</u>	<u>5,043,013</u>	<u>135,363</u>	<u>771,007</u>	<u>(7,837,049)</u>	<u>-</u>	<u>(7,837,049)</u>	<u>-</u>
Business - Type Activities:								
Storm Water	66,224	326,432	-	-	-	260,208	260,208	-
Total Business - Type Activities	<u>66,224</u>	<u>326,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,208</u>	<u>260,208</u>	<u>-</u>
Total Primary Government	<u>\$ 13,852,656</u>	<u>\$ 5,369,445</u>	<u>\$ 135,363</u>	<u>\$ 771,007</u>	<u>(7,837,049)</u>	<u>260,208</u>	<u>(7,576,841)</u>	<u>-</u>
Component Unit (FYE 3/31/07):								
Combined Utility System of Easley	\$ 38,129,098	\$ 39,171,472	\$ -	\$ 133,666	-	-	-	1,176,040
Total Component Units	<u>\$ 38,129,098</u>	<u>\$ 39,171,472</u>	<u>\$ -</u>	<u>\$ 133,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,176,040</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					2,879,322	-	2,879,322	-
Local Option Sales Tax					1,888,325	-	1,888,325	-
Hospitality Tax					1,256,490	-	1,256,490	-
State Accommodation Taxes					95,443	-	95,443	-
Payments in Lieu of Taxes and Franchise Fees					2,010,694	-	2,010,694	-
Grants and Contributions not Restricted to Specific Programs					579,706	-	579,706	-
Interest Income					263,040	-	263,040	1,086,434
Miscellaneous					148,601	-	148,601	-
Gain/Loss on Sale of Assets					(15,727)	-	(15,727)	288,931
Capital Contributions					-	-	-	753,513
Total General Revenues and Transfers					<u>9,105,894</u>	<u>-</u>	<u>9,105,894</u>	<u>2,128,878</u>
Change in Net Assets					<u>1,268,845</u>	<u>260,208</u>	<u>1,529,053</u>	<u>3,304,918</u>
Net Assets, Beginning					<u>16,729,539</u>	<u>763,240</u>	<u>17,492,779</u>	<u>53,458,345</u>
Net Assets, Ending					<u>\$ 17,998,384</u>	<u>\$ 1,023,448</u>	<u>\$ 19,021,832</u>	<u>\$ 56,763,263</u>

The accompanying notes are an integral part of the financial statements.

FUND LEVEL FINANCIAL STATEMENTS

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

	General Fund	Community Development Special Revenue Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Other Cash Deposits	\$5,505,374	\$ 561,239	\$ -	\$ 357,379	\$ 6,423,992
Restricted Assets - Cash and Other Cash Deposits	123,076	-	-	1,185,988	1,309,064
Accounts Receivable	471,383	-	217,860	42,541	731,784
Rehabilitation Loans Receivable	-	1,042,493	-	-	1,042,493
Property Taxes Receivable	41,464	-	-	170	41,634
Accrued Interest Receivable	54	-	-	-	54
Interfund Balances	422,249	-	1,109,503	214,429	1,746,181
Inventories	-	110,654	-	-	110,654
Prepaid Items	113,414	-	-	-	113,414
Total Assets	<u>\$6,677,014</u>	<u>\$ 1,714,386</u>	<u>\$ 1,327,363</u>	<u>\$ 1,800,507</u>	<u>\$ 11,519,270</u>
Liabilities and Fund Balances					
Liabilities:					
Accrued Salaries	\$ 118,401	\$ 732	\$ -	\$ 763	\$ 119,896
Employee Benefits Withheld and Accrued	82,803	-	-	-	82,803
Other Payables	8,227	7,351	-	-	15,578
Interfund Balances	1,997,427	247,914	-	174,336	2,419,677
Total Liabilities	<u>2,206,858</u>	<u>255,997</u>	<u>-</u>	<u>175,099</u>	<u>2,637,954</u>
Fund Balances:					
Reserves For:					
Capital Assets	123,076	-	-	-	123,076
Public Safety	-	-	-	108,015	108,015
Prepaid Items	-	-	-	-	-
Noncurrent Receivables	-	1,042,493	-	-	1,042,493
Recreation and Tourism	-	-	1,327,363	39,087	1,366,450
Unreserved	4,347,080	-	-	-	4,347,080
Unreserved Reported in:					
Special Revenue Funds	-	415,896	-	1,085,900	1,501,796
Debt Service Fund	-	-	-	392,406	392,406
Total Fund Balances	<u>4,470,156</u>	<u>1,458,389</u>	<u>1,327,363</u>	<u>1,625,408</u>	<u>8,881,316</u>
Total Liabilities and Fund Balances	<u>\$6,677,014</u>	<u>\$ 1,714,386</u>	<u>\$ 1,327,363</u>	<u>\$ 1,800,507</u>	<u>\$ 11,519,270</u>

The accompanying notes are an integral part of the financial statements.

