

**City of Easley, South Carolina**

**Annual Financial Statements and Independent Auditors' Report  
For the Year Ended June 30, 2009**

**City of Easley, South Carolina  
Annual Financial Report  
For the Year Ended June 30, 2009**

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**BYERLEY, PAYNE & WHITE**  
CERTIFIED PUBLIC ACCOUNTANTS, PA

NEIL E. BYERLEY (Deceased)  
MARK A. PAYNE, CPA  
JASON S. WHITE, CPA/PFS, CFP®

**Independent Auditors' Report**

To the Honorable Mayor and Council  
City of Easley  
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, 2009), 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, 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 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, were audited by other auditors. The Utility had total assets of \$120,384,030 as of March 31, 2009, and total revenues of \$40,388,186 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 opinion.

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, 2009), each major fund, and the aggregate remaining fund information of the City of Easley, South Carolina, as of June 30, 2009, 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 22-24 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.

*Byerley, Payne & White, CPA, PA*

Byerley, Payne & White, CPA, PA

November 6, 2009

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**

City of Easley, South Carolina  
Statement of Net Assets  
June 30, 2009

|  | Primary Government         |                             |                      | Component Unit                                      |
|--|----------------------------|-----------------------------|----------------------|---|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                | Combined Utility<br>System of Easley<br>FYE 3/31/09 |
| <b>Assets</b>                                      |                            |                             |                      |   |
| Cash and Other Cash Deposits                       | \$ 6,584,077               | \$ -                        | \$ 6,584,077         | \$ 13,517,615                                       |
| Accounts Receivable                                | 666,519                    | 2,045                       | 668,564              | 3,002,106   |
| Rehabilitation Loans Receivable                    | 1,280,193                  | -                           | 1,280,193            | -   |
| Other Receivables                                  | -                          | -                           | -                    | -   |
| Property Taxes Receivable                          | 56,794                     | -                           | 56,794               | -   |
| Accrued Interest Receivable                        | 41                         | -                           | 41                   | -   |
| Interfund Balances                                 | (733,656)                  | 733,656                     | -                    | -   |
| Inventories  | 105,082                    | -                           | 105,082              | 1,674,584   |
| Prepaid Items                                      | 88,289                     | -                           | 88,289               | 38,548  |
| <b>Restricted Assets:</b>                          |                            |                             |                      |   |
| Cash and Other Cash Deposits                       | 1,223,637                  | -                           | 1,223,637            | 13,833,965  |
| Interest Rate Swap Fair Market Value Deferral      | -                          | -                           | -                    | 4,031,180   |
| Bond Issue Cost, Net                               | -                          | -                           | -                    | 1,352,894   |
| <b>Capital Assets:</b>                             |                            |                             |                      |   |
| Non Depreciable                                    | 4,496,072                  | -                           | 4,496,072            | 2,976,374   |
| Depreciable  | 25,765,308                 | 446,815                     | 26,212,123           | 132,000,767   |
| Less Accumulated Depreciation                      | (9,619,880)                | (60,822)                    | (9,680,702)          | (52,044,003)  |
| <b>Total Assets</b>                                | <u>29,912,476</u>          | <u>1,121,694</u>            | <u>31,034,170</u>    | <u>120,384,030</u>                                  |
| <b>Liabilities</b>                                 |                            |                             |                      |   |
| Accounts Payable                                   | 107,954                    | -                           | 107,954              | 1,971,686   |
| Other Payables                                     | 45,367                     | -                           | 45,367               | -   |
| Accrued Salaries                                   | 127,312                    | -                           | 127,312              | -   |
| Employee Benefits Withheld<br>and Accrued          | 22,074                     | -                           | 22,074               | 158,874   |
| Accrued Interest Payable                           | 110,882                    | -                           | 110,882              | 801,862   |
| Deferred Revenue                                   | 500,000                    | -                           | 500,000              | -   |
| Deferred Gain on Refunding Bond (Net)              | 25,456                     | -                           | 25,456               | -   |
| Customer Deposits                                  | -                          | -                           | -                    | 1,069,186   |
| Interest Rate Swap                                 | -                          | -                           | -                    | 3,901,112   |
| Waste Water Contracts Payable                      | -                          | -                           | -                    | 243,254   |
| <b>Non-Current Liabilities:</b>                    |                            |                             |                      |   |
| <b>Due Within One Year:</b>                        |                            |                             |                      |   |
| Compensated Absences                               | 23,086                     | -                           | 23,086               | 19,058  |
| Capital Leases Payable                             | 524,339                    | -                           | 524,339              | -   |
| Bonds Payable                                      | 571,500                    | -                           | 571,500              | 1,330,000   |
| <b>Due in More Than One Year:</b>                  |                            |                             |                      |   |
| Compensated Absences                               | 207,770                    | -                           | 207,770              | 171,524   |
| Capital Leases Payable                             | 5,056,095                  | -                           | 5,056,095            | -   |
| Bonds Payable                                      | 4,348,500                  | -                           | 4,348,500            | 52,729,488  |
| <b>Total Liabilities</b>                           | <u>11,670,335</u>          | <u>-</u>                    | <u>11,670,335</u>    | <u>62,396,044</u>                                   |
| <b>Net Assets</b>                                  |                            |                             |                      |   |
| Invested in Capital Assets, Net of<br>Related Debt | 10,892,255                 | 385,993                     | 11,278,248           | 40,552,080  |
| <b>Restricted For:</b>                             |                            |                             |                      |   |
| Capital Projects                                   | -                          | -                           | -                    | 2,155,535   |
| Debt Service                                       | 275,820                    | -                           | 275,820              | -   |
| Judicial Services                                  | 76,993                     | -                           | 76,993               | -   |
| Public Safety                                      | 126,356                    | -                           | 126,356              | -   |
| Recreation and Tourism                             | 1,439,983                  | -                           | 1,439,983            | -   |
| Community Development                              | 612,307                    | -                           | 612,307              | -   |
| Unrestricted                                       | 4,818,427                  | 735,701                     | 5,554,128            | 15,280,371  |
| <b>Total Net Assets</b>                            | <u>\$ 18,242,141</u>       | <u>\$ 1,121,694</u>         | <u>\$ 19,363,835</u> | <u>\$ 57,987,986</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, 2009

| Function/Program Activities                                  | Program Revenues     |                         |  |  | Net (Expenses) Revenue and<br>Changes in Net Assets |                             |                      | Component Unit<br>Combined Utility<br>System of Easley<br>FYE 3/31/09 |
|--|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|---|
|  | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                  |                             |                      |   |
|  |                      |                         |  |  | Governmental<br>Activities                          | Business-Type<br>Activities | Total                |   |
| <b>Primary Government:</b>                                   |                      |                         |  |  |   |                             |                      |   |
| <b>Governmental Activities:</b>                              |                      |                         |  |  |   |                             |                      |   |
| General Government   | \$ 1,460,363         | \$ 2,785,008            | \$ -                                     | \$ -                                   | \$ 1,324,645  | \$ -                        | \$ 1,324,645         | \$ -  |
| Judicial Services  | 947,221              | 987,562                 | -  | -                                      | 40,341  | -                           | 40,341               | -   |
| Public Safety  | 5,127,926            | 917,202                 | 56,475                                   | -                                      | (4,154,249)   | -                           | (4,154,249)          | -   |
| Public Works   | 3,122,352            | 18,769                  | -  | 98,138                                 | (3,005,445)   | -                           | (3,005,445)          | -   |
| Recreation and Tourism                                       | 2,354,656            | 370,636                 | -  | -                                      | (1,984,020)   | -                           | (1,984,020)          | -   |
| Community Development  | 447,513              | -                       | -  | 265,459                                | (182,054)   | -                           | (182,054)            | -   |
| Interest on Long-Term Debt                                   | 446,466              | -                       | -  | -                                      | (446,466)   | -                           | (446,466)            | -   |
| <b>Total Governmental Activities</b>                         | <b>13,906,497</b>    | <b>5,079,177</b>        | <b>56,475</b>                            | <b>363,597</b>                         | <b>(8,407,248)</b>                                  | <b>-</b>                    | <b>(8,407,248)</b>   | <b>-</b>  |
| <b>Business - Type Activities:</b>                           |                      |                         |  |  |   |                             |                      |   |
| Storm Water  | 229,331              | 327,577                 | -  | -                                      | -   | 98,246                      | 98,246               | -   |
| <b>Total Business - Type Activities</b>                      | <b>229,331</b>       | <b>327,577</b>          | <b>-</b>                                 | <b>-</b>                               | <b>-</b>  | <b>98,246</b>               | <b>98,246</b>        | <b>-</b>  |
| <b>Total Primary Government</b>                              | <b>\$ 14,135,828</b> | <b>\$ 5,406,754</b>     | <b>\$ 56,475</b>                         | <b>\$ 363,597</b>                      | <b>(8,407,248)</b>                                  | <b>98,246</b>               | <b>(8,309,002)</b>   | <b>-</b>  |
| <b>Component Unit (FYE 3/31/09):</b>                         |                      |                         |  |  |   |                             |                      |   |
| Combined Utility System of Easley                            | \$ 39,161,668        | \$ 39,753,990           | \$ -                                     | \$ -                                   | -   | -                           | -                    | 592,322   |
| <b>Total Component Units</b>                                 | <b>\$ 39,161,668</b> | <b>\$ 39,753,990</b>    | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>-</b>  | <b>-</b>                    | <b>-</b>             | <b>592,322</b>  |
| <b>General Revenues:</b>                                     |                      |                         |  |  |   |                             |                      |   |
| <b>Taxes:</b>  |                      |                         |  |  |   |                             |                      |   |
| Property Taxes, Levied for General Purposes                  |                      |                         |  |  | 2,849,375   | -                           | 2,849,375            | -   |
| Local Option Sales Tax                                       |                      |                         |  |  | 1,812,617   | -                           | 1,812,617            | -   |
| Hospitality Tax  |                      |                         |  |  | 1,240,128   | -                           | 1,240,128            | -   |
| State Accommodation Taxes                                    |                      |                         |  |  | 105,634   | -                           | 105,634              | -   |
| Payments in Lieu of Taxes and Franchise Fees                 |                      |                         |  |  | 1,955,010   | -                           | 1,955,010            | -   |
| Grants and Contributions not Restricted to Specific Programs |                      |                         |  |  | 553,083   | -                           | 553,083              | -   |
| Interest Income  |                      |                         |  |  | 84,727  | -                           | 84,727               | 345,724   |
| Gain/(Loss) on Sale of Assets                                |                      |                         |  |  | 6,511   | -                           | 6,511                | (1,795)   |
| Insurance Proceeds   |                      |                         |  |  | 9,444   | -                           | 9,444                | -   |
| Miscellaneous  |                      |                         |  |  | 68,063  | -                           | 68,063               | -   |
| Capital Contributions  |                      |                         |  |  | -   | -                           | -                    | 288,472   |
| <b>Total General Revenues and Transfers</b>                  |                      |                         |  |  | <b>8,684,592</b>                                    | <b>-</b>                    | <b>8,684,592</b>     | <b>632,401</b>  |
| <b>Change in Net Assets</b>                                  |                      |                         |  |  | <b>277,344</b>                                      | <b>98,246</b>               | <b>375,590</b>       | <b>1,224,723</b>  |
| <b>Net Assets, Beginning (Restated)</b>                      |                      |                         |  |  | <b>17,964,797</b>                                   | <b>1,023,448</b>            | <b>18,988,245</b>    | <b>56,763,263</b>   |
| <b>Net Assets, Ending</b>                                    |                      |                         |  |  | <b>\$ 18,242,141</b>                                | <b>\$ 1,121,694</b>         | <b>\$ 19,363,835</b> | <b>\$ 57,987,986</b>  |

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, 2009

|  | General<br>Fund     | Community<br>Development<br>Special<br>Revenue Fund | Hospitality<br>Tax<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---|----------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                    |                     |   |                            |                                |                                |
| Cash and Other Cash Deposits                     | \$ 5,613,720        | \$ 669,632  | \$ -                       | \$ 300,725                     | \$ 6,584,077                   |
| Restricted Assets - Cash and Other Cash Deposits | -                   | -   | -                          | 1,223,637                      | 1,223,637                      |
| Accounts Receivable                              | 414,372             | -   | 212,960                    | 39,187                         | 666,519                        |
| Rehabilitation Loans Receivable                  | -                   | 1,280,193   | -                          | -                              | 1,280,193                      |
| Property Taxes Receivable                        | 56,079              | -   | -                          | 715                            | 56,794                         |
| Accrued Interest Receivable                      | 41                  | -   | -                          | -                              | 41                             |
| Interfund Balances                               | 942,560             | -   | 1,155,458                  | 200,024                        | 2,298,042                      |
| Inventories                                      | -                   | 105,082   | -                          | -                              | 105,082                        |
| Prepaid Items                                    | 88,289              | -   | -                          | -                              | 88,289                         |
| <b>Total Assets</b>                              | <u>\$ 7,115,061</u> | <u>\$ 2,054,907</u>                                 | <u>\$ 1,368,418</u>        | <u>\$ 1,764,288</u>            | <u>\$ 12,302,674</u>           |
| <b>Liabilities and Fund Balances</b>             |                     |   |                            |                                |                                |
| <b>Liabilities:</b>                              |                     |   |                            |                                |                                |
| Accounts Payable                                 | \$ 90,932           | \$ 37   | \$ 3,316                   | \$ 13,669                      | \$ 107,954                     |
| Accrued Salaries                                 | 127,099             | -   | -                          | 213                            | 127,312                        |
| Employee Benefits Withheld and Accrued           | 22,074              | -   | -                          | -                              | 22,074                         |
| Other Payables                                   | 42,641              | 2,726   | -                          | -                              | 45,367                         |
| Deferred Revenue                                 | 500,000             | -   | -                          | -                              | 500,000                        |
| Interfund Balances                               | 2,089,138           | 656,500   | -                          | 286,060                        | 3,031,698                      |
| <b>Total Liabilities</b>                         | <u>2,871,884</u>    | <u>659,263</u>                                      | <u>3,316</u>               | <u>299,942</u>                 | <u>3,834,405</u>               |
| <b>Fund Balances:</b>                            |                     |   |                            |                                |                                |
| <b>Reserves For:</b>                             |                     |   |                            |                                |                                |
| Capital Assets                                   | -                   | -   | -                          | -                              | -                              |
| Public Safety                                    | -                   | -   | -                          | 126,356                        | 126,356                        |
| Prepaid Items                                    | -                   | -   | -                          | -                              | -                              |
| Noncurrent Receivables                           | -                   | 1,280,193   | -                          | -                              | 1,280,193                      |
| Recreation and Tourism                           | -                   | -   | 1,365,102                  | 74,881                         | 1,439,983                      |
| Unreserved                                       | 4,243,177           | -   | -                          | -                              | 4,243,177                      |
| <b>Unreserved Reported in:</b>                   |                     |   |                            |                                |                                |
| Special Revenue Funds                            | -                   | 115,451   | -                          | 927,357                        | 1,042,808                      |
| Debt Service Fund                                | -                   | -   | -                          | 335,752                        | 335,752                        |
| <b>Total Fund Balances</b>                       | <u>4,243,177</u>    | <u>1,395,644</u>                                    | <u>1,365,102</u>           | <u>1,464,346</u>               | <u>8,468,269</u>               |
| <b>Total Liabilities and Fund Balances</b>       | <u>\$ 7,115,061</u> | <u>\$ 2,054,907</u>                                 | <u>\$ 1,368,418</u>        | <u>\$ 1,764,288</u>            | <u>\$ 12,302,674</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, 2009**