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

Fund balances - total governmental funds		\$ 8,881,316
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 29,416,745	
Less accumulated depreciation	<u>(8,603,194)</u>	20,813,551
<p>Long-term and other liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental bonds payable	(5,395,000)	
Capital leases payable	(5,928,564)	
Interest payable	(120,778)	
Compensated absences	<u>(223,049)</u>	<u>(11,667,391)</u>
<p>Deferred Gain on refinancing of bonds is not a financial resource and therefore is not reported in the governmental funds.</p>		
Deferred gain	(40,000)	
Amortization	<u>10,908</u>	<u>(29,092)</u>
Net assets of governmental activities		<u><u>\$ 17,998,384</u></u>

The accompanying notes are an integral part of the financial statements.

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

	General Fund	Community Development Special Revenue Fund	Hospitality Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 2,601,843	\$ -	\$ -	\$ 277,479	\$ 2,879,322
Intergovernmental Revenues	3,418,406	-	-	152,487	3,570,893
Licenses, Permits and Fees	3,480,828	-	-	422,570	3,903,398
Hospitality Tax	-	-	1,256,490	-	1,256,490
Fines and Forfeitures	854,343	-	-	9,126	863,469
Miscellaneous and Other	108,553	217,713	-	305	326,571
Payments in Lieu of Taxes and Franchise Fees	2,028,929	-	-	-	2,028,929
Interest Income	203,069	27,582	-	32,389	263,040
Total Revenues	<u>12,695,971</u>	<u>245,295</u>	<u>1,256,490</u>	<u>894,356</u>	<u>15,092,112</u>
Expenditures					
Current Operating:					
General Government	1,308,260	-	-	-	1,308,260
Judicial Services	864,490	-	-	47,603	912,093
Public Safety	4,626,762	-	-	83,254	4,710,016
Public Works	3,084,205	-	-	35,943	3,120,148
Recreation and Tourism	976,000	-	602,997	371,501	1,950,498
Community Development	-	292,980	-	-	292,980
Capital Expenditures	714,510	-	97,509	456,788	1,268,807
Debt Service:					
Principal Retirement	216,410	-	315,000	480,000	1,011,410
Interest and Fiscal Charges	39,054	-	218,564	244,899	502,517
Total Expenditures	<u>11,829,691</u>	<u>292,980</u>	<u>1,234,070</u>	<u>1,719,988</u>	<u>15,076,729</u>
Excess (Deficiency) of Revenues Over Expenditures	866,280	(47,685)	22,420	(825,632)	15,383
Other Financing Sources and (Uses)					
Interfund Transfers In	26,773	-	314,912	598,991	940,676
Interfund Transfers (Out)	(598,991)	-	-	(341,685)	(940,676)
Face Amount of Bond	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Face Amount of Capital Lease	-	-	-	-	-
Net Change in Fund Balances	<u>294,062</u>	<u>(47,685)</u>	<u>337,332</u>	<u>(568,326)</u>	<u>15,383</u>
Fund Balances, Beginning	<u>4,176,094</u>	<u>1,506,074</u>	<u>990,031</u>	<u>2,193,734</u>	<u>8,865,933</u>
Fund Balances, Ending	<u>\$ 4,470,156</u>	<u>\$ 1,458,389</u>	<u>\$ 1,327,363</u>	<u>\$ 1,625,408</u>	<u>\$ 8,881,316</u>

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
Governmental Funds
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ 15,383

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is depreciated
over their estimated useful lives.

Expenditures for capital assets	\$ 1,268,807	
Less current year depreciation	<u>(992,467)</u>	276,340

Repayment of bond and capital lease principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the statement of net assets. This is the amount by which proceeds
exceeds repayments.

Principal payments	<u>1,011,420</u>	1,011,420
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The undepreciated basis on the sale of capital assets decrease net assets (36,844)

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.

Amortization of gain on 2005 refunding bond	3,636	
Change in long-term compensated absences	(14,854)	
Change in accrued interest on bonds and capital leases payable	<u>13,764</u>	<u>2,546</u>

Change in net assets of governmental activities		<u><u>\$ 1,268,845</u></u>
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The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
Statement of Net Assets
Proprietary Fund
June 30, 2008

	Storm Water Fund
Assets	
Current Assets:	
Accounts Receivable	\$ 1,488
Interfund Balance	673,496
Total Current Assets	674,984
Non-Current Assets:	
Capital Assets:	
Buildings and Improvements	12,469
Equipment and Vehicles	20,463
Infrastructure	358,883
Less Accumulated Depreciation	(43,351)
Total Non-Current Assets	348,464
Total Assets	1,023,448
Net Assets	
Invested in Capital Assets, Net of Related Debt	348,464
Unrestricted	674,984
Total Net Assets	\$ 1,023,448