|  |                    |                      |
|--|--------------------|----------------------|
| Fund balances - total governmental funds   |                    | \$ 8,468,269         |
| Amounts 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 governmental funds.                             |                    |                      |
| Governmental capital assets  | \$ 30,261,380      |                      |
| Less accumulated depreciation  | <u>(9,619,880)</u> | 20,641,500           |
| 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. |                    |                      |
| Governmental bonds payable   | (4,920,000)        |                      |
| Capital leases payable   | (5,580,434)        |                      |
| Interest payable   | (110,882)          |                      |
| Compensated absences   | <u>(230,856)</u>   | (10,842,172)         |
| Deferred Gain on refinancing of bonds is not a financial resource and therefore is not reported in the governmental funds.                                       |                    |                      |
| Deferred gain  | (40,000)           |                      |
| Amortization   | <u>14,544</u>      | <u>(25,456)</u>      |
| Net assets of governmental activities  |                    | <u>\$ 18,242,141</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, 2009

|  | General<br>Fund     | Community<br>Development<br>Special<br>Revenue Fund | Hospitality<br>Tax<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---|----------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |   |                            |                                |                                |
| Property Taxes   | \$ 2,524,520        | \$ -  | \$ -                       | \$ 324,855                     | \$ 2,849,375                   |
| Intergovernmental Revenues                                   | 2,631,461           | 265,459   | -                          | 162,109                        | 3,059,029                      |
| Licenses, Permits and Fees                                   | 3,475,608           | -   | -                          | 433,207                        | 3,908,815                      |
| Hospitality Tax  | -                   | -   | 1,240,467                  | -                              | 1,240,467                      |
| Fines and Forfeitures  | 924,991             | -   | -                          | 27,856                         | 952,847                        |
| Miscellaneous and Other                                      | 53,427              | 52,525  | -                          | 2,964                          | 108,916                        |
| Payments in Lieu of Taxes and Franchise Fees                 | 1,963,710           | -   | -                          | -                              | 1,963,710                      |
| Interest Income  | 39,101              | 29,881  | -                          | 15,745                         | 84,727                         |
| <b>Total Revenues</b>  | <b>11,612,818</b>   | <b>347,865</b>                                      | <b>1,240,467</b>           | <b>966,736</b>                 | <b>14,167,886</b>              |
| <b>Expenditures</b>  |                     |   |                            |                                |                                |
| <b>Current Operating:</b>                                    |                     |   |                            |                                |                                |
| General Government   | 1,393,291           | -   | -                          | -                              | 1,393,291                      |
| Judicial Services  | 872,456             | -   | -                          | 45,295                         | 917,751                        |
| Public Safety  | 4,732,010           | -   | -                          | 70,443                         | 4,802,453                      |
| Public Works   | 2,799,598           | -   | -                          | 121,893                        | 2,921,491                      |
| Recreation and Tourism                                       | 828,360             | -   | 666,890                    | 469,425                        | 1,964,675                      |
| Community Development  | -                   | 410,610   | -                          | -                              | 410,610                        |
| Capital Expenditures   | 390,928             | -   | -                          | 209,989                        | 600,917                        |
| <b>Debt Service:</b>   |                     |   |                            |                                |                                |
| Principal Retirement   | 251,830             | -   | 330,000                    | 460,000                        | 1,041,830                      |
| Interest and Fiscal Charges                                  | 31,695              | -   | 205,838                    | 222,465                        | 459,998                        |
| <b>Total Expenditures</b>                                    | <b>11,300,168</b>   | <b>410,610</b>                                      | <b>1,202,728</b>           | <b>1,599,510</b>               | <b>14,513,016</b>              |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>312,650</b>      | <b>(62,745)</b>                                     | <b>37,739</b>              | <b>(632,774)</b>               | <b>(345,130)</b>               |
| <b>Other Financing Sources and (Uses)</b>                    |                     |   |                            |                                |                                |
| Interfund Transfers In                                       | 26,912              | -   | -                          | 492,817                        | 519,729                        |
| Interfund Transfers (Out)                                    | (492,817)           | -   | -                          | (26,912)                       | (519,729)                      |
| Insurance Proceeds   | 9,444               | -   | -                          | -                              | 9,444                          |
| Sale of Fixed Assets   | 6,511               | -   | -                          | -                              | 6,511                          |
| Face Amount of Capital Lease                                 | 233,700             | -   | -                          | -                              | 233,700                        |
| <b>Net Change in Fund Balances</b>                           | <b>96,400</b>       | <b>(62,745)</b>                                     | <b>37,739</b>              | <b>(166,869)</b>               | <b>(95,475)</b>                |
| <b>Fund Balances, Beginning (Restated)</b>                   | <b>4,146,777</b>    | <b>1,458,389</b>                                    | <b>1,327,363</b>           | <b>1,631,215</b>               | <b>8,563,744</b>               |
| <b>Fund Balances, Ending</b>                                 | <b>\$ 4,243,177</b> | <b>\$ 1,395,644</b>                                 | <b>\$ 1,365,102</b>        | <b>\$ 1,464,346</b>            | <b>\$ 8,468,269</b>            |

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, 2009**

Net change in fund balances - total governmental funds \$ (95,475)

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 | \$ 600,917         |           |
| Less current year depreciation  | <u>(1,041,953)</u> | (441,036) |

Face amount of bonds and capital leases payable provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. 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 exceed repayments.

|   |                  |         |
|---|------------------|---------|
| Face amount of bonds and capital leases | (233,700)        |         |
| Principal payments                      | <u>1,041,830</u> | 808,130 |

The undepreciated basis on the sale of capital assets decrease net assets -

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                       | (7,807)      |              |
| Change in accrued interest on bonds and capital leases payable | <u>9,896</u> | <u>5,725</u> |

Change in net assets of governmental activities \$ 277,344

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

**City of Easley, South Carolina**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2009**

|   | <b>Storm Water<br/>Fund</b> |
|---|-----------------------------|
| <b>Assets</b>                                   |                             |
| <b>Current Assets:</b>                          |                             |
| Accounts Receivable                             | \$ 2,045                    |
| Interfund Balance                               | 733,656                     |
| <b>Total Current Assets</b>                     | <b>735,701</b>              |
| <b>Non-Current Assets:</b>                      |                             |
| <b>Capital Assets:</b>                          |                             |
| Buildings and Improvements                      | 12,469                      |
| Equipment and Vehicles                          | 20,463                      |
| Infrastructure                                  | 413,883                     |
| Less Accumulated Depreciation                   | (60,822)                    |
| <b>Total Non-Current Assets</b>                 | <b>385,993</b>              |
| <b>Total Assets</b>                             | <b>1,121,694</b>            |
| <b>Net Assets</b>                               |                             |
| Invested in Capital Assets, Net of Related Debt | 385,993                     |
| Unrestricted                                    | 735,701                     |
| <b>Total Net Assets</b>                         | <b>\$ 1,121,694</b>         |

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, 2009**

|  | Storm Water<br>Fund |
|--|---------------------|
| <b>Operating Revenues</b>                                    |                     |
| Stormwater Fees  | \$ 327,577          |
| <b>Total Operating Revenues</b>                              | 327,577             |
| <b>Operating Expenses</b>                                    |                     |
| Salaries, Wages and Employee Benefits                        | 596                 |
| Contractual Services, Materials, Supplies and Other Expenses | 211,264             |
| Depreciation Expense   | 17,471              |
| <b>Total Operating Expenses</b>                              | 229,331             |
| <b>Change in Net Assets</b>                                  | 98,246              |
| <b>Net Assets, Beginning</b>                                 | 1,023,448           |
| <b>Net Assets, Ending</b>                                    | \$ 1,121,694        |

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, 2009

|  | Storm Water<br>Fund |
|--|---------------------|
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>   |                     |
| <b>Cash Flows from Operations:</b>   |                     |
| Receipts from Customers  | \$ 266,859          |
| Payments to Employees and Related Benefits   | (596)               |
| Payments to Suppliers  | (211,263)           |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | 55,000              |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |                     |
| Acquisition of Capital Assets  | (55,000)            |
| <b>Net Cash Flows From Capital and Related Financing Activities</b>  | (55,000)            |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | -                   |
| <b>Cash and Cash Equivalents at Beginning of Year</b>  | -                   |
| <b>Cash and Cash Equivalents at End of Year</b>  | \$ -                |
| <br><b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by (Used in) Operating Activities:</b> |                     |
| <b>Change in Net Assets</b>  | \$ 98,246           |
| <b>Adjustments Not Affecting Cash:</b>   |                     |
| Depreciation   | 17,471              |
| <b>Change in Assets and Liabilities:</b>   |                     |
| (Increase) Decrease in Accounts Receivable   | (557)               |
| (Increase) Decrease in Interfund Balances  | (60,160)            |
| <b>Total Adjustments</b>   | (43,246)            |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | \$ 55,000           |

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, 2009**

**Note 1 - Summary of Significant Accounting Policies**

The City of Easley (City) 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.

**Subsequent Events Evaluation**

Management has evaluated subsequent events through November 6, 2009. This is the date the financial statements were issued.

**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 (Utility) 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, 2009, 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, 2009**

**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, 2009**

**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, 2009**

**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. 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, 2009**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

|  | <b>Primary Government</b>    |                    |                    | <b>Ending<br/>Balance</b> |
|--|------------------------------|--------------------|--------------------|---------------------------|
|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>   | <b>Retirements</b> |                           |
| <b>Governmental Activities:</b>                        |                              |                    |                    |                           |
| <b>Capital Assets not being<br/>Depreciated:</b>       |                              |                    |                    |                           |
| Land   | 3,788,903                    | -                  | -                  | 3,788,903                 |
| Infrastructure Land Rights and Other Cost              | 682,169                      | 25,000             | -                  | 707,169                   |
| Construction in Progress                               | 285,030                      | -                  | (285,030)          | -                         |
| <b>Total Capital Assets not<br/>being Depreciated</b>  | <u>4,756,102</u>             | <u>25,000</u>      | <u>(285,030)</u>   | <u>4,496,072</u>          |
| <b>Capital Assets being Depreciated:</b>               |                              |                    |                    |                           |
| Buildings and Improvements                             | 15,932,368                   | -                  | -                  | 15,932,368                |
| Equipment and Vehicles                                 | 7,866,245                    | 308,571            | (25,269)           | 8,149,547                 |
| Infrastructure - Roads                                 | 1,131,017                    | 552,376            | -                  | 1,683,393                 |
| <b>Total Capital Assets<br/>being Depreciated</b>      | <u>24,929,630</u>            | <u>860,947</u>     | <u>(25,269)</u>    | <u>25,765,308</u>         |
| <b>Less Accumulated Depreciation for:</b>              |                              |                    |                    |                           |
| Buildings and Improvements                             | (3,880,712)                  | (445,952)          | -                  | (4,326,664)               |
| Equipment and Vehicles                                 | (4,587,468)                  | (540,089)          | 25,269             | (5,102,288)               |
| Infrastructure - Roads                                 | (135,016)                    | (55,912)           | -                  | (190,928)                 |
| <b>Total Accumulated Depreciation</b>                  | <u>(8,603,196)</u>           | <u>(1,041,953)</u> | <u>25,269</u>      | <u>(9,619,880)</u>        |
| <b>Total Capital Assets being<br/>Depreciated, Net</b> | <u>16,326,434</u>            | <u>(181,006)</u>   | <u>-</u>           | <u>16,145,428</u>         |
| <b>Governmental Activities Capital<br/>Assets, net</b> | <u>21,082,536</u>            | <u>(156,006)</u>   | <u>(285,030)</u>   | <u>20,641,500</u>         |

**City of Easley, South Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2009**

**Capital Assets (continued)**

|  | Primary Government   |                 |             | Ending<br>Balance |
|--|----------------------|-----------------|-------------|-------------------|
|  | Beginning<br>Balance | Additions       | Retirements |                   |
| <b>Business-Type Activities:</b>                       |                      |                 |             |                   |
| <b>Capital Assets not being<br/>Depreciated:</b>       |                      |                 |             |                   |
| Land   | -                    | -               | -           | -                 |
| Infrastructure Land Rights and Other Cost              | -                    | -               | -           | -                 |
| Construction in Progress                               | -                    | -               | -           | -                 |
| <b>Total Capital Assets not<br/>being Depreciated</b>  | <u>-</u>             | <u>-</u>        | <u>-</u>    | <u>-</u>          |
| <b>Capital Assets being Depreciated:</b>               |                      |                 |             |                   |
| Buildings and Improvements                             | 12,469               | -               | -           | 12,469            |
| Equipment and Vehicles                                 | 20,463               | -               | -           | 20,463            |
| Infrastructure - Stormwater                            | 358,883              | 55,000          | -           | 413,883           |
| <b>Total Capital Assets<br/>being Depreciated</b>      | <u>391,815</u>       | <u>55,000</u>   | <u>-</u>    | <u>446,815</u>    |
| <b>Less Accumulated Depreciation for:</b>              |                      |                 |             |                   |
| Buildings and Improvements                             | (582)                | (499)           | -           | (1,081)           |
| Equipment and Vehicles                                 | (16,371)             | (4,092)         | -           | (20,463)          |
| Infrastructure - Roads                                 | (26,399)             | (12,879)        | -           | (39,278)          |
| <b>Total Accumulated Depreciation</b>                  | <u>(43,352)</u>      | <u>(17,470)</u> | <u>-</u>    | <u>(60,822)</u>   |
| <b>Total Capital Assets being<br/>Depreciated, Net</b> | <u>348,463</u>       | <u>37,530</u>   | <u>-</u>    | <u>385,993</u>    |
| <b>Governmental Activities Capital<br/>Assets, net</b> | <u>348,463</u>       | <u>37,530</u>   | <u>-</u>    | <u>385,993</u>    |

Depreciation expense was charged to governmental functions as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| General Government                | \$ 74,307           |
| Judicial Services                 | 25,665              |
| Public Safety                     | 316,185             |
| Public Works                      | 198,663             |
| Recreation and Tourism            | 390,230             |
| Community Development             | 36,903              |
| <b>Total Depreciation Expense</b> | <u>\$ 1,041,953</u> |

**City of Easley, South Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2009**

**C. 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 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 9.39% and 11.05%, respectively, of annual covered payroll. These percentages include amounts for group life and accidental death coverage. For the year ended June 30, 2009, \$4,749,919 of wages was subject to retirement, which is 97.3% of total salaries of \$4,881,574. 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, 2009, 2008, 2007 were as follows:

|      | <u>SCRS</u> | <u>PORS</u> |
|------|-------------|-------------|
| 2009 | \$ 245,399  | \$ 268,295  |
| 2008 | \$ 241,904  | \$ 253,043  |
| 2007 | \$ 205,439  | \$ 234,516  |