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2008

	Storm Water Fund
Operating Revenues	
Stormwater Fees	\$ 326,432
Total Operating Revenues	326,432
Operating Expenses	
Salaries, Wages and Employee Benefits	25,046
Contractual Services, Materials, Supplies and Other Expenses	27,981
Depreciation Expense	13,197
Total Operating Expenses	66,224
Change in Net Assets	260,208
Net Assets, Beginning	763,240
Net Assets, Ending	\$ 1,023,448

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2008

	Storm Water Fund
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operations:	
Receipts from Customers	\$ 222,950
Payments to Employees and Related Benefits	(25,046)
Payments to Suppliers	(27,981)
Net Cash Provided by (Used in) Operating Activities	169,923
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(169,923)
Net Cash Flows From Capital and Related Financing Activities	(169,923)
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Change in Net Assets	\$ 260,208
Adjustments Not Affecting Cash:	
Depreciation	13,197
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	43
(Increase) Decrease in Interfund Balances	(103,525)
Total Adjustments	169,923
Net Cash Provided by (Used in) Operating Activities	\$ -

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Note 1 - Summary of Significant Accounting Policies

The City of Easley operates under a mayor-council form of government. For financial statement reporting purposes, the City has divided its operations into the functions of general government, judicial services, public safety, public works, recreation and tourism, and community development.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The definition of a reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. Based upon the application of these criteria, the following is considered a component unit for financial reporting purposes.

Included in the reporting entity:

Combined Utility System of Easley

The Combined Utility System of Easley is fiscally dependent upon the City. It is governed by a separately elected commission and provides utility services to the residents of the City of Easley. Per Title 5 of the South Carolina Codes of Laws, all debt of the Utility must be approved by City Council before being issued. It is audited annually by other auditors and a copy of its financial statements for the year ended March 31, 2008 can be obtained from the Utility's office.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category-*governmental and proprietary* are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development Special Revenue Fund. This fund accounts for the lending and collecting activity related to various community development projects within the City.

Hospitality Tax Fund. This fund accounts for the collection and disbursement of Hospitality Tax funds.

The City reports the following major enterprise fund:

Storm Water Fund. This fund accounts for the City's storm water operations.

C. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property, sales, franchise, and hospitality taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008**

Governmental Fund Financial Statements (continued)

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Receivables

All accounts receivable and property tax receivables are shown net of an allowance for uncollectibles.

E. Inventories

Lots held for resale are reported at cost in the community development special revenue fund.

F. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

G. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	<u>Capitalization Level</u>
Buildings and Improvements	10-39	\$ 15,000
Equipment and Vehicles	5-15	\$ 5,000
Road Infrastructure	25	\$ 25,000
Storm Water Infrastructure	30	\$ 25,000

H. Compensated Absences

The City accrues accumulated unpaid vacation when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

I. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Detail Notes – All Funds

A. Custodial Credit Rate Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. As of June 30, 2008, \$782,383 of the City's bank balances of \$8,139,297 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 782,383
Total	<u>\$ 782,383</u>

B. Property Taxes

Property taxes attach as an enforceable lien on real property as of January 1, and on motor vehicles during the month of the annual renewal. Real property taxes are levied on October 1 and are due and payable by January 15 of the following year. All unpaid taxes become delinquent March 15 of the following year. The County bills and collects the taxes for the City.

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

C. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,672,676	\$ 116,226	\$ -	\$ 3,788,902
Infrastructure Land Rights and Other Cost	682,169	-	-	682,169
Construction in Progress	-	415,811	-	415,811
Total Capital Assets not being Depreciated	<u>4,354,845</u>	<u>532,037</u>	<u>-</u>	<u>4,886,882</u>
Capital Assets being Depreciated:				
Buildings and Improvements	15,891,853	40,516	-	15,932,369
Equipment and Vehicles	7,221,584	399,002	(154,106)	7,466,480
Infrastructure - Roads	833,762	297,252	-	1,131,014
Total Capital Assets being Depreciated	<u>23,947,199</u>	<u>736,770</u>	<u>(154,106)</u>	<u>24,529,863</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,432,383)	(448,330)	-	(3,880,713)
Equipment and Vehicles	(4,196,124)	(508,606)	117,264	(4,587,466)
Infrastructure - Roads	(99,684)	(35,331)	-	(135,015)
Total Accumulated Depreciation	<u>(7,728,191)</u>	<u>(992,267)</u>	<u>117,264</u>	<u>(8,603,194)</u>
Total Capital Assets being Depreciated, Net	<u>16,219,008</u>	<u>(255,497)</u>	<u>(36,842)</u>	<u>15,926,669</u>
Governmental Activities Capital Assets, Net	<u>\$20,573,853</u>	<u>\$ 276,540</u>	<u>\$ (36,842)</u>	<u>\$ 20,813,551</u>

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Capital Assets (continued)

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	-	-	-
Total Capital Assets not being Depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets being Depreciated:				
Buildings and Improvements	12,469	-	-	12,469
Equipment and Vehicles	20,463	-	-	20,463
Infrastructure - Storm Water	188,960	169,923	-	358,883
Total Capital Assets being Depreciated	<u>221,892</u>	<u>169,923</u>	<u>-</u>	<u>391,815</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(86)	(499)	-	(585)
Equipment and Vehicles	(12,279)	(4,092)	-	(16,371)
Infrastructure - Storm Water	(17,789)	(8,606)	-	(26,395)
Total Accumulated Depreciation	<u>(30,154)</u>	<u>(13,197)</u>	<u>-</u>	<u>(43,351)</u>
Total Capital Assets being Depreciated, Net	<u>191,738</u>	<u>156,726</u>	<u>-</u>	<u>348,464</u>
Business-Type Activities Capital Assets, Net	<u>\$ 191,738</u>	<u>\$ 156,726</u>	<u>\$ -</u>	<u>\$ 348,464</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 75,320
Judicial Services	25,665
Public Safety	300,836
Public Works	169,014
Recreation and Tourism	384,530
Community Development	36,902
Total Depreciation Expense	<u>\$ 992,267</u>

D. Retirement Plans

The City of Easley contributes to the South Carolina Retirement System (SCRS) and to the Police Officers Retirement System (PORS), cost-sharing multiple-employer defined benefit pension plans administered by the State Budget and Control Board of South Carolina. SCRS and PORS provide retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefit provisions are established under the authority of Title 9 of the SC Code of Laws. The SCRS and PORS

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Retirement Plans (continued)

issue a publicly available financial report that includes financial statements and required supplementary information for the retirement systems. These reports may be obtained by writing to South Carolina Retirement System, Post Office Box 11960, Capitol Station, Columbia, South Carolina 29211-1960.

SCRS and PORS members are required to contribute 6.50% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rates for SCRS and PORS are 9.21% and 10.70% respectively of annual covered payroll. These percentages include amounts for group life and accidental death coverage. For the year ended June 30, 2008, \$4,723,264 of wages were subject to retirement, which is 98.09% of total salaries of \$4,815,042. The contribution requirements of plan members and the City are established and may be amended by the SCRS and PORS. The City's contributions to SCRS and PORS for the years ended June 30, 2008, 2007, 2006 were as follows:

	<u>SCRS</u>	<u>PORS</u>
2008	\$ 241,904	\$ 253,043
2007	\$ 205,439	\$ 234,516
2006	\$ 176,852	\$ 207,786

The above contributions are equal to the required contributions for each year.

E. Long-Term Obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. All other long-term indebtedness of the primary government is accounted for in the governmental column of the government-wide statement of net assets.

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Long-Term Obligations (continued)

Summarized below are the City's individual bond and capital lease issues which are outstanding at June 30, 2008:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Governmental Activities:					
General Obligation Refunding Bonds, Series 2005	Finance Construction of Recreation Complex	\$ 2,135,000	\$ 1,880,000	3.698%	\$ 286,000
General Obligation Bonds, Series 2000	Finance Construction of Law Enforcement Center	3,000,000	2,075,000	4.125 - 6.125%	287,119
Tax Increment Bond, Series 2004	Finance Construction of Downtown Improvements	650,000	570,000	3.440%	77,580
Capital Lease Payable	Acquire Fire Truck	549,865	430,881	3.660%	48,287
Capital Lease Payable	Acquire Vehicles/Equipment	494,000	402,683	3.940%	110,800
Capital Lease Payable	Construct Recreation Complex	6,000,000	5,095,000	4.040%	556,614
Tax Increment Bond, Series 2006	Finance Construction of Downtown Improvements	1,065,000	870,000	4.380%	112,867
Total Governmental Activities		<u>\$ 13,893,865</u>	<u>\$ 11,323,564</u>		

Long-term activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds and Capital Leases Payable:					
General Obligation and Other Bonds	\$ 5,875,000	\$ -	\$ 480,000	\$ 5,395,000	\$ 503,500
Capital Leases Payable	6,459,984	-	531,420	5,928,564	457,392
Total Bonds and Capital Leases Payable	<u>12,334,984</u>	<u>-</u>	<u>1,011,420</u>	<u>11,323,564</u>	<u>960,892</u>
Other Liabilities - Compensated Absences	208,195	21,311	6,457	223,049	22,305
Governmental Activities Long-term Liabilities	<u>\$ 12,543,179</u>	<u>\$ 21,311</u>	<u>\$ 1,017,877</u>	<u>\$ 11,546,613</u>	<u>\$ 983,197</u>
Business - Type Activities:					
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Liabilities:					
Compensated Absences	-	-	-	-	-
Total Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-Type Activities Long-term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