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

**City of Easley, South Carolina**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2009**

**D. 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.

Summarized below are the City's individual bond and capital lease issues, which are outstanding at June 30, 2009:

|   | <u>Purpose of Issue</u>                        | <u>Amount Issued</u> | <u>Amount Outstanding</u> | <u>Interest Rate</u> | <u>Maximum Annual Debt Service</u> |
|---|--|----------------------|---------------------------|----------------------|------------------------------------|
| <b>Governmental Activities:</b>                 |  |                      |                           |                      |                                    |
| General Obligation Refunding Bonds, Series 2005 | Finance Construction of Recreation Complex     | \$ 2,135,000         | \$ 1,680,000              | 3.698%               | \$ 286,000                         |
| General Obligation Bonds, Series 2000           | Finance Construction of Law Enforcement Center | 3,000,000            | 1,890,000                 | 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              | 398,364                   | 3.660%               | 48,287                             |
| Capital Lease Payable                           | Acquire Vehicles/Equipment                     | 494,000              | 183,370                   | 3.940%               | 110,800                            |
| Capital Lease Payable                           | Construct Recreation Complex                   | 6,000,000            | 4,765,000                 | 4.040%               | 556,614                            |
| Capital Lease Payable                           | Acquire Vehicles/Equipment                     | 233,700              | 233,700                   | 3.060%               | 14,178                             |
| Tax Increment Bond, Series 2006                 | Finance Construction of Downtown Improvements  | 1,065,000            | 780,000                   | 4.380%               | 112,867                            |
| <b>Total Governmental Activities</b>            |  | <u>\$ 14,127,565</u> | <u>\$ 10,500,434</u>      |                      |                                    |

Long-term activity for the year ended June 30, 2009, was as follows:

|   | <u>Beginning Balance</u> | <u>Additions</u>  | <u>Reductions</u>   | <u>Ending Balances</u> | <u>Amounts Due Within One Year</u> |
|---|--------------------------|-------------------|---------------------|------------------------|------------------------------------|
| <b>Governmental Activities:</b>                       |                          |                   |                     |                        |                                    |
| <b>Bonds and Capital Leases Payable:</b>              |                          |                   |                     |                        |                                    |
| General Obligation and Other Bonds                    | \$ 5,380,000             | \$ -              | \$ 460,000          | \$ 4,920,000           | \$ 571,500                         |
| Capital Leases Payable                                | 5,928,564                | 233,700           | 581,830             | 5,580,434              | 524,339                            |
| <b>Total Bonds and Capital Leases Payable</b>         | <u>11,308,564</u>        | <u>233,700</u>    | <u>1,041,830</u>    | <u>10,500,434</u>      | <u>1,095,839</u>                   |
| Other Liabilities - Compensated Absences              | 223,049                  | 15,291            | 7,484               | 230,856                | 23,086                             |
| <b>Governmental Activities Long-term Liabilities</b>  | <u>\$ 11,531,613</u>     | <u>\$ 248,991</u> | <u>\$ 1,049,314</u> | <u>\$ 10,731,290</u>   | <u>\$ 1,118,925</u>                |
| <b>Business - Type Activities:</b>                    |                          |                   |                     |                        |                                    |
| Bonds Payable   | \$ -                     | \$ -              | \$ -                | \$ -                   | \$ -                               |
| <b>Total Bonds Payable</b>                            | <u>-</u>                 | <u>-</u>          | <u>-</u>            | <u>-</u>               | <u>-</u>                           |
| <b>Other Liabilities:</b>                             |                          |                   |                     |                        |                                    |
| Compensated Absences                                  | -                        | -                 | -                   | -                      | -                                  |
| <b>Total Other Liabilities</b>                        | <u>-</u>                 | <u>-</u>          | <u>-</u>            | <u>-</u>               | <u>-</u>                           |
| <b>Business-Type Activities Long-term Liabilities</b> | <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, 2009**

**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<br>Primary<br>Government |
|--------------|-------------------------|---------------------|----------------------|--------------------------|-------------|-------------|--------------------------------|
|              | Principal               | Interest            | Total                | Principal                | Interest    | Total       |                                |
| 2010         | 1,095,839               | 426,820             | 1,522,659            | \$ -                     | \$ -        | \$ -        | \$ 1,522,659                   |
| 2011         | 1,085,385               | 373,714             | 1,459,099            | -                        | -           | -           | 1,459,099                      |
| 2012         | 1,037,877               | 328,999             | 1,366,876            | -                        | -           | -           | 1,366,876                      |
| 2013         | 1,099,347               | 288,099             | 1,387,446            | -                        | -           | -           | 1,387,446                      |
| 2014         | 1,112,952               | 245,083             | 1,358,035            | -                        | -           | -           | 1,358,035                      |
| 2015-2019    | 4,534,034               | 578,049             | 5,112,083            | -                        | -           | -           | 5,112,083                      |
| 2020         | 535,000                 | 21,614              | 556,614              | -                        | -           | -           | 556,614                        |
| <b>Total</b> | <b>\$ 10,500,434</b>    | <b>\$ 2,262,378</b> | <b>\$ 12,762,812</b> | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 12,762,812</b>           |

**E. Interfund Balances and Activity**

The following schedule represents interfund receivables and payables at June 30, 2009:

|                                 | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| <b>Primary Government:</b>      |                                 |                              |
| <b>By Fund:</b>                 |                                 |                              |
| General                         | \$ 942,560                      | \$ 2,089,138                 |
| Community Development Fund      | -                               | 656,500                      |
| TIF Special Revenue Fund        | -                               | 275,180                      |
| Recreation Fund                 | 14,719                          | -                            |
| Storm Water Fund                | 733,656                         | -                            |
| Debt Service Fund               | 35,027                          | -                            |
| Accommodations Tax Fund         | -                               | 7,317                        |
| Victims Rights Fund             | 77,206                          | -                            |
| Local Accommodations Tax Fund   | 47,011                          | -                            |
| Hospitality Tax Fund            | 1,155,458                       | -                            |
| Police Fund                     | -                               | 3,563                        |
| Firemen's Fund                  | 26,061                          | -                            |
| <b>Total Primary Government</b> | <b>\$ 3,031,698</b>             | <b>\$ 3,031,698</b>          |

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, 2009**

**Interfund Balances and Activities (continued)**

Transfers to/from other funds for the year ended June 30, 2009, consisted of the following:

|            |   |
|------------|---|
| \$ 492,817 | From the general fund to the debt service fund to pay current year debt service obligations.      |
| \$ 26,912  | From the accommodations tax fund to the general fund for allocation of accommodation tax revenue. |

**F. 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, 2009, 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, 2009, will not have a material effect on the net assets of the City.

**G. 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.

**H. Rehabilitation Loans**

The City has \$1,280,193 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 100 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.

**I. 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, 2009, there were six retirees who were covered under the City's group insurance plan at a cost of \$25,925.

**J. Prior Period Restatement**

Beginning Fund Equity was decreased by \$323,379 in the General Fund due to two unrecorded liabilities in the prior year. Beginning Fund Equity was increased by \$5,807 in the Victims Rights Fund due to accrual of prior year revenue.