Long-Term Obligations (continued)

The City's general and debt service funds are used to liquidate the governmental activities long-term liabilities. Debt service requirements in future years for bonds and capital leases payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	Principal	Interest	Total	Principal	Interest	Total	
2009	960,892	458,773	1,419,665	\$ -	\$ -	\$ -	\$ 1,419,665
2010	1,003,867	417,062	1,420,929	-	-	-	1,420,929
2011	1,052,492	373,501	1,425,993	-	-	-	1,425,993
2012	1,091,315	329,648	1,420,963	-	-	-	1,420,963
2013	1,044,545	286,189	1,330,734	-	-	-	1,330,734
2014-2018	5,078,871	783,206	5,862,077	-	-	-	5,862,077
2019-2020	1,091,582	70,480	1,162,062	-	-	-	1,162,062
Total	\$ 11,323,564	\$ 2,718,859	\$ 14,042,423	\$ -	\$ -	\$ -	\$ 14,042,423

F. Interfund Balances and Activity

The following schedule represents interfund receivables and payables at June 30, 2008:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
By Fund:		
General	\$ 422,249	\$ 1,997,427
Community Development Fund	-	247,914
TIF Special Revenue Fund	-	164,546
Recreation Fund	87,879	-
Storm Water Fund	673,496	-
Debt Service Fund	35,027	-
Accommodations Tax Fund	-	9,790
Victims Rights Fund	54,673	-
Local Accommodations Tax Fund	6,336	-
Hospitality Tax Fund	1,109,503	-
Firemen's Fund	30,514	-
Total Primary Government	\$ 2,419,677	\$ 2,419,677

All of the above amounts will be liquidated within one year and represent short-term loans between funds to provide needed cash flow to the various funds.

**City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008**

Interfund Balances and Activities (continued)

Transfers to/from other funds for the year ended June 30, 2008 consisted of the following:

\$ 469,666	From the general fund to the debt service fund to pay current year debt service obligations.
\$ 314,912	From the capital projects fund to the hospitality tax fund to close capital projects fund.
\$ 26,773	From the accommodations tax fund to the general fund for allocation of accommodation tax revenue.
\$ 129,325	From the general fund to the police fund for initial setup.

G. Contingent Liabilities

The City participates in a few federal grant programs. These programs are subject to compliance audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2008 have not yet been conducted; therefore, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Effective January 1, 1978, the State of South Carolina extended unemployment insurance coverage to municipalities. The City elected to reimburse the unemployment fund for only those benefits actually paid rather than make contributions to the unemployment fund. The amount of any benefits that would become due in the future and, therefore, be required to be reimbursed by the City is not determinable. The City is of the opinion that the ultimate liability, if any, at June 30, 2008, will not have a material effect on the net assets of the City.

H. 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. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

I. Rehabilitation Loans

The City has \$1,042,493 outstanding in rehabilitation loans. These loans were funded by grants from the Federal Government, and the repayment of these loans by the borrowers belongs to the City for use to further develop and improve Easley. The City currently has 87 individual loans outstanding. These loans are for a period of twenty years, at an annual interest rate of three percent (3%). All loans are secured by real estate.

City of Easley, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2008

J. Post-Employment Employee Benefits

The City provides group health, dental, and vision insurance benefits for retirees per the terms of an approved policy. The City pays 20% to 100% of the monthly premiums for employees, depending upon an employee's length of service. Retirees may, at their option, include dependent coverage. The City's regular health and dental care benefit providers underwrite the retiree's policies.

Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. This plan is funded on a pay-as-you-go basis. As of June 30, 2008 there were five retirees who were covered under the City's group insurance plan at a cost of \$31,805.

**REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A**

City of Easley, South Carolina
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 2,654,678	\$ 2,654,678	\$ 2,601,843	\$ (52,835)
Intergovernmental Revenues	3,154,930	3,154,930	3,418,406	263,476
Licenses, Permits and Fees	3,479,650	3,479,650	3,480,828	1,178
Fines and Forfeitures	700,000	700,000	854,343	154,343
Miscellaneous and Other	98,000	98,000	108,553	10,553
Payments in Lieu of Taxes and Franchise Fees	2,122,447	2,122,447	2,028,929	(93,518)
Interest Income	120,000	120,000	203,069	83,069
Total Revenues	<u>12,329,705</u>	<u>12,329,705</u>	<u>12,695,971</u>	<u>366,266</u>
Expenditures				
Current Operating:				
General Government:				
General Government	261,687	261,687	327,672	(65,985)
Council	88,200	88,200	84,505	3,695
Finance	670,381	670,381	649,901	20,480
Building Official	255,297	255,297	246,182	9,115
Judicial Services:				
Court	657,252	657,252	864,490	(207,238)
Public Safety:				
Police	3,124,322	3,124,322	2,966,519	157,803
Fire	1,640,939	1,640,939	1,660,243	(19,304)
Public Works:				
Streets	1,354,979	1,354,979	1,821,449	(466,470)
Sanitation	1,256,828	1,256,828	1,230,406	26,422
Cemetery	36,229	36,229	32,350	3,879
Recreation and Tourism:				
Recreation	884,681	884,681	976,000	(91,319)
Capital Expenditures	1,336,900	1,336,900	714,510	622,390
Debt Service:				
Principal Retirement	216,410	216,410	216,410	-
Interest and Fiscal Charges	39,054	39,054	39,054	-
Total Expenditures	<u>11,823,159</u>	<u>11,823,159</u>	<u>11,829,691</u>	<u>(6,532)</u>
Excess (Deficiency) of Revenues Over Expenditures	506,546	506,546	866,280	359,734
Other Financing Sources (Uses)				
Interfund Transfers In	21,400	21,400	26,773	5,373
Interfund Transfers (Out)	(545,028)	(545,028)	(598,991)	(53,963)
Face Amount of Capital Lease	17,170	17,170	-	17,170
Net Change in Fund Balances	88	88	294,062	328,314
Fund Balances, Beginning	<u>4,176,094</u>	<u>4,176,094</u>	<u>4,176,094</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 4,176,182</u>	<u>\$ 4,176,182</u>	<u>\$ 4,470,156</u>	<u>\$ 328,314</u>

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
 Budgetary Comparison Schedule
 Community Development Special Revenue Fund
 For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous and Other	\$ 64,632	\$ 64,632	\$ 217,713	\$ 153,081
Interest Income	80,801	80,801	27,582	(53,219)
Total Revenues	<u>145,433</u>	<u>145,433</u>	<u>245,295</u>	<u>99,862</u>
Expenditures				
Current Operating:				
Community Development	86,697	86,697	292,980	(206,283)
Total Expenditures	<u>86,697</u>	<u>86,697</u>	<u>292,980</u>	<u>(206,283)</u>
Net Change in Fund Balances	58,736	58,736	(47,685)	(106,421)
Fund Balances, Beginning	<u>1,506,074</u>	<u>1,506,074</u>	<u>1,506,074</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,564,810</u>	<u>\$ 1,564,810</u>	<u>\$ 1,458,389</u>	<u>\$ (106,421)</u>

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
 Budgetary Comparison Schedule
 Hospitality Tax Fund
 For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Hospitality Tax	\$ 1,140,900	\$ 1,140,900	\$ 1,256,490	\$ 115,590
Interest Income	5,000	5,000	-	(5,000)
Total Revenues	<u>1,145,900</u>	<u>1,145,900</u>	<u>1,256,490</u>	<u>110,590</u>
Expenditures				
Current Operating:				
Recreation and Tourism	341,600	341,600	602,997	(261,397)
Capital Expenditures	37,500	37,500	97,509	(60,009)
Debt Service:				
Principal Retirement	315,000	315,000	315,000	-
Interest and Fiscal Charges	218,564	218,564	218,564	-
Total Expenditures	<u>912,664</u>	<u>912,664</u>	<u>1,234,070</u>	<u>(321,406)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>233,236</u>	<u>233,236</u>	<u>22,420</u>	<u>(210,816)</u>
Other Financing Sources and (Uses)				
Interfund Transfers In	-	-	314,912	314,912
Interfund Transfers (Out)	-	-	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>314,912</u>	<u>314,912</u>
Net Change in Fund Balances	233,236	233,236	337,332	104,096
Fund Balances, Beginning	<u>990,031</u>	<u>990,031</u>	<u>990,031</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,223,267</u>	<u>\$ 1,223,267</u>	<u>\$ 1,327,363</u>	<u>\$ 104,096</u>

The accompanying notes are an integral part of the financial statements.

City of Easley, South Carolina
Notes to Required Supplemental Information
For the Year Ended June 30, 2008

Note 1 – Budgetary Process and Basis of Accounting

The Mayor and Council approve an annual budget by ordinance before the beginning of each fiscal year. The City follows this basic process:

- a. Prior to July 1, the City Administrator submits to the Mayor and Council a recommended budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
- b. The recommended budget is discussed at budget work sessions.
- c. After a public reading and two (2) readings, the budget ordinance is legally enacted.

The City uses the modified accrual basis of accounting for its general and special revenue funds which is in accordance with generally accepted accounting principles for these funds. The City adopts the annual budget for these funds on this basis.

Note 2 – Excess of Expenditures Over Appropriations

The City's budgetary level of control is at the department level. The following is a summary of excess expenditures over appropriations at the department level for the general fund:

<u>Department</u>	<u>Final Budgeted Expenditures</u>	<u>Expenditures</u>	<u>Difference</u>
General Government	261,687	327,672	(65,985)
Court	657,252	864,490	(207,238)
Streets	2,029,729	2,208,175	(178,446)
Cemetery	32,656	33,049	(393)
Recreation	886,681	976,000	(89,319)

Traditionally, the City has not amended the original budget during the year.

SUPPLEMENTAL INFORMATION

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

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Other Cash Deposits	\$ -	\$ 357,379	\$ 357,379
Restricted Assets - Cash and Other Cash Deposits	1,185,988	-	1,185,988
Accounts Receivable	42,541	-	42,541
Property Taxes Receivable	170	-	170
Interfund Balances	179,402	35,027	214,429
Total Assets	\$ 1,408,101	\$ 392,406	1,800,507
Liabilities and Fund Balances			
Liabilities:			
Accrued Salaries	\$ 763	-	763
Interfund Balances	174,336	-	174,336
Total Liabilities	175,099	-	175,099
Fund Balances:			
Reserved for Public Safety	108,015	-	108,015
Reserved for Recreation and Tourism	39,087	-	39,087
Unreserved	1,085,900	392,406	1,478,306
Total Fund Balances	1,233,002	392,406	1,625,408
Total Liabilities and Fund Balances	\$ 1,408,101	\$ 392,406	\$ 1,800,507

See independent auditors' report.

City of Easley, South Carolina
Combining Schedule of Revenues, Expenditure, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$ 277,479	\$ -	\$ -	\$ 277,479
Intergovernmental Revenues	152,487	-	-	152,487
Licenses, Permits and Fees	422,570	-	-	422,570
Fines and Forfeitures	9,126	-	-	9,126
Miscellaneous and Other	305	-	-	305
Interest Income	32,389	-	-	32,389
Total Revenues	<u>894,356</u>	<u>-</u>	<u>-</u>	<u>894,356</u>
Expenditures				
Current Operating:				
Judicial Services	47,603	-	-	47,603
Public Safety	83,254	-	-	83,254
Public Works	35,943	-	-	35,943
Recreation and Tourism	371,501	-	-	371,501
Capital Expenditures	456,788	-	-	456,788
Debt Service:				-
Principal Retirement	115,000	365,000	-	480,000
Interest and Fiscal Changes	62,752	182,147	-	244,899
Total Expenditures	<u>1,172,841</u>	<u>547,147</u>	<u>-</u>	<u>1,719,988</u>
Excess (Deficiency) of Revenues Over Expenditures	(278,485)	(547,147)	-	(825,632)
Other Financing Sources and (Uses)				
Interfund Transfers In	129,325	469,666	-	598,991
Interfund Transfers (Out)	(26,773)	-	(314,912)	(341,685)
Net Change in Fund Balances	(175,933)	(77,481)	(314,912)	(568,326)
Fund Balances, Beginning	<u>1,408,935</u>	<u>469,887</u>	<u>314,912</u>	<u>2,193,734</u>
Fund Balances, Ending	<u>\$ 1,233,002</u>	<u>\$ 392,406</u>	<u>\$ -</u>	<u>\$ 1,625,408</u>

See independent auditors' report.

City of Easley, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	TIF Fund	Accommodations Tax	Victims Rights	Local Accommodations Tax
Assets				
Restricted Assets - Cash and Other Cash Deposits	\$ 1,077,973	\$ -	\$ -	\$ -
Accounts Receivable	-	42,541	-	-
Property Taxes Receivable	170	-	-	-
Interfund Balances	-	-	54,673	6,336
Total Assets	<u>\$ 1,078,143</u>	<u>\$ 42,541</u>	<u>\$ 54,673</u>	<u>\$ 6,336</u>
Liabilities and Fund Balances				
Liabilities:				
Accrued Salaries	-	-	763	-
Interfund Balances	164,546	9,790	-	-
Total Liabilities	<u>164,546</u>	<u>9,790</u>	<u>763</u>	<u>-</u>
Fund Balances:				
Reserved for Public Safety	-	-	-	-
Reserved for Recreation and Tourism	-	32,751	-	6,336
Unreserved	913,597	-	53,910	-
Total Fund Balances	<u>913,597</u>	<u>32,751</u>	<u>53,910</u>	<u>6,336</u>
Total Liabilities and Fund Balances	<u>\$ 1,078,143</u>	<u>\$ 42,541</u>	<u>\$ 54,673</u>	<u>\$ 6,336</u>

See independent auditors' report.