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

**City of Easley, South Carolina**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2009**

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
| <b>Revenues</b>  |                     |                     |                     |   |
| Property Taxes   | \$ 2,652,431        | \$ 2,652,431        | \$ 2,524,520        | \$ (127,911)  |
| Intergovernmental Revenues                               | 2,778,450           | 2,778,450           | 2,631,461           | (146,989)   |
| Licenses, Permits and Fees                               | 3,564,150           | 3,564,150           | 3,475,608           | (88,542)  |
| Fines and Forfeitures                                    | 850,000             | 850,000             | 924,991             | 74,991  |
| Miscellaneous and Other                                  | 94,500              | 94,500              | 53,427              | (41,073)  |
| Payments in Lieu of Taxes and Franchise Fees             | 2,031,500           | 2,031,500           | 1,963,710           | (67,790)  |
| Interest Income  | 155,000             | 155,000             | 39,101              | (115,899)   |
| <b>Total Revenues</b>                                    | <u>12,126,031</u>   | <u>12,126,031</u>   | <u>11,612,818</u>   | <u>(513,213)</u>  |
| <b>Expenditures</b>                                      |                     |                     |                     |   |
| <b>Current Operating:</b>                                |                     |                     |                     |   |
| <b>General Government:</b>                               |                     |                     |                     |   |
| General Government                                       | 382,850             | 382,850             | 491,485             | (108,635)   |
| Council  | 99,900              | 96,119              | 103,206             | (7,087)   |
| Finance  | 673,928             | 650,335             | 588,749             | 61,586  |
| Building Official  | 243,883             | 236,634             | 209,851             | 26,783  |
| <b>Judicial Services:</b>                                |                     |                     |                     |   |
| Court  | 762,538             | 762,538             | 872,456             | (109,918)   |
| <b>Public Safety:</b>                                    |                     |                     |                     |   |
| Police   | 3,278,628           | 3,257,628           | 3,062,565           | 195,063   |
| Fire   | 1,746,200           | 1,713,200           | 1,669,445           | 43,755  |
| <b>Public Works:</b>                                     |                     |                     |                     |   |
| Streets  | 1,497,518           | 1,497,518           | 1,577,215           | (79,697)  |
| Sanitation   | 1,302,790           | 1,286,541           | 1,185,808           | 100,733   |
| Cemetery   | 38,044              | 38,044              | 36,575              | 1,469   |
| <b>Recreation and Tourism:</b>                           |                     |                     |                     |   |
| Recreation   | 899,712             | 899,712             | 828,360             | 71,352  |
| Capital Expenditures                                     | 370,875             | 345,800             | 390,928             | (45,128)  |
| <b>Debt Service:</b>                                     |                     |                     |                     |   |
| Principal Retirement                                     | 127,423             | 127,423             | 251,830             | (124,407)   |
| Interest and Fiscal Charges                              | 31,664              | 31,664              | 31,695              | (31)  |
| <b>Total Expenditures</b>                                | <u>11,455,953</u>   | <u>11,326,006</u>   | <u>11,300,168</u>   | <u>25,838</u>   |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | 670,078             | 800,025             | 312,650             | (487,375)   |
| <b>Other Financing Sources (Uses)</b>                    |                     |                     |                     |   |
| Interfund Transfers In                                   | 26,980              | 26,980              | 26,912              | (68)  |
| Interfund Transfers (Out)                                | (697,058)           | (697,058)           | (492,817)           | 204,241   |
| Insurance Proceeds                                       | -                   | -                   | 9,444               | 9,444   |
| Sale of Fixed Assets                                     | -                   | -                   | 6,511               | 6,511   |
| Face Amount of Capital Lease                             | -                   | -                   | 233,700             | 233,700   |
| <b>Net Change in Fund Balances</b>                       | -                   | 129,947             | 96,400              | (33,547)  |
| <b>Fund Balances, Beginning (Restated)</b>               | <u>4,146,777</u>    | <u>4,146,777</u>    | <u>4,146,777</u>    | <u>-</u>  |
| <b>Fund Balances, Ending</b>                             | <u>\$ 4,146,777</u> | <u>\$ 4,276,724</u> | <u>\$ 4,243,177</u> | <u>\$ (33,547)</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, 2009

|                                    | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|---------------------|---------------------|---------------------|---|
| <b>Revenues</b>                    |                     |                     |                     |   |
| Intergovernmental Revenues         | \$ 300,000          | \$ 300,000          | \$ 265,459          | (34,541)  |
| Miscellaneous and Other            | -                   | -                   | 52,525              | 52,525  |
| Interest Income                    | 92,879              | 92,879              | 29,881              | (62,998)  |
| <b>Total Revenues</b>              | <u>392,879</u>      | <u>392,879</u>      | <u>347,865</u>      | <u>(45,014)</u>   |
| <b>Expenditures</b>                |                     |                     |                     |   |
| <b>Current Operating:</b>          |                     |                     |                     |   |
| Community Development              | 69,792              | 69,792              | 410,610             | (340,818)   |
| <b>Total Expenditures</b>          | <u>69,792</u>       | <u>69,792</u>       | <u>410,610</u>      | <u>(340,818)</u>  |
| <b>Net Change in Fund Balances</b> | 323,087             | 323,087             | (62,745)            | 295,804   |
| <b>Fund Balances, Beginning</b>    | <u>1,458,389</u>    | <u>1,458,389</u>    | <u>1,458,389</u>    | <u>-</u>  |
| <b>Fund Balances, Ending</b>       | <u>\$ 1,781,476</u> | <u>\$ 1,781,476</u> | <u>\$ 1,395,644</u> | <u>\$ 295,804</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, 2009

|  | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
| <b>Revenues</b>  |                     |                     |                     |   |
| Hospitality Tax  | \$ 1,200,000        | \$ 1,200,000        | \$ 1,240,467        | \$ 40,467   |
| Interest Income  | 5,000               | 5,000               | -                   | (5,000)   |
| <b>Total Revenues</b>  | <u>1,205,000</u>    | <u>1,205,000</u>    | <u>1,240,467</u>    | <u>35,467</u>   |
| <b>Expenditures</b>  |                     |                     |                     |   |
| <b>Current Operating:</b>                                    |                     |                     |                     |   |
| Recreation and Tourism                                       | 570,247             | 570,247             | 666,890             | (96,643)  |
| <b>Debt Service:</b>   |                     |                     |                     |   |
| Principal Retirement   | 330,000             | 330,000             | 330,000             | -   |
| Interest and Fiscal Charges                                  | 205,838             | 205,838             | 205,838             | -   |
| <b>Total Expenditures</b>                                    | <u>1,106,085</u>    | <u>1,106,085</u>    | <u>1,202,728</u>    | <u>(96,643)</u>   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <u>98,915</u>       | <u>98,915</u>       | <u>37,739</u>       | <u>(61,176)</u>   |
| <b>Other Financing Sources and (Uses)</b>                    |                     |                     |                     |   |
| Interfund Transfers In                                       | -                   | -                   | -                   | -   |
| Interfund Transfers (Out)                                    | -                   | -                   | -                   | -   |
| <b>Total Other Financing Sources and (Uses)</b>              | <u>-</u>            | <u>-</u>            | <u>-</u>            | <u>-</u>  |
| <b>Net Change in Fund Balances</b>                           | 98,915              | 98,915              | 37,739              | (61,176)  |
| <b>Fund Balances, Beginning</b>                              | <u>1,327,363</u>    | <u>1,327,363</u>    | <u>1,327,363</u>    | <u>-</u>  |
| <b>Fund Balances, Ending</b>                                 | <u>\$ 1,426,278</u> | <u>\$ 1,426,278</u> | <u>\$ 1,365,102</u> | <u>\$ (61,176)</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, 2009**