City of Easley, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

	Law Enforcement Fund	Firemen's Fund	Recreation Fund	Total Nonmajor Special Revenue Funds
Assets				
Restricted Assets - Cash and Other Cash Deposits	\$ 108,015	\$ -	\$ -	\$ 1,185,988
Accounts Receivable	-	-	-	42,541
Property Taxes Receivable	-	-	-	170
Interfund Balances	-	30,514	87,879	179,402
Total Assets	\$ 108,015	\$ 30,514	\$ 87,879	\$ 1,408,101
Liabilities and Fund Balances				
Liabilities:				
Accrued Salaries	-	-	-	763
Interfund Balances	-	-	-	174,336
Total Liabilities	-	-	-	175,099
Fund Balances:				
Reserved for Public Safety	108,015	-	-	108,015
Reserved for Recreation and Tourism	-	-	-	39,087
Unreserved	-	30,514	87,879	1,085,900
Total Fund Balances	108,015	30,514	87,879	1,233,002
Total Liabilities and Fund Balances	\$ 108,015	\$ 30,514	\$ 87,879	\$ 1,408,101

See independent auditors' report.

City of Easley, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	TIF Fund	Accommodations Tax	Victims Rights	Local Accommodations Tax
Revenues				
Property Taxes	\$ 277,479	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	63,248	-	32,195
Licenses, Permits and Fees	-	-	60,734	-
Fines and Forfeitures	-	-	-	-
Miscellaneous and Other	305	-	-	-
Interest Income	32,389	-	-	-
Total Revenues	<u>310,173</u>	<u>63,248</u>	<u>60,734</u>	<u>32,195</u>
Expenditures				
Current Operating:				
Judicial Services	-	-	47,603	-
Public Safety	-	-	-	-
Public Works	35,943	-	-	-
Recreation and Tourism	-	26,745	-	-
Capital Expenditures	430,929	-	-	25,859
Debt Service:				
Principal Retirement	115,000	-	-	-
Interest and Fiscal Charges	62,752	-	-	-
Total Expenditures	<u>644,624</u>	<u>26,745</u>	<u>47,603</u>	<u>25,859</u>
Excess Deficiency of (Revenues) Over Expenditures	(334,451)	36,503	13,131	6,336
Other Financing Sources and (Uses)				
Interfund Transfers In	-	-	-	-
Interfund Transfers (Out)	-	(26,773)	-	-
Net Change in Fund Balances	(334,451)	9,730	13,131	6,336
Fund Balances, Beginning	<u>1,248,048</u>	<u>23,021</u>	<u>40,779</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 913,597</u>	<u>\$ 32,751</u>	<u>\$ 53,910</u>	<u>\$ 6,336</u>

See independent auditors' report.

City of Easley, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Law Enforcement Fund	Firemen's Fund	Recreation Fund	Total Nonmajor Special Revenue Funds
Revenues				
Property Taxes	\$ -	\$ -	\$ -	\$ 277,479
Intergovernmental Revenues	-	57,044	-	152,487
Licenses, Permits and Fees	-	-	361,836	422,570
Fines and Forfeitures	9,126	-	-	9,126
Miscellaneous and Other	-	-	-	305
Interest Income	-	-	-	32,389
Total Revenues	<u>9,126</u>	<u>57,044</u>	<u>361,836</u>	<u>894,356</u>
Expenditures				
Current Operating:				
Judicial Services	-	-	-	47,603
Public Safety	30,436	52,818	-	83,254
Public Works	-	-	-	35,943
Recreation and Tourism	-	-	344,756	371,501
Capital Expenditures	-	-	-	456,788
Debt Service:				
Principal Retirement	-	-	-	115,000
Interest and Fiscal Charges	-	-	-	62,752
Total Expenditures	<u>30,436</u>	<u>52,818</u>	<u>344,756</u>	<u>1,172,841</u>
Excess Deficiency of (Revenues) Over Expenditures	(21,310)	4,226	17,080	(278,485)
Other Financing Sources and (Uses)				
Interfund Transfers In	129,325	-	-	129,325
Interfund Transfers (Out)	-	-	-	(26,773)
Net Change in Fund Balances	108,015	4,226	17,080	(175,933)
Fund Balances, Beginning	<u>-</u>	<u>26,288</u>	<u>70,799</u>	<u>1,408,935</u>
Fund Balances, Ending	<u>\$ 108,015</u>	<u>\$ 30,514</u>	<u>\$ 87,879</u>	<u>\$ 1,233,002</u>

See independent auditors' report.

City of Easley, South Carolina
Schedule of Fines, Assessments, Surcharges and Other Fees
(For State Treasurer Requirements)
For the Year Ended June 30, 2008

	<u>Municipal Court</u>
Total Fines Collected and Retained by City	\$ 356,721
Total Assessments, Surcharges, and Other Fees Collected and Remitted to State	\$ 497,622
Total Assessments and Surcharges Collected and Retained by City (Victim Assistance)	\$ 60,734
Total Victim Assistance Fund Balance Available for Appropriation	\$ 53,910

See independent auditors' report.