**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 one public reading and one additional reading, 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<br/>Expenditures</u> | <u>Expenditures</u> | <u>Difference</u> |
|--------------------|--|---------------------|-------------------|
| General Government | 541,937                                | 775,010             | (233,073)         |
| Council            | 99,900                                 | 103,206             | (3,306)           |
| Court              | 762,538                                | 872,456             | (109,918)         |
| Streets            | 1,553,243                              | 1,727,633           | (174,390)         |

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, 2009

|  | Special<br>Revenue<br>Funds | Debt<br>Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-------------------------|---|
| <b>Assets</b>                                    |                             |                         |   |
| Cash and Other Cash Deposits                     | \$ -                        | \$ 300,725              | \$ 300,725                              |
| Restricted Assets - Cash and Other Cash Deposits | 1,223,637                   | -                       | 1,223,637                               |
| Accounts Receivable                              | 39,187                      | -                       | 39,187                                  |
| Property Taxes Receivable                        | 715                         | -                       | 715                                     |
| Interfund Balances                               | 164,997                     | 35,027                  | 200,024                                 |
| <b>Total Assets</b>                              | <u>\$ 1,428,536</u>         | <u>\$ 335,752</u>       | <u>1,764,288</u>                        |
| <b>Liabilities and Fund Balances</b>             |                             |                         |   |
| <b>Liabilities:</b>                              |                             |                         |   |
| Accounts Payable                                 | \$ 13,669                   | \$ -                    | \$ 13,669                               |
| Accrued Salaries                                 | 213                         | -                       | 213                                     |
| Interfund Balances                               | 286,060                     | -                       | 286,060                                 |
| <b>Total Liabilities</b>                         | <u>299,942</u>              | <u>-</u>                | <u>299,942</u>                          |
| <b>Fund Balances:</b>                            |                             |                         |   |
| Reserved for Public Safety                       | 126,356                     | -                       | 126,356                                 |
| Reserved for Recreation and Tourism              | 74,881                      | -                       | 74,881                                  |
| Unreserved                                       | 927,357                     | 335,752                 | 1,263,109                               |
| <b>Total Fund Balances</b>                       | <u>1,128,594</u>            | <u>335,752</u>          | <u>1,464,346</u>                        |
| <b>Total Liabilities and Fund Balances</b>       | <u>\$ 1,428,536</u>         | <u>\$ 335,752</u>       | <u>\$ 1,764,288</u>                     |

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, 2009**

|  | <b>Special<br/>Revenue<br/>Funds</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|--------------------------------------|----------------------------------|--|
| <b>Revenues</b>  |                                      |                                  |  |
| Property Taxes   | \$ 324,855                           | \$ -                             | \$ 324,855                                       |
| Intergovernmental Revenues                                   | 162,109                              | -                                | 162,109  |
| Licenses, Permits and Fees                                   | 433,207                              | -                                | 433,207  |
| Fines and Forfeitures  | 27,856                               | -                                | 27,856   |
| Miscellaneous and Other                                      | 2,964                                | -                                | 2,964  |
| Interest Income  | 15,745                               | -                                | 15,745   |
| <b>Total Revenues</b>  | <u>966,736</u>                       | <u>-</u>                         | <u>966,736</u>                                   |
| <b>Expenditures</b>  |                                      |                                  |  |
| <b>Current Operating:</b>                                    |                                      |                                  |  |
| Judicial Services  | 45,295                               | -                                | 45,295   |
| Public Safety  | 70,443                               | -                                | 70,443   |
| Public Works   | 121,893                              | -                                | 121,893  |
| Recreation and Tourism                                       | 469,425                              | -                                | 469,425  |
| Capital Expenditures   | 209,989                              | -                                | 209,989  |
| <b>Debt Service:</b>   |                                      |                                  |  |
| Principal Retirement   | 75,000                               | 385,000                          | 460,000  |
| Interest and Fiscal Changes                                  | 57,994                               | 164,471                          | 222,465  |
| <b>Total Expenditures</b>                                    | <u>1,050,039</u>                     | <u>549,471</u>                   | <u>1,599,510</u>                                 |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | (83,303)                             | (549,471)                        | (632,774)  |
| <b>Other Financing Sources and (Uses)</b>                    |                                      |                                  |  |
| Interfund Transfers In                                       | -                                    | 492,817                          | 492,817  |
| Interfund Transfers (Out)                                    | (26,912)                             | -                                | (26,912)   |
| <b>Net Change in Fund Balances</b>                           | (110,215)                            | (56,654)                         | (166,869)  |
| <b>Fund Balances, Beginning (Restated)</b>                   | <u>1,238,809</u>                     | <u>392,406</u>                   | <u>1,631,215</u>                                 |
| <b>Fund Balances, Ending</b>                                 | <u>\$ 1,128,594</u>                  | <u>\$ 335,752</u>                | <u>\$ 1,464,346</u>                              |

See independent auditors' report.

City of Easley, South Carolina  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009

|  | TIF<br>Fund         | Accommodations<br>Tax | Victims<br>Rights | Local<br>Accommodations<br>Tax |
|--|---------------------|-----------------------|-------------------|--------------------------------|
| <b>Assets</b>                                    |                     |                       |                   |                                |
| Restricted Assets - Cash and Other Cash Deposits | \$ 1,093,718        | \$ -                  | \$ -              | \$ -                           |
| Accounts Receivable                              | -                   | 39,187                | -                 | -                              |
| Property Taxes Receivable                        | 715                 | -                     | -                 | -                              |
| Interfund Balances                               | -                   | -                     | 77,206            | 47,011                         |
| <b>Total Assets</b>                              | <u>\$ 1,094,433</u> | <u>\$ 39,187</u>      | <u>\$ 77,206</u>  | <u>\$ 47,011</u>               |
| <b>Liabilities and Fund Balances</b>             |                     |                       |                   |                                |
| <b>Liabilities:</b>                              |                     |                       |                   |                                |
| Accounts Payable                                 | 6,009               | 4,000                 | -                 | -                              |
| Accrued Salaries                                 | -                   | -                     | 213               | -                              |
| Interfund Balances                               | 275,180             | 7,317                 | -                 | -                              |
| <b>Total Liabilities</b>                         | <u>281,189</u>      | <u>11,317</u>         | <u>213</u>        | <u>-</u>                       |
| <b>Fund Balances:</b>                            |                     |                       |                   |                                |
| Reserved for Public Safety                       | -                   | -                     | -                 | -                              |
| Reserved for Recreation and Tourism              | -                   | 27,870                | -                 | 47,011                         |
| Unreserved                                       | 813,244             | -                     | 76,993            | -                              |
| <b>Total Fund Balances</b>                       | <u>813,244</u>      | <u>27,870</u>         | <u>76,993</u>     | <u>47,011</u>                  |
| <b>Total Liabilities<br/>and Fund Balances</b>   | <u>\$ 1,094,433</u> | <u>\$ 39,187</u>      | <u>\$ 77,206</u>  | <u>\$ 47,011</u>               |

See independent auditors' report.

City of Easley, South Carolina  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2009

|  | Law<br>Enforcement<br>Fund | Firemen's<br>Fund | Recreation<br>Fund | Total Nonmajor<br>Special<br>Revenue<br>Funds |
|--|----------------------------|-------------------|--------------------|---|
| <b>Assets</b>                                    |                            |                   |                    |   |
| Restricted Assets - Cash and Other Cash Deposits | \$ 129,919                 | \$ -              | \$ -               | \$ 1,223,637                                  |
| Accounts Receivable                              | -                          | -                 | -                  | 39,187  |
| Property Taxes Receivable                        | -                          | -                 | -                  | 715   |
| Interfund Balances                               | -                          | 26,061            | 14,719             | 164,997                                       |
| <b>Total Assets</b>                              | <u>\$ 129,919</u>          | <u>\$ 26,061</u>  | <u>\$ 14,719</u>   | <u>\$ 1,428,536</u>                           |
| <b>Liabilities and Fund Balances</b>             |                            |                   |                    |   |
| <b>Liabilities:</b>                              |                            |                   |                    |   |
| Accounts Payable                                 | -                          | -                 | 3,660              | 13,669  |
| Accrued Salaries                                 | -                          | -                 | -                  | 213   |
| Interfund Balances                               | 3,563                      | -                 | -                  | 286,060                                       |
| <b>Total Liabilities</b>                         | <u>3,563</u>               | <u>-</u>          | <u>3,660</u>       | <u>299,942</u>                                |
| <b>Fund Balances:</b>                            |                            |                   |                    |   |
| Reserved for Public Safety                       | 126,356                    | -                 | -                  | 126,356                                       |
| Reserved for Recreation and Tourism              | -                          | -                 | -                  | 74,881  |
| Unreserved                                       | -                          | 26,061            | 11,059             | 927,357                                       |
| <b>Total Fund Balances</b>                       | <u>126,356</u>             | <u>26,061</u>     | <u>11,059</u>      | <u>1,128,594</u>                              |
| <b>Total Liabilities<br/>and Fund Balances</b>   | <u>\$ 129,919</u>          | <u>\$ 26,061</u>  | <u>\$ 14,719</u>   | <u>\$ 1,428,536</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, 2009

|  | TIF<br>Fund       | Accommodations<br>Tax | Victims<br>Rights | Local<br>Accommodations<br>Tax |
|--|-------------------|-----------------------|-------------------|--------------------------------|
| <b>Revenues</b>  |                   |                       |                   |                                |
| Property Taxes   | \$ 324,855        | \$ -                  | \$ -              | \$ -                           |
| Intergovernmental Revenues                                   | -                 | 55,901                | -                 | 49,733                         |
| Licenses, Permits and Fees                                   | -                 | -                     | 62,571            | -                              |
| Fines and Forfeitures  | -                 | -                     | -                 | -                              |
| Miscellaneous and Other                                      | 2,964             | -                     | -                 | -                              |
| Interest Income  | 15,745            | -                     | -                 | -                              |
| <b>Total Revenues</b>  | <u>343,564</u>    | <u>55,901</u>         | <u>62,571</u>     | <u>49,733</u>                  |
| <b>Expenditures</b>  |                   |                       |                   |                                |
| <b>Current Operating:</b>                                    |                   |                       |                   |                                |
| Judicial Services  | -                 | -                     | 45,295            | -                              |
| Public Safety  | -                 | -                     | -                 | -                              |
| Public Works   | 121,893           | -                     | -                 | -                              |
| Recreation and Tourism                                       | -                 | 33,870                | -                 | 9,058                          |
| Capital Expenditures   | 189,030           | -                     | -                 | -                              |
| <b>Debt Service:</b>   |                   |                       |                   |                                |
| Principal Retirement   | 75,000            | -                     | -                 | -                              |
| Interest and Fiscal Charges                                  | 57,994            | -                     | -                 | -                              |
| <b>Total Expenditures</b>                                    | <u>443,917</u>    | <u>33,870</u>         | <u>45,295</u>     | <u>9,058</u>                   |
| <b>Excess Deficiency of (Revenues)<br/>Over Expenditures</b> | (100,353)         | 22,031                | 17,276            | 40,675                         |
| <b>Other Financing Sources and (Uses)</b>                    |                   |                       |                   |                                |
| Interfund Transfers In                                       | -                 | -                     | -                 | -                              |
| Interfund Transfers (Out)                                    | -                 | (26,912)              | -                 | -                              |
| <b>Net Change in Fund Balances</b>                           | (100,353)         | (4,881)               | 17,276            | 40,675                         |
| <b>Fund Balances, Beginning (Restated)</b>                   | <u>913,597</u>    | <u>32,751</u>         | <u>59,717</u>     | <u>6,336</u>                   |
| <b>Fund Balances, Ending</b>                                 | <u>\$ 813,244</u> | <u>\$ 27,870</u>      | <u>\$ 76,993</u>  | <u>\$ 47,011</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, 2009

|  | Law<br>Enforcement<br>Fund | Firemen's<br>Fund | Recreation<br>Fund | Total<br>Nonmajor<br>Special<br>Revenue Funds |
|--|----------------------------|-------------------|--------------------|---|
| <b>Revenues</b>  |                            |                   |                    |   |
| Property Taxes   | \$ -                       | \$ -              | \$ -               | \$ 324,855                                    |
| Intergovernmental Revenues                                   | -                          | 56,475            | -                  | 162,109                                       |
| Licenses, Permits and Fees                                   | -                          | -                 | 370,636            | 433,207                                       |
| Fines and Forfeitures  | 27,856                     | -                 | -                  | 27,856  |
| Miscellaneous and Other                                      | -                          | -                 | -                  | 2,964   |
| Interest Income  | -                          | -                 | -                  | 15,745  |
| <b>Total Revenues</b>  | <u>27,856</u>              | <u>56,475</u>     | <u>370,636</u>     | <u>966,736</u>                                |
| <b>Expenditures</b>  |                            |                   |                    |   |
| <b>Current Operating:</b>                                    |                            |                   |                    |   |
| Judicial Services  | -                          | -                 | -                  | 45,295  |
| Public Safety  | 9,515                      | 60,928            | -                  | 70,443  |
| Public Works   | -                          | -                 | -                  | 121,893                                       |
| Recreation and Tourism                                       | -                          | -                 | 426,497            | 469,425                                       |
| Capital Expenditures   | -                          | -                 | 20,959             | 209,989                                       |
| <b>Debt Service:</b>   |                            |                   |                    |   |
| Principal Retirement   | -                          | -                 | -                  | 75,000  |
| Interest and Fiscal Charges                                  | -                          | -                 | -                  | 57,994  |
| <b>Total Expenditures</b>                                    | <u>9,515</u>               | <u>60,928</u>     | <u>447,456</u>     | <u>1,050,039</u>                              |
| <b>Excess Deficiency of (Revenues)<br/>Over Expenditures</b> | 18,341                     | (4,453)           | (76,820)           | (83,303)                                      |
| <b>Other Financing Sources and (Uses)</b>                    |                            |                   |                    |   |
| Interfund Transfers In                                       | -                          | -                 | -                  | -   |
| Interfund Transfers (Out)                                    | -                          | -                 | -                  | (26,912)                                      |
| <b>Net Change in Fund Balances</b>                           | 18,341                     | (4,453)           | (76,820)           | (110,215)                                     |
| <b>Fund Balances, Beginning (Restated)</b>                   | <u>108,015</u>             | <u>30,514</u>     | <u>87,879</u>      | <u>1,238,809</u>                              |
| <b>Fund Balances, Ending</b>                                 | <u>\$ 126,356</u>          | <u>\$ 26,061</u>  | <u>\$ 11,059</u>   | <u>\$ 1,128,594</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, 2009**

|   | <b>Municipal<br/>Court</b> |
|---|----------------------------|
| Total Fines Collected and Retained by City  | \$ 378,493                 |
| Total Assessments, Surcharges, and Other Fees Collected and Remitted to State       | \$ 545,731                 |
| Total Assessments and Surcharges Collected and Retained by City (Victim Assistance) | \$ 62,571                  |
| Total Victim Assistance Fund Balance Available for Appropriation                    | \$ 76,993                  |

See independent auditors' report